

MINUTES OF THE MEETING OF THE JOINT APPROPRIATION SUBCOMMITTEE
ON EDUCATION

February 14, 1981

The Executive Session meeting of the Joint Appropriation Subcommittee was called to order at 7:05 a.m. on Saturday, February 14, 1981 by Chairman Donaldson in Room 104, Capitol Bldg., Helena Montana.

All members were present including Curt Nichols and Bruce Shively, Fiscal Analysts.

GLEN LEAVITT gave the Executive recommendation for instruction. He said the Governor is not recommending peer salary adjustment. We feel that giving salary catch up to one section of state employees, and the university professors are state employees, is not fair unless we treat all state employees with some kind of catch up. The difference with the peer adjustment is \$3,200,000 for the biennium.

MR. LEAVITT stated that the contingency fund is \$1,000,000 for the first year. With the contingency fund in the second year only they would be better off than in the past. That would save about \$1,000,000 in the first year.

MR. LEAVITT commented that in terms of instructional support, this is different than the other institutional support. The formula used productivity ratios and generated a fuller faculty but there are other costs in the instruction program such as: supplies, travel, non faculty instruction personnel. (EXHIBIT A) He explained the handout with the comparisons for the Instructional Program.

CHAIRMAN DONALDSON asked if there has been any studies made to indicate that state employees in general positions were lagging their peers.

GLEN LEAVITT stated that two years ago there was a study done that indicated that at the professional level when the state compared to a professional in another state we were comparable. But when you look at the actual salaries that were being paid the professional level in Montana was lower.

PRESIDENT BOWERS stated that a contingency fund is a good idea if they use conservative enrollment estimates.

COMMISSIONER RICHARDSON stated that looking at the study by WICHE you can see a decline in graduating high school seniors. There is a decline from 1980 to 1986 or 87 by about 22% to 24%. But it is important to know that it starts up again for a couple of years and goes down again.

Discussion was held in regard to the Instructional Program.

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CURT NICHOLS explained the Instructional Support Costs. (EXHIBIT B)

CHAIRMAN DONALDSON stated that the supplemental instance is a poor use of money because it is coming after the fact.

COMMISSIONER RICHARDSON stated that he would argue that for the first year the enrollment projections need to be less conservative if we have a contingency for the second year. We should provide that the second year contingency fund, if the enrollment is over that projected, would be released in the preceding spring. We would take fall 81 and winter 82 actual enrollment and project those into 83.

Discussion was held in regard to new programs.

REP. MOORE stated that when you start a new program you take a little from each program to start the new program. Then what happens, the Legislature comes back into session and you have additional programs, but you still have the other programs too. So therefore, everything comes up and you have to fund all the programs. It has happened year after year, you have expanded and expanded.

CHAIRMAN DONALDSON stated that you have x number of students and you have an x number of programs, we expect that as times change new programs have to be brought on line and old programs no longer serve the needs. In that process there is some inefficiency.

COMMISSIONER RICHARDSON discussed programs that were cut in the past. He stated that they do look at programs and terminate them.

Discussion was held in regard to what the committee wanted the LFA to come back with. Chairman Donaldson stated that he would like to look at it program by program.

Meeting adjourned at 8:50 a.m.


REP. GENE DONALDSON, Chairman

pb

INSTRUCTIONAL PROGRAM (WITH OUT PAY INCREASE)

