

MINUTES OF THE MEETING OF THE APPROPRIATIONS COMMITTEE
March 10, 1983

Chairman Francis Bardanouve called the meeting to order at 8:08 a.m. in Room 104 of the Capitol. All members were present except Representative Shontz, who was absent. No EXECUTIVE ACTION was taken. Also present were Legislative Fiscal Analysts Curt Nichols and Pamela Joehler.

Chairman BARDANOUE relinquished the chair to Representative BENGTON to handle the hearing into the EDUCATION Subcommittee recommendations.

(Tape 6: Track 1:0000)

COLLEGES AND UNIVERSITIES: Chairman BENGTON reviewed the material from Pages F16 through F22. (Exhibit 1).

Chairman BENGTON called on Legislative Fiscal Analyst Curt Nichols to explain the formula used to come up with recommendations for the educational institutions. NICHOLS said the formula developed by the Legislative Finance Committee addressed different areas of the budget in different manners. It was meant to accommodate objections the schools had to previous methods. The committee grouped Montana schools with similar institutions around the western part of the United States. Each of the groups was surveyed for each particular need and budget area. From the studies, median figures were developed using enrollment figures and productivity ratios to develop aggregate student-faculty ratios. Faculty compensations were factored, and instruction support was considered as well. High head-counts were also considered, and adjustments were made for inflation and increasing enrollments. Another factor used was cost of physical plant, including maintenance.

Chairman BENGTON said it was a complicated formula, but must be used. She said the schools support the formula. Rep. MENAHAN asked for an explanation of Table 4 on F20. Reps. DONALDSON and WINSLOW explained. Chairman BENGTON noted that on F21 the money listed was used in addition to general fund money.

(Tape 6: Track 1:0055)

MONTANA STATE UNIVERSITY: Chairman BENGTON reviewed the material from Page F23 of Exhibit 1.

Chairman BENGTON noted Page F23 was a summary listing of the Montana State proposal. It appropriated money to instruction, research, public service, support, physical plant, scholarships and fellowships and retained indirect costs. The funding is general fund and current unrestricted.

"It's so big, it's impossible to ask any questions," Rep. BARDANOUE said. Chairman BENGTON agreed, noting, "There's no way we can go through the entire budget here like we did." (in subcommittee).

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Representative THOFT asked if the budget included an increase for inflation of 6 percent? Chairman BENGTON said it did in some areas. She said when the subcommittee considered "current level, it assumed a 6 percent inflationary increase. Our entire budget for the University System was 1 percent under the Governor's budget and 3 percent over the LFA's".

Representative QUILICI noted a 21.9 percent increase and asked what the increase was attributable to? She said inflation and increased support of instruction were responsible. Representative MENAHAN noted the University of Montana had only a 12 percent increase and asked, "Why"? Representative QUILICI asked for an answer to his question first. Chairman BENGTON said support was increased. NICHOLS said enrollment accounts for the bulk of the increase. Representative QUILICI said enrollment at Montana State was up 9 - 10 percent. Chairman BENGTON said enrollment was closer to 3,000. Responding to a question by Rep. Menahan, Chairman BENGTON said the difference between the UM and MSU increases was due to enrollment increases.

(Tape 6: Track 1:0118)

UNIVERSITY OF MONTANA:

Chairman BENGTON read the narrative from Page F24 of Exhibit 1. She noted that extra fees for law and pharmacy students would not be counted against the institution in the budget because the two schools have special programs to be funded that were not appropriated for.

Representative STOBIE asked for a review of the inflationary increases. NICHOLS said personal services have no increase, but he pointed out that inflationary increases have a compounding effect. The University of Montana has the smallest increase because its' enrollment is expected to be the most stable. Representative STOBIE asked about economies of scale with increased numbers of students, but Rep. DONALDSON said that "Once you get to a certain point, there is no economies of scale".

(Tape 6: Track 1:0172)

EASTERN MONTANA COLLEGE:

Chairman BENGTON read the narrative from Page F25 of Exhibit 1. She said the increase for EMC was within the formula and no value judgments were substituted by the subcommittee.

(Tape 6: Track 1:0179)

NORTHERN MONTANA COLLEGE:

Chairman BENGTON read the narrative from Page F26 of Exhibit 1. The Committee had no questions.

(Tape 6: Track 1:0190)

WESTERN MONTANA COLLEGE:

Chairman BENGTON read the narrative from Page F27 of Exhibit 1.

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The Committee had no questions.

(Tape 6: Track 1:0192)

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY:

Chairman BENGTON read the narrative from Page F28 of Exhibit 1. The Committee had no questions.

Modified Budget Requests: Chairman BENGTON submitted to the Committee a list of modified budget requests. (Exhibit 2).

She called attention to the funding of the work-study program for \$290,000 for each year of the biennium. She said the \$290,000 dollars represent cutbacks in federal funding. Representative MENAHAN asked if the work-study money could be restricted to Montana students only? Chairman BENGTON said it was open to any student who qualified. Commissioner of Higher Education, Irving DAYTON, said it could go only to students with Montana residency. Representative Lory suggested this might result in a discrimination lawsuit.

Chairman BENGTON noted there should be an asterisk by the Northern Montana College Computer Upgrade figure of \$421,000 for fiscal year 1985... Exhibit 2.

Representative ROUSH asked about the UM law increase. Chairman BENGTON said it has not been approved yet.

Chairman BENGTON noted that in the AGNET area of the Cooperative Extension Service, the Committee picked up funding for the biennium.

Representative THOFT called for testimony on weed research. Chairman BENGTON invited testimony.

Witnesses:

Lloyd SCHMITT, of Stanford, called for funding of weed research programs. SCHMITT, a member of the advisory committee for weed research and experiment stations, said weed takeover was a critical problem and is one that must be addressed now.

Will BROOKE, representing the Montana Stockgrowers and the Montana Woolgrowers, passed around a listing of the taxes paid by agriculture. (Exhibit 3). He said, "Our voice is small, but our contribution is great". In Exhibit 3 is a "Statewide Weed Mgmt. Plan".