	1	2	3	4	5	6	7	8	9	10
	Actual Fiscal 80		REGENTS	Exec	FORMULA	FORMULA OVER EXEC	REGENTS	EXEC	FORMULA	FORMULA OVER EXEC
UM	12,728,732		14,676,420	13,846,558	14,597,660		14,799,819	13,581,530	14,787,626	
EMC	3,942,615		4,714,674	4,706,177	4,624,688		4,728,884	4,907,538	4,638,831	
WMC	9,181,679		1,327,814	1,274,417	1,069,702		1,349,381	1,292,449	1,076,150	
MSU	15,123,678		18,185,206	17,860,689	17,828,544		18,455,727	18,071,703	17,861,622	
MKUST	18,172,339		2,561,222	2,917,141	2,691,698		2,622,491	3,103,402	2,770,566	
NMC	17,278,333		2,888,927	2,216,380	2,631,351		2,710,175	2,374,382	2,670,959	
	36,258,266		44,349,263	42,821,357	43,443,613	6,222,256	44,766,457	43,331,004	43,806,754	4,757,500
PeerAdj	+		1,953,826	+	1,601,493		1,950,506	-0-	1,599,617	
	36,258,266		46,303,089	42,821,357	45,045,106		46,416,963	43,331,004	46,406,371	
INSTRUCTIONAL Support Costs at 100% peer Average (included Above)					10,150,303				11,006,285	
if come up in steps:					9,541,285		96% FY 83		10,566,034	
SAVINGS					6,090,118				4,402,511	

Physical Plants (with out any increases)

Fiscal 1983

Fiscal 1982

	Fiscal 1980 ACTUAL	Reports	Executive Formula	Reports	Executive Formula	Reports	Executive Formula
MSU	2515895	3473256	3265557	3832123	3142133	3631821	3361990
UM	2639943	3497571	3490307	3816671	3432221	3799542	3692168
EMC	1077438	1312007	1314737	1411886	1507297	1413298	1592162
NMC	446117	576022	575897	618590	568263	620622	595269
WMC	377870	469168	470054	515313	428957	516199	449458
MCMST	632490	866464	867660	933426	959470	932516	1020866
Sub Total	7689753	10194488	9984142	11128009	10038341	10913998	10711918
Maintenance "Catch up"			750000		1090000	1104674	1291614
MSU - MAINTENANCE		340500				750000	1188100
UM - MAINTENANCE		465000		10000			
EMC - Blower Repair / Floor Surface		150000		10846			
WMC - Vehicle Maintenance / Bus Driver		16000					
NMC - Custodial Services		10821					
MSU - Energy Conservation		204850					
Sub Total		1181174	750000	38846	1090000	750000	1188100
TOTAL		11375659	10734142	11148855	11128341	11663998	11900018
			128676				

Scholarships and Fellowships

For budgeting purposes, the category of scholarships and fellowships refers exclusively to fee waivers. Table I compares the recommendation of the Board of Regents, the Executive, and the Legislative Fiscal Analyst.

Table I - Comparison of Scholarships & Fellowships FY's 82 & 83

<u>College</u>	<u>-----1982-----</u>			<u>-----1983-----</u>		
	<u>Regents</u>	<u>Executive</u>	<u>LFA</u>	<u>Regents</u>	<u>Executive</u>	<u>LFA</u>
MSU	\$700,000	\$625,000	\$739,757	\$850,000	\$750,000	\$785,210
UM	668,000	650,000	644,518	780,000	750,000	691,212
EMC	210,000	215,000	186,257	230,000	260,000	203,431
NMC	128,000	140,000	103,452	137,000	155,000	114,899
MCMST	175,000	170,000	127,459	198,000	190,000	140,632
WMC	50,000	50,000	33,655	57,000	57,000	35,524
Total Scholarships & Fellowships	\$1,931,000	\$1,850,000	\$1,833,098*	\$2,252,000	\$2,162,000	\$1,970,908*

*Includes mandatory fee waiver allocation totaling \$440,000 in fiscal 1982 and \$500,000 in fiscal 1983.

The recommendations of the regents and the executive for scholarships and fellowships are based on fiscal 1980 levels of expenditure with adjustments for anticipated changes in enrollments and scheduled increases in tuition and fees. Neither recommendation distinguishes between mandatory and discretionary waivers. The LFA recommends appropriation of scholarships and fellowships according to type, treating mandatory and discretionary waivers separately.

The LFA recommends that the estimated statewide costs of the mandatory waivers be appropriated to the commissioner of higher education for distribution to the units based upon where qualifying students enroll. The LFA estimates the costs of mandatory waivers at \$440,000 in fiscal 1982 and \$500,000 in fiscal 1983. These amounts take into account scheduled increases in tuition and fees, but do not provide for any increases in the total number of waivers to be granted.