Jo BRUNNER, representing WIFE, the Montana Grain Growers Association, the Montana National Farm Organization, the Cattlemen's Association and the Dairymen's Association, called for funding of the weed research program.

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TOM DAUBERT, representing the Montana Environmental Information Center, called research "of primary importance."

JEANNE RANKIN, representing the Montana Farm Bureau Federation, read a prepared statement (Exhibit 4).

Also testifying for weed research were ESTHER RUDDE and STEVE MEYER.

Representative STOBIE asked if there were other programs within the Experiment Stations that could be dropped in favor of weed research. A witness for the stations said such a review has been done and other programs minimized to the extent possible.

Representative WALDRON asked Schmitt which was more important... weed research or AGNET funding? SCHMITT said, in his view, weed research was more important.

Representative MENAHAN asked if weed research could be funded within the Experiment Stations. The witness for the stations said, "We've done all we can."

Representative LORY noted that during the last session a bill to levy a one-mill permissive levy for weed control was proposed, but opposed by the agricultural interests. He noted no such funding measure has been proposed this session.

Representative BARDANOUE questioned the value of Montana research, given the relatively small amount of money involved. The witness for the stations said Montana research would be a significant part of the national effort against weeds. Rep. ERNST said that to require the stations to fund weed research within the existing levels of funding would require them to "cannibalize" existing programs.

Representative STOBIE suggested perhaps the experiment stations be eliminated. Rep. DONALDSON said creation of the advisory committees after the last session was a way of reviewing their usefulness and efficiency.

LEE PURDY, representing the Associated Students of Montana State University, spoke in favor of weed research funding.

(Tape 6: Track 1:0445)

University of Montana modified request:

NEIL BUCKLEW, president of the University of Montana, spoke in favor of the UM MBA program at Billings. He said it is a cooperative effort of UM, MSU and EMC. It provides opportunity for students in Billings, he said.

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Representative SANDS spoke in favor of the program, saying it was useful and popular. Chairman BENGTSON also noted the MBA program is an example of the University system working as a system and not as separate units.

(Tape 6: Track 1:0478)

Montana State University modified request:

William TIETZ, President of Montana State University, spoke in favor of the budget request for the water resources program. He said it would help the university coordinate its' research and findings with the Bureau of Mines. Responding to a question by Rep. Quilici, TIETZ said the work would not be duplicative of the Bureau of Mines work.

(Tape 6: Track 1:0513)

Representative ERNST asked for comment by Northern Montana College President, James Erickson, about the institution's request for an automotive dynamometer. ERICKSON called it a valuable piece of equipment, valuable to the school. Representative MENAHAN asked if a used one could be picked up? ERICKSON said it would not be cost-effective.

(Tape 6: Track 1:0531)

University System, generally:

Representative BARDANOUE asked a series of questions about the university system budgets. He received these answers in response to his questions. There are 157 new FTEs proposed within the budgets. Most are the result of enrollment increases, but some are academic support or other staff. Commissioner DAYTON said the positions would "Follow the students, since the formulas and budgeting are enrollment-driven, but it has not been decided yet where the positions would be installed. A lot of classes are larger than they should be and a lot of sections to a class are closed and many students unable to get the classes they want. This past year the system has 2,400 more students than were budgeted for and this has absorbed that amount in existing budget figures." Representative BARDANOUE said the Committee has no knowledge outside the subcommittee what is within the budget, because of the way the figures were presented to the full Committee.

Representative DONALDSON noted, "This is the same problem we face as a subcommittee. Two years ago enrollments were a problem and lawmakers had to fund on the basis of projections."

Representative BARDANOUE stated the formula for funding is not acceptable to him. He said it works fine during periods of increasing enrollment, but when enrollment decreases, its supporters will complain about it. "The Committee doesn't know what it is budgeting", Rep. BARDANOUE said. He also said the

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university system will have to take some cuts in its' budget because of the tight financial situation.

The Committee recessed for 10 minutes.

(Tape 6: Track 1:0700)

BOARD OF PUBLIC EDUCATION:

Administration: Chairman BENGTON read the narrative from Page E1 of Exhibit 1.

(Tape 6: Track 1:0705)

Fire Services Training School: Chairman BENGTON reviewed the data from Page E2 of Exhibit 1.

She spoke briefly about the progress of this agency's funding through the subcommittee and objections raised by the chief officer. Responding to a question by Rep. Thoft, Chairman BENGTON said federal funds were simply not picked up by the subcommittee. She said the agency, under this proposal, would have an increase in its' budget from the previous funding period.

(Tape 6: Track 1:0788)

School for the Deaf & Blind: Chairman BENGTON noted the first page is a summary page and moved the Committee to Page E4. (Note: the "summary page" is Page E3 of Exhibit 1.

(Administration): Chairman BENGTON read the narrative from Page E4 of Exhibit 1. Representative MENAHAN asked if, with community-based programs, should the Legislature look toward closing the school? Representative DONALDSON said the school would always be needed.

(Tape 6: Track 1:0829)

(General Services): Chairman BENGTON read the narrative from Pages E5 and E6 of Exhibit 1.

(Tape 6: Track 1:0847)

(Student Services): Chairman BENGTON read the narrative from Page E7 of Exhibit 1.

(Tape 6: Track 1:0877)

(Education): Chairman BENGTON read the narrative from Pages E8 and E9 of Exhibit 1.

(Tape 6: Track 1:0899)

(Audiological Services): Chairman BENGTON read the narrative from Page E10 of Exhibit 1.

OFFICE OF PUBLIC INSTRUCTION:

Agency Summary: Chairman BENGTON read the narrative from Pages E11 and E12 of Exhibit 1.

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She said the Office of Public Instruction (OPI) has 6 programs to be budgeted.

Chief State School Officer: Chairman BENGTON read the narrative from Page E13 of Exhibit 1.

Basic Skills: Chairman BENGTON read the narrative from Page E14 of Exhibit 1. Representative LORY asked if the budget zeroed out the Adult Basic Education money? Chairman BENGTON said, "No".

(Tape 6: Track 1:0957)

Vocational Education: Chairman BENGTON reviewed the material from Page E15 of Exhibit 1. Representative ROUSH asked what the effective date of Rep. Winslow's HB 105 would be? Representative WINSLOW said, "July 1, 1983".

(Tape 6: Track 1:0980)

Financial Services: Chairman BENGTON read the narrative from Page E16 of Exhibit 1 and she also reviewed Page E17, "Indirect Cost Pool Reconciliation - Subcommittee Recommendation - 1985 Biennium", from Exhibit 1.

(Tape 6: Track 1:0995)

Administrative Services: Chairman BENGTON read the narrative from Page E18 of Exhibit 1.

(Tape 6: Track 1:1007)

Special Services: Chairman BENGTON read the narrative from Page E19 of Exhibit 1.

(Tape 6: Track 1:1018)

Distribution to Public Schools: Chairman BENGTON read the narratives from Pages E20, E21 and E22 of Exhibit 1.

Representative BARDANOUVE asked why the 13.7 percent increase in Special Education funding? He noted a decrease in overall enrollment and questioned any increase in Special Education enrollment. A witness for OPI said that more services are offered. A teacher, who was present, said that in his experience, there is more demand for Special Education programs.

(Tape 6: Track 1:1158)

VO-TECH SYSTEM:

Summary of System: Chairman BENGTON read the narrative from Pages E23 and E24 of Exhibit 1. She said the increase is due to enrollment increases, inflationary increases and operation and maintenance expenses. She then reviewed "Table 1, Estimated Student FTE's - Montana Postsecondary Vocational Technical Centers - 1983-85 Biennium", Page E25 of Exhibit 1. Referring to Table 1, Chairman BENGTON spoke of two "adjustments". Representative DONALDSON said this was the formula adopted by the Finance Committee two years ago. She then read the comments at the bottom of the page.

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Billings Vo-Tech: Chairman BENGTON reviewed the contents of Page E26 of Exhibit 1.

Butte Vo-Tech: Chairman BENGTON reviewed the contents of Page E27 of Exhibit 1. Representative QUILICI questioned the statement at the bottom of Page E27 about no effect on property tax collections because of the Berkeley Pit shutdown. There followed much discussion about whether property tax collections would be affected, with varying opinions being voiced.

Great Falls Vo-Tech: Chairman BENGTON reviewed the contents of Page E28 of Exhibit 1.

Helena Vo-Tech: Chairman BENGTON reviewed the contents of Page E29 of Exhibit 1.

Missoula Vo-Tech: Chairman BENGTON reviewed the contents of Page E30 of Exhibit 1.

Montana Advisory Council for Vo-Ed: Chairman BENGTON reviewed the contents of Page E31 of Exhibit 1.

Chairman BARDANOUE recessed the meeting at 11:50 a.m.



FRANCIS BARDANOUE
Chairman

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	FY 1982		-----Fiscal 1984-----		-----Fiscal 1985-----		
	Actual		Executive	Current Level	Subcommittee	Executive	Current Level
Instruction	\$ 47,590,674	\$ 56,136,010	\$ 58,401,434	\$ 58,235,975	\$ 57,219,024	\$ 57,364,572	\$ 59,268,004
Research	1,113,053	1,196,134	947,615	987,615	1,235,517	957,737	997,737
Public Service	347,429	391,752	252,160	252,160	405,403	258,028	258,028
Support	27,289,439	32,441,064	33,463,192	33,967,085	33,470,036	34,088,419	35,616,875
Physical Plant	11,637,673	14,617,390	13,609,585	14,235,247	16,231,617	15,256,105	15,909,479
Scholarships	1,886,188	2,326,956	2,456,319	2,280,357	2,506,894	2,614,191	2,552,932
Center for Handicapped Child.	-0-	-0-	-0-	164,158	-0-	-0-	166,620
Retained Indirects	-0-	-0-	363,000	-0-	-0-	363,000	-0-
Costs							
Total Exp.	\$ 89,864,456	\$ 107,109,306 ¹	\$ 108,493,305	\$ 110,122,597	\$ 111,068,491 ¹	\$ 110,902,052	\$ 114,769,675
FUNDING:							
General	\$ 57,275,390	\$ 70,076,247	\$ 69,070,472	\$ 73,184,922	\$ 72,099,423	\$ 69,434,320	\$ 76,096,550
Current							
Unrestricted	32,589,066	37,033,059	39,422,833	36,937,675	38,969,068	41,467,732	38,673,125
Total Funding	\$ 89,864,456	\$ 107,109,306	\$ 108,493,305	\$ 110,122,597	\$ 111,068,491	\$ 110,902,052	\$ 114,769,675

¹The executive also included \$2,000,000 as a contingency fund, these amounts are not included here.

The 1985 biennium general fund appropriation for the colleges and universities increases \$27,272,508, or 22.4 percent, from the 1983 biennium. The major factor leading to this increase was a projected increase in enrollments of 10 percent over the level used in establishing appropriations for fiscal 1983. Table 1 lists enrollments used in budget development.

Table 1
Fiscal Year FTE Enrollments - Actual and Projected

Unit	-----Fiscal 1982-----		-----Appropriated-----		-----Fiscal 1983*-----		-----Appropriated-----		-----Fiscal 1985-----	
	Appropriated	Actual	Fiscal 1983*	Fiscal 1984	Fiscal 1984	Fiscal 1985				
MSU	10,034	10,645	9,962	10,738	10,738	10,693				
UM	8,043	8,141	8,052	8,283	8,283	8,283				
EMC	3,040	3,284	3,010	3,551	3,551	3,597				
NMC	1,294	1,542	1,297	1,623	1,623	1,641				
WMC	795	820	794	867	867	864				
MCMST	1,565	1,791	1,590	2,148	2,148	2,373				
Total	24,771	26,223	24,705	27,210	27,210	27,451				
	=====	=====	=====	=====	=====	=====				

*By 1981 Legislature

The committee continued use of the formula developed by the Legislative Finance Committee as modified by the 1981 Legislature. Only minimal changes were made. This formula is comprised of two major elements; an enrollment driven section for instruction and support; and an incremental budget for research, public service and physical plants.