The LFA recommends that discretionary waivers be appropriated to the units as a percent of estimated tuition and fee collections. According to this proposal the units would be appropriated an amount equal to 18.45 percent of their estimated non-resident fees and 5.75 percent of the resident fees for discretionary fee waivers. These recommended percentages reflect system-wide experience in fiscal 1980. Table II demonstrates the effect of this recommendation.

Table II, Total Discretionary Waivers by College, FY 80, 82, 83

	<u>1980</u>	<u>1982</u>	<u>1983</u>
MSU	682.3	773.4	793.7
UM	689.3	744.1	729.0
EMC	265.8	222.8	211.0
NMC	119.3	85.1	81.5
MCMST	187.0	162.3	163.1
WMC	71.0	54.0	50.4
Total Waivers	2,014.7	2,041.7	2,028.7

The LFA recommendation results in a systemwide increase in total discretionary waivers over fiscal 1980. However, since the recommendation uniformly applies average percentages to determine the appropriation for scholarships and fellowships, the recommendation results in a significant redistribution of waivers among the colleges and universities. Basically, the universities increase the number of discretionary waivers they may grant, while the number of discretionary waivers at the colleges decreases.

Options

1. The committee may accept or reject the proposed formula generation of scholarships and fellowships.

Within the formula concept, the committee could,

1. Alter the percentages that apply to resident and non-resident fee waivers (i.e., increase/decrease the percent of resident waivers, increase/decrease the percent of non-resident waivers).

2. Establish separate percentages for the universities and colleges. For example, 16.3 and 5.1 for the universities and 34.5 and 7.3 for the colleges.

3. Make no distinction between resident and non-resident waivers-- apply single percentage to tuition and fee collection for the units.

B:jn:q

RESEARCH

82

	1	2	3	4	5	6
	Receipts		Execution		LFA	
MSU	497888		440990		500122	1
U&M	427883		353936		352956	2
EMC	- 0 -		- 0 -		- 0 -	3
WMC	- 0 -		- 0 -		- 0 -	4
MCMST	- 0 -		- 0 -		39688	5
WMC	- 0 -		- 0 -		- 0 -	6
TOTAL System	925771		794926		892766	7
			83			8
						9
MSU	500497		443559		502934	10
U&M	438692		364745		364580	11
EMC	- 0 -		- 0 -		- 0 -	12
WMC	- 0 -		- 0 -		- 0 -	13
MCMST	- 0 -		- 0 -		43586	14
WMC	- 0 -		- 0 -		- 0 -	15
TOTAL System	939189		808344		911100	16
						17
						18
						19
						20
						21
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						32
						33
						34
						35

Public Service

82

1 2 3 4 5 6

REGENTS

EXECUTIVE

LSA X

MSU	9063		33429		8728	1
WFM	161360		161800		161769	2
EMC	22666		22755		34862	3
NMC	9435		9463		8981	4
MCMST	- 0 -		- 0 -		- 0 -	5
WMC	- 0 -		- 0 -		- 0 -	6
TOTAL SYSTEM	202524		227447		214340	7

83

MSU	9347		33713	- 84	8640	10
WM	167677		168117		167978	11
EMC	23054		23143		35495	12
NMC	9779		9807		9233	13
MCMST	- 0 -		- 0 -		- 0 -	14
WMC	- 0 -		- 0 -		- 0 -	15
TOTAL SYSTEM	209857		234780		221346	16

						17
						18
						19
						20
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						34
						35

Support Costs (without Pay Increases)