Instruction

The subcommittee recommends \$117.5 million in the 1985 biennium for instruction at the six units. Instruction funding is recommended at 100 percent of the projected peer average. This portion of the budget pays for instructional faculty, graduate teaching assistants, and their direct support staff and expenses. The number of faculty is determined by an aggregate student-faculty ratio unique to each campus and the campus's estimated enrollment. The total instruction budget is determined by the number of faculty, average faculty compensation, the critical area salary adjustment, and the instruction department support cost rate per FTE student. Table 2 lists the factors determining the instruction budget for each college and university.

Table 2
Instruction Budget Factors

<u>Unit</u>	<u>Aggregate Student-Faculty Ratio</u>	<u>Average Faculty Salary</u> ¹	<u>Critical Area Adjustment</u>	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
MSU	18.28	\$26,792	\$342,000	\$536.75	\$557.48
UM	18.67	26,792	266,000	434.53	451.27
EMC	18.84	24,031	72,000	332.69	345.48
NMC	14.65	24,031	17,500	412.95	428.80
WMC	16.06	24,031	9,000	432.83	449.44
MCMST	17.50	25,274	187,506	375.07	389.48

¹ Summer session faculty are paid two-thirds the rate of an academic quarter. This is the academic year salary; a full year faculty member would receive 1.22 times this amount.

Support

The subcommittee recommends \$69.5 million for support in the 1985 biennium at the six units. Support budgets are recommended at 97 percent of the projected peer average. This is the same as was appropriated for fiscal 1983. The support budget includes academic, institutional, and student support. This covers such expenditures as intercollegiate athletics, libraries, academic deans, and other academic and financial administration, registration and admission offices, and other student affairs functions. Support is calculated based upon each unit's enrollment and a flat rate per FTE student. The rate reflects similar expenditures at a group of like schools in the western United States.

In addition to the flat rate, schools with large numbers of part-time students receive an additional amount, called high head-count adjustment. This recognizes that their work load is not accurately measured by their FTE enrollment. Table 3 lists support rates and high head-count adjustments.

Table 3
Support Budget Factors

Unit	Support Rate Per FY-FTE		-----High Head Count----- Adjustment	
	Fiscal 1984	Fiscal 1985	Fiscal 1984	Fiscal 1985
MSU	\$1,227	\$1,259	\$ -0-	\$ -0-
UM	1,227	1,259	45,796	45,277
EMC	1,219	1,250	69,686	70,681
NMC	1,219	1,250	-0-	-0-
WMC	1,219	1,250	4,871	4,861
MCMST	1,449	1,487	25,534	28,121

Operation and Maintenance of Physical Plants

The subcommittee recommends \$30.1 million for physical plants at the six units in the 1985 biennium. The budget for physical plants reflects inflation adjustments to the base year actual expenditures and allowance for new facilities added since last session or anticipated to be completed during the 1985 biennium. Table 4 lists the amount allowed for new facilities at each of the colleges and universities.

Table 4
New Facility Budget Allowances

Unit	-----New Space Allowance-----	
	Fiscal 1984	Fiscal 1985
MSU	\$269,406	\$318,738
UM	15,045	218,998
EMC	42,075	83,505
NMC	8,344	15,750
WMC	10,877	11,930
Total	\$345,747	\$648,921

Research and Public Service

The subcommittee recommends \$2.5 million for research and public services at the six units in the 1985 biennium. These services are budgeted incrementally. Allowances are made for cost increases from the base year. The base year expenditures are adjusted to remove budget amended expenditures. Expenditures from the indirect cost allowance are removed from base year research and public service as this allowance is to be placed in a designated fund at each unit.

Scholarships and Fellowships

The subcommittee recommends \$4.8 million in scholarships and fellowships at the six units in the 1985 biennium. These are waivers of fees to selected students. These are budgeted as 18.45 percent of projected out-of-state and 5.75 percent of in-state registration and incidental fees. In addition, amounts are allowed for mandatory fee waivers. Mandatory fee waivers are granted to eligible individuals including Indian students, senior citizens, high school scholarship recipients, etc.

Revenues

Revenues other than general fund include proceeds from the 6 mill university levy, tuitions and fees, indirect cost reimbursements, land grants and other miscellaneous revenues. The amounts are summarized in Table 5.

Table 5,
Revenues

<u>Source</u>	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
Tuition and Fees	\$20,689,000	\$22,775,000
Millage	13,074,000	12,746,000
Indirect Cost Reimbursements *	1,704,675	1,702,125
Other	1,470,000	1,480,000
Total	\$36,937,675	\$38,703,125

*85 Percent of Total

Tuition revenues are based upon rates for fiscal 1984 as adopted in December by the Board of Regents. Fiscal 1985 rates are based upon an increase of approximately 10 percent. These increases are projected to bring in-state tuition at MSU and UM to 94 percent of the peer average in fiscal 1985. The rates are shown in Table 6.

Table 6
Actual and Projected Tuition and Fee Rates Per Academic Year

Unit	-----In-State-----		-----Out-of-State-----	
	1983	1984	1983	1984
MSU	477	531	1,845	2,007
UM	477	531	1,845	2,007
EMC	477	531	1,485	1,647
NMC	477	531	1,485	1,647
WMC	477	531	1,485	1,647
MCMST	477	531	1,845	2,007

Indirect cost reimbursements are estimated to be \$4 million in the biennium. Fifteen percent of these will be placed in a designated account for use at each unit's discretion. The remaining 85 percent is deposited in the current unrestricted fund. Language is included to reduce general fund appropriations if indirect cost reimbursements exceed amounts estimated.

Agency: Montana State University

Program: _____

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Instruction	\$19,913,545	\$23,305,188	\$23,837,726	\$24,157,887	\$23,488,021	\$23,638,434	\$24,307,899
Research	634,217	660,916	532,508	532,508	682,999	533,118	533,118
Public Service	14,257	18,899	10,122	10,122	19,550	10,421	10,421
Support	10,820,970	13,171,526	12,986,568	13,175,526	13,346,378	13,089,823	13,462,487
Physical Plant	3,900,662	5,101,847	4,670,954	5,014,908	5,659,776	5,363,184	5,597,886
Scholarships & Fellowships	672,713	861,410	945,683	810,193	919,498	1,006,464	896,072
Retained Indirect Costs	-0-	-0-	208,500	-0-	-0-	208,500	-0-
Total Exp.	\$35,956,364	\$43,119,786	\$43,192,061	\$43,701,144	\$44,116,222	\$43,849,944	\$44,807,883
FUNDING:							
General	\$22,143,306	\$27,639,486	\$26,986,326	\$28,597,144	\$27,896,023	\$26,978,791	\$29,181,883
Current	13,813,058	15,480,300	16,205,735	15,104,000	16,220,199	16,871,153	15,626,000
Unrestricted	\$35,956,364	\$43,119,786	\$43,192,061	\$43,701,144	\$44,116,222	\$43,849,944	\$44,807,883

The biennium increase in general fund at Montana State University is \$10,392,253, or 21.9 percent. Funds are provided for new space in the health and physical education building, student union, visual communications building and the small animal facility.

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Instruction	\$15,580,067	\$16,921,609	\$17,254,006	\$17,476,677	\$17,011,011	\$16,943,568	\$17,636,250
Research	438,418	436,626	415,107	415,107	453,563	424,619	424,619
Public Service	284,860	313,092	191,862	191,862	324,151	195,731	195,731
Support	8,301,078	9,342,883	10,061,234	10,209,037	9,620,207	10,053,125	10,473,574
Physical Plant	4,077,284	5,027,611	4,626,033	4,836,070	5,700,359	5,199,828	5,503,213
Scholarships & Fellowships	636,931	739,765	847,430	725,023	776,555	901,896	783,650
Retain Indirect Costs	-0-	-0-	93,000	-0-	-0-	93,000	-0-
Total Exp.	\$29,318,638	\$32,781,586	\$33,488,672	\$33,853,776	\$33,885,846	\$33,811,767	\$35,017,037
FUNDING:							
General	\$18,887,539	\$21,261,701	\$21,159,458	\$22,160,276	\$21,842,100	\$21,054,300	\$22,933,537
Current	10,431,099	11,519,885	12,329,214	11,693,500	12,043,746	12,757,467	12,083,500
Unrestricted	\$29,318,638	\$32,781,586	\$33,488,672	\$33,853,776	\$33,885,846	\$33,811,767	\$35,017,037

The 1985 biennium general fund appropriation for the University of Montana increases \$4,866,639 over the 1983 biennium, or 12.1 percent. Funds are provided for occupation of new space in the new fine arts, radio and television, and clinical psychology buildings. Language is included which directs that special fees charged of law and pharmacy students will not be considered in calculating general fund appropriations to University of Montana. This is to guarantee that any funds raised from such fees will provide for improvements to the program beyond formula generated amounts.

Agency: Eastern Montana College

Program: _____

FTE	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Instruction	\$ 5,088,167	\$ 6,164,549	\$ 6,310,558	\$ 6,420,954	\$ 6,326,181	\$ 6,355,323	\$ 6,557,070
Public Service	38,596	47,265	39,823	39,823	49,002	41,344	41,344
Support	3,788,247	4,169,538	4,334,429	4,398,355	4,312,988	4,442,929	4,566,931
Physical Plant	1,458,787	1,811,143	1,767,510	1,767,510	1,980,294	1,933,605	1,968,765
Scholarships & Fellowships	198,808	270,000	245,632	260,641	294,000	261,419	298,533
Center for Handi- capped Children	-0-	-0-	-0-	164,158	-0-	-0-	166,620
Retained Indirect Costs	-0-	-0-	16,500	-0-	-0-	16,500	-0-
Total Exp.	\$10,572,605	\$12,462,495	\$12,714,452	\$13,051,441	\$12,962,465	\$13,051,120	\$13,599,263
FUNDING:							
General	\$ 6,990,896	\$ 8,366,518	\$ 8,223,716	\$ 8,831,441	\$ 8,604,788	\$ 8,265,481	\$ 9,135,263
Current	3,581,709	4,095,977	4,490,736	4,220,000	4,357,677	4,785,639	4,464,000
Total Funding	\$10,572,605	\$12,462,495	\$12,714,452	\$13,051,441	\$12,962,465	\$13,051,120	\$13,599,263

The 1985 biennium general fund appropriation for Eastern Montana College increases \$3,626,778 over the 1983 biennium or 25.3 percent. Funds are provided for maintenance and utilities in new space in Cisel Hall and taking over the campus elementary school.

	FY 1982		-----Fiscal 1984-----		-----Fiscal 1985-----		
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Instruction	\$2,625,428	\$3,555,669	\$3,645,247	\$3,712,519	\$3,639,716	\$3,663,654	\$3,783,952
Public Service	9,716	12,496	10,353	10,353	12,700	10,532	10,532
Support	1,518,199	1,833,708	1,947,962	1,978,437	1,867,099	1,993,750	2,472,250
Physical Plant	712,626	878,279	808,026	868,820	958,731	883,626	951,823
Scholarships & Fellowships	136,899	151,352	147,379	163,819	164,267	156,851	185,650
Retained Indirect Costs	-0-	-0-	3,000	-0-	-0-	3,000	-0-
Total Exp.	\$5,002,868	\$6,431,504	\$6,561,967	\$6,733,948	\$6,642,513	\$6,711,413	\$7,404,207
FUNDING:							
General	\$3,544,212	\$4,716,708	\$4,702,017	\$4,992,898	\$4,816,710	\$4,727,420	\$5,559,707
Current	1,458,656	1,714,796	1,859,950	1,741,050	1,825,803	1,983,993	1,844,500
Unrestricted	\$5,002,868	\$6,431,504	\$6,561,967	\$6,733,948	\$6,642,513	\$6,711,413	\$7,404,207

The 1985 biennium general fund appropriation for Northern Montana College increases \$3,016,381, or 40 percent over the 1983 biennium. The committee allows \$321,000 for purchase of a new computer and \$100,000 for the associated software. Funds are provided for maintenance and utilities in the farm mechanics building to be completed in late 1983.