Actual Fiscal 1980

Fiscal 1982

Fiscal 1983

Approved By

1 2 3 4 5 6 7 8

	Actual Fiscal 1980	1	2	3	4	5	6	7	8	
		Regents	Executive	Formula	Regents	Executive	Formula	Regents	Executive	Formula
MSU	7711225	10395233	8696112	10353950	10455969	8937284	10540444	10455969	8937284	10540444
UM	6036995	8556743	7338636	8545153	8748630	7587952	8804896	8748630	7587952	8804896
EMC	2756033	3264682	3156113	3221770	3294925	3270498	3289772	3294925	3270498	3289772
NMC	1146872	1383341	1379226	1377947	1409528	1402872	1421745	1409528	1402872	1421745
WMC	763271	780381	836924	959374	781629	869735	981628	781629	869735	981628
MCMST	1290388	1896346	1367629	1617449	1951128	1400948	1696245	1951128	1400948	1696245
Sub Total	19704784	26276226	22774640	26075643	26641809	23469289	26734730	26641809	23469289	26734730
Library Acquisitions		1400000	700000							
Washington Library Network		221837			146458			146458		
MSU-Learning Resource Center		175000			100000			100000		
Computers and related Equipment - UM		316740			47950			47950		
- EMC		711000	551000							
- WMC		7250	7250							
- MCMST		17000	177000							
NMC - Library Staff		38997	39610							
NMC - Security Staff		11447								
MCMST - Automatic Powder Dispenser		125000								
Sub Total - Modifications		3024271	1474860	-0-	663492			663492		
TOTAL	19704784	29300997	24249500	26075643	27305301	24203899	26734730	27305301	24203899	26734730

Regents calculate support cost on a rate per FTE student basis plus specific modified requests
 Formula calculates support cost on a rate per FTE student basis
 Executive calculates support on an incremental basis from the base year allowing for inflation and enrollment increases
 Both Regents and Formula include a "high head count adjustment". To recognize cost of part time students

Support Costs (without Pay Increases)

Fiscal 1980 ACTUAL

	3	4	5	6	7	8	9	10	
	Regents	Executive	Formula	Regents	Executive	Formula	Regents	Executive	Formula
MSU Learning Resource Center									
Regents Library Acquisitions	10395233	8696112	10353950	10455969	8937284	10540444	10455969	8937284	10540444
Washington Libr. Network	175000			100000			100000		
TOTAL	516000	258000		40670	258000		40670	258000	
	52760			10596639	9195284	10540444	10596639	9195284	10540444
UM Computer and Data Entry Equipment									
Libr. Acquisitions	8556743	7338636	8545153	8748630	7587952	8804896	8748630	7587952	8804896
Wash. Libr. Network	316740			47950			47950		
TOTAL	268000	134000		134000			134000		
	58650			34200			34200		
	9200133	7472636	8545153	8830780	7721952	8804896	8830780	7721952	8804896
EMC Computer									
Libr. Acquisitions	3264682	3156113	3221770	3294925	3270498	3289772	3294925	3270498	3289772
Wash. Libr. Network	71000	551000							
	140000	70000		19280			19280		
	28381			3314205	3340498	3289772	3314205	3340498	3289772
	4144063	3777113	3221770	1409528	1402872	1421745	1409528	1402872	1421745
NMC Library Staff	1383341	1379226	1377947	36607	34610		36607	34610	
Security Staff	38997			12477			12477		
Libr. Acquisitions	140000	70000							
Washo Libr. Network	31348			21168			21168		
	1605133	1488836	1377947	1479780	1507482	1421745	1479780	1507482	1421745
WMC Computer Printer									
Libr. Acquisitions	780381	836924	959374	781629	869735	981628	781629	869735	981628
Washington Libr. Network	7250	7250							
	148000	74000							
	24281			15540			15540		
	960612	918174	959374	797169	943735	981628	797169	943735	981628

Options For Determining Support Expenditures

① Pick one of Executive, Regulate, or formula current levels and individually consider modifications proposed

② Provide for a "phase in" of formula support rates

Perhaps 90% of peer level in 1982 and 95% in 1983

③ Set the level of support at a percentage of the peers

This could be a reduced percentage like 95% or an increased percentage like 105%

④ As enrollment "peaks" in fiscal 1981 then falls the committee could use 1983 projected enrollments for calculating support cost thus not raising support levels only to lower them later

⑤ Approve Modifieds selectively in conjunction with any of the above

Perhaps: fund 90% of the peer levels in ③ and fund the library acquisitions fund. a new computer at EMC fund Washington Library Network

⑥ Request Further Information To make selective additions or reductions

These are only a few of the possibilities