Agency: Western Montana College

Program: _____

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Instruction	\$1,256,988	\$1,685,542	\$1,822,332	\$1,506,530	\$1,707,486	\$1,804,717	\$1,520,600
Support	1,093,515	989,033	1,042,245	1,412,486	969,454	1,050,000	1,425,662
Physical Plant	513,322	636,251	617,660	628,537	693,665	677,232	689,162
Scholarships & Fellowships	45,419	54,139	55,267	54,148	57,788	58,819	60,640
Retained Indirect Costs	-0-	-0-	3,000	-0-	-0-	3,000	-0-
Total Exp.	\$2,909,244	\$3,364,965	\$3,540,504	\$3,601,701	\$3,428,393	\$3,593,768	\$3,696,064
FUNDING:							
General	\$1,962,781	\$2,268,281	\$2,389,895	\$2,506,826	\$2,278,870	\$2,391,983	\$2,565,189
Current	946,463	1,096,684	1,150,609	1,094,875	1,149,523	1,201,785	1,130,875
Unrestricted							
Total Funding	\$2,909,244	\$3,364,965	\$3,540,504	\$3,601,701	\$3,428,393	\$3,593,768	\$3,696,064

The 1985 biennium general fund appropriation for Western Montana College increases \$892,281, or 21.3 percent, over the 1983 biennium. Funds are provided for increased maintenance and utilities in the newly remodeled crafts building.

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Instruction	\$3,126,479	\$4,503,453	\$4,531,565	\$4,616,666	\$ 5,046,609	\$ 4,958,876	\$ 5,121,432
Research	40,418	98,592	-0-	40,000	98,955	-0-	40,000
Support	1,767,430	2,934,376	3,090,754	3,137,986	3,353,910	3,458,792	3,556,772
Physical Plant	974,992	1,162,259	1,119,402	1,119,402	1,238,792	1,198,630	1,198,630
Scholarships & Fellowships	195,418	250,290	214,928	266,533	294,786	228,742	328,387
Retained Indirect Costs	-0-	-0-	39,000	-0-	-0-	39,000	-0-
Total Exp.	\$6,104,737	\$8,948,970	\$8,995,649	\$9,180,587	\$10,033,052	\$9,884,040	\$10,245,221
FUNDING:							
General	\$3,746,656	\$5,823,553	\$5,609,060	\$6,096,337	\$ 6,660,932	\$6,016,345	\$ 6,720,971
Current	2,358,081	3,125,417	3,386,589	3,084,250	3,372,120	3,867,695	3,524,250
Unrestricted	\$6,104,737	\$8,948,970	\$8,995,649	\$9,180,587	\$10,033,052	\$9,884,040	\$10,245,221

The 1985 biennium general fund appropriation for Montana College of Mineral Science and Technology increases \$4,478,176, or 53.7 percent, over the 1983 biennium.

FY 1982 Actual	2.0	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Executive	Current Level	Subcommittee
FTE	2.0	3.0	2.0	3.0	2.0	3.0
Personal Ser.	\$ 52,968	\$ 81,616	\$ 62,164	\$ 81,418	\$ 62,083	\$ 84,200
Operating Exp.	30,981	46,686	34,867	42,080	34,869	42,080
Equipment	586	991	313	975	-0-	975
Total Exp.	\$ 84,535	\$ 129,293	\$ 97,344	\$ 124,473	\$ 96,952	\$ 127,255
FUNDING:						
General	\$ 84,535	\$ 129,293	\$ 97,344	\$ 124,473	\$ 96,952	\$ 127,255
Total Funding	\$ 84,535	\$ 129,293	\$ 97,344	\$ 124,473	\$ 96,952	\$ 127,255

The Board of Public Education is charged with the general supervision over the public school system by the state constitution. This program is the administrative arm of the Board.

The 1985 biennium budget approved by the subcommittee provides an increase of \$79,386, or 45 percent from the 1983 biennium. This is primarily attributable to the addition of one FTE grade 13 management analyst approved due to a work load increase. The additional FTE cost approximately \$23,000 per year. Base travel expenditures were also increased to allow for more Board meetings to be held outside of Helena.

Agency: School for the Deaf & Blind

Program: Agency Summary

(Does not include audiological services.)

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	94.63	88.16	82.80	86.11	88.16	82.80	86.11
Personal Ser.	\$1,605,906	\$1,880,546	\$1,772,821	\$1,846,056	\$1,876,478	\$1,771,810	\$1,842,244
Operating Exp.	460,701	538,586	482,075	481,928	578,370	510,859	510,746
Equipment	57,281	33,155	18,210	31,050	9,554	3,904	6,404
Total Exp.	\$2,123,888	\$2,452,287	\$2,273,106	\$2,359,034	\$2,464,402	\$2,286,573	\$2,359,394
FUNDING:							
General	\$1,560,516	\$2,046,322	\$1,821,624	\$1,943,069	\$2,085,106	\$1,822,890	\$1,970,098
Fed. & Private	563,372	405,965	451,482	415,965	379,296	463,683	389,296
Total Funding	\$2,123,888	\$2,452,287	\$2,273,106	\$2,359,034	\$2,464,402	\$2,286,573	\$2,359,394

Montana School for the Deaf and Blind is a school for children whose hearing and/or vision is sufficiently impaired that they are unable to receive an education in the public schools. Approximately 325 children, ranging in age from infancy to 18, are served by the school. Of these, approximately two-thirds are served by the school's outreach and itinerant program. This program serves hearing impaired and visually impaired children in their local community. The remaining third are served from the Great Falls campus. Seventy-five to eighty students reside on campus during the school year.

On an agency-wide basis, the school received a general fund increase of 56.6 percent, or \$1,935,249. This large increase is due primarily to the school accepting the responsibility of audiological screening previously performed by the Office of Public Instruction. The biennial appropriation of \$1,439,203 is transferred from OPI to the school effective in fiscal 1984.

The biennial general fund increase net of audiological services is 14.5 percent or \$496,046. General fund was provided for declining federal dollars in the school's Title I programs and completely replaced Title VI-C funds.

The agency redefined an FTE for its teachers. Fiscal 1982 actual FTE was 94.63; readjusted for the new teacher FTE definition, the actual fiscal 1982 FTE was 84.66. The agency realized a net FTE increase of 1.45 FTE in the 1985 biennium from its adjusted fiscal 1982 FTE. This is caused by adding a 1.0 custodian, .5 nurse's aide, and .75 cottage life attendant; then decreasing a .80 cottage coordinator. Total current level FTE for the agency for the 1985 biennium is 86.11.

Agency: School for the Deaf & Blind

Program: Administration

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Executive	Current Level	Subcommittee
FTE	5.25	5.25	5.25	5.25	5.25	5.25
Personal Ser.	\$118,773	\$130,992	\$129,876	\$130,697	\$129,679	\$129,679
Operating Exp.	31,435	46,097	46,097	34,241	24,726	34,241
Equipment	1,590	2,500	2,500	989	989	989
Total Exp.	\$151,798	\$179,589	\$167,037	\$165,927	\$155,394	\$164,909
		=====	=====	=====	=====	=====
FUNDING:						
General	\$151,798	\$179,589	\$167,037	\$165,927	\$155,394	\$164,909
Total Funding	\$151,798	\$179,589	\$167,037	\$165,927	\$155,394	\$164,909
		=====	=====	=====	=====	=====

The Administration Program is responsible for the centralized administrative functions for the school, including accounting and budgeting, personnel, and purchasing. This program employs 5.25 FTE.

General fund was decreased 6 percent from the 1983 biennium as was the total operating cost. A base adjustment of \$2,000 was allowed for communications due to the new buildings, two cottages, gymnasium, and food service coming on line. Funds were also provided in fiscal 1984 for the purchase of computer hardware to enable direct access to the accounting system.

Agency: School for the Deaf & Blind

Program: General Services

	FY 1982		-----Fiscal 1984-----		-----Fiscal 1985-----			
	Actual	FTE	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Personal Ser.	\$ 89,111	5.75	\$124,162	\$108,558	\$124,143	\$123,900	\$108,403	\$123,955
Operating Exp.	146,458		225,068	177,739	177,739	262,635	203,316	203,316
Equipment	<u>8,876</u>		<u>14,340</u>	<u>4,000</u>	<u>14,340</u>	<u>4,650</u>	<u>2,150</u>	<u>4,650</u>
Total Exp.	\$244,445		\$363,570	\$290,297	\$316,222	\$391,185	\$313,869	\$331,921
	=====		=====	=====	=====	=====	=====	=====
FUNDING:								
General	<u>\$244,445</u>		<u>\$363,570</u>	<u>\$290,297</u>	<u>\$316,222</u>	<u>\$391,185</u>	<u>\$313,869</u>	<u>\$331,921</u>
Total Funding	\$244,445		\$363,570	\$290,297	\$316,222	\$391,185	\$313,869	\$331,921
	=====		=====	=====	=====	=====	=====	=====

Language:

General fund of \$118,395 in fiscal 1984 and \$144,047 in fiscal 1985 is included for utilities expense. Any unexpended balance at the end of each fiscal year shall revert to state general fund.

Comment:

The General Services Program is responsible for the maintenance and operation of the school's facilities and grounds. One custodian was added to this program effective in fiscal 1984 at a biennium cost of \$31,137.

This program is completely supported by general fund. The general fund increase was 34 percent, or \$164,576, from the 1983 biennium. This was caused by the added FTE, by additional funds for equipment, and by an anticipated 65 percent increase in utility costs from the 1983 biennium. This utility increase is reflective of expected utility rate increases and the increased building square footage from the new facilities at or nearing completion.

Funds are provided in fiscal 1984 for the purchase of an automobile to replace a leased vehicle. Funds are also provided to purchase a sprinkler system for the campus.

Agency: School for the Deaf & Blind

Program: Education

FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----	
	Executive	Current Level	Executive	Current Level
FTE	46.89	45.03	46.89	45.03
Personal Ser.	\$1,021,368	\$1,073,717	\$1,106,191	\$1,073,717
Operating Exp.	182,821	153,417	164,831	162,372
Equipment	45,244	14,210	3,915	765
Total Exp.	\$1,249,433	\$1,241,344	\$1,274,937	\$1,236,854
FUNDING:				
General	\$ 706,061	\$ 819,862	\$ 915,641	\$ 803,171
Fed. & Private	543,372	421,482	359,296	433,683
Total Funding	\$1,249,433	\$1,241,344	\$1,274,937	\$1,236,854

Language:

General fund of \$30,000 each year is provided for the Title VI-C Education Program. Any unexpended balance at the end of each fiscal year shall revert to the state general fund.

Comment:

The Education Program is responsible for providing an adequate education to the school's resident children. In addition, the school's outreach and itinerant program is included in this program. Two federal funded education programs, Title VI-C and Chapter 1, complete the education program.

The subcommittee provided complete general fund replacement of Title VI-C funds that are used to teach the school's multihandicapped. Thirty thousand dollars is provided each year. This appropriation is line itemed with the balance reverting to general fund at the end of each fiscal year.

General fund was also provided for the expected decline in Chapter I (Title I) funds. The total general fund cost for this replacement is \$34,527 in the 1985 biennium.

General fund increased 15 percent, or \$235,225, from the 1983 biennium. Federal funds are expected to decrease 29 percent. Because funds were provided in the general services program to purchase a vehicle, the motor pool lease expenditure in this program was deleted from current level. This amounted to \$3,771 in fiscal 1984 and \$3,997 in fiscal 1985.

Travel expenditures relating to the federal Title VI-C program were deleted from the base as these expenditures will not be incurred in the 1985 biennium. All other services are maintained at current level.

Agency: School for the Deaf & Blind

Program: Audiological Services

FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----	
	Executive	Current Level	Executive	Current Level
Operating Exp.	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Exp.	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	=====	=====	=====	=====
FUNDING:				
General	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Funding	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	=====	=====	=====	=====

Language:

General fund provided for audiological services are for the biennium. Any unexpended balance at the end of fiscal 1985 shall revert to the state general fund. No administrative costs shall be taken from these funds for the Montana School for the Deaf and Blind.

The responsibility for providing audiological screening services to Montana's children has been transferred from the Office of Public Instruction to the Montana School for the Deaf and Blind effective in fiscal 1984. The school will not charge for administration costs as these costs are expected to be minimal. The services are contracted to Easter Seal and other organizations to provide the service. The appropriation is a biennial appropriation.

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	154.35	143.45	140.10	136.10	143.45	140.10	136.10
Personal Ser.	\$3,162,683	\$3,605,740	\$3,571,807	\$3,447,226	\$3,597,766	\$3,566,602	\$3,441,700
Operating Exp.	1,312,184	1,413,151	1,342,602	1,336,369	1,446,067	1,362,056	1,366,719
Equipment	287,435	110,260	55,000	75,465	110,260	55,000	75,465
Non-Oper. Exp.	354,556	274,213	-0-	444,292	269,438	-0-	453,088
Total Exp.	\$5,116,858	\$5,403,364	\$4,969,409	\$5,303,352	\$5,423,531	\$4,983,658	\$5,336,972
FUNDING:							
General	\$1,842,917	\$3,123,216	\$2,327,178	\$2,341,250	\$3,232,654	\$2,216,033	\$2,322,644
Earmarked	281,115	315,475	330,380	746,257	315,475	341,504	762,485
Fed. & Private	2,992,826	1,964,673	2,311,851	2,215,845	1,875,402	2,426,121	2,251,843
Total Funding	\$5,116,858	\$5,403,364	\$4,969,409	\$5,303,352	\$5,423,531	\$4,983,658	\$5,336,972

Language:

Federal funds are appropriated for internal transfers of indirect costs. General fund shall revert in the amount indirect costs in excess of \$444,292 in fiscal 1984 and \$453,088 in fiscal 1985 are recovered.

Comments:

The Office of Public Instruction is the state education agency which provides general supervision of the public primary and secondary schools and postsecondary vocational technical centers in Montana. OPI administers federal and state regulations applicable to the local school districts, provides technical and curriculum assistance, monitors federal programs and expenditures, and provides state leadership to the local districts. The Superintendent of Public Instruction is an elected official and serves a four-year term.

The Office of Public Instruction's state administration function is accounted for in six programs: Chief State School Officer, Basic Skills, Vocational Education, Financial Services, Administrative Services, and Special Services. The agency had 154.35 FTE at fiscal year-end 1982; 136.1 FTE are budgeted for the 1985 biennium. This 18.25 FTE reduction is caused by 9.9 FTE dropped by the agency in fiscal 1983, 7.35 FTE eliminated in the budget process, and one FTE was dropped because it was not a current level position (added by budget amendment).

The general fund increase for OPI from the 1983 biennium is 5.3 percent, or \$236,672. Other funds are expected to increase by 2 percent.

The subcommittee provided general fund replacement for expected federal fund shortfalls in vocational education, Indian education, adult basic education, the education block grant, and the indirect cost pool. Considering fiscal 1982 general fund expenditures for these programs and inflation to the general fund expenditures, total general fund replacement in the 1985 biennium from fiscal 1982 amounted to approximately \$585,000. Special Session I of the 47th Legislature provided for general fund replacement of declining federal dollars to support block grant functions. The subcommittee chose to continue this general fund support. Of the \$585,000, approximately \$500,000 relates to general fund replacement for the block grant functions.

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level
FTE	2.00	2.00	2.00	2.00	2.00	2.00
Personal Ser.	\$ 64,533	\$ 68,710	\$ 68,710	\$ 68,556	\$ 71,383	\$ 68,556
Operating Exp.	54,449	97,592	102,023	42,531	39,220	57,531
Equipment	<u>1,465</u>	<u>1,465</u>	<u>1,465</u>	<u>1,465</u>	<u>-0-</u>	<u>1,465</u>
Total Exp.	\$120,447	\$167,767	\$172,198	\$112,552	\$110,603	\$127,552
FUNDING:						
General	\$105,773	\$133,256	\$152,198	\$ 92,812	\$110,603	\$112,552
Fed. & Private	<u>14,674</u>	<u>34,511</u>	<u>20,000</u>	<u>19,740</u>	<u>-0-</u>	<u>15,000</u>
Total Funding	\$120,447	\$167,767	\$172,198	\$112,552	\$110,603	\$127,552

The Chief State School Officer Program consists of the Superintendent and his assistant. Expenses and revenue relating to the sale of school law books are accounted for in this program. The biennial appropriation for audit costs is also included in the Chief State School Officer Program.

General fund increased 28.6 percent, or \$58,893 from the 1983 biennium. This is primarily caused by the audit appropriation being underspent in fiscal 1982 and the full audit cost reflective in the 1985 biennium appropriation.

Operating Expenses are higher than current level estimates because base reductions in travel and contracted legal services reflected in the current level budget are not included in the subcommittee approved budget. In fiscal 1985, operating expense was added to account for the increased activity in sales of OPI publications. This increase is funded by federal/private funds.

Agency: Office of Public Instruction

Program: Basic Skills

FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----		
	Executive	Current Level	Subcommittee	Current Level	Subcommittee
FTE	43.06	40.50	40.50	40.50	40.50
Personal Ser.	\$ 942,666	\$1,029,874	\$1,032,258	\$1,026,310	\$1,030,713
Operating Exp.	253,410	265,656	242,380	297,752	257,480
Equipment	73,108	51,000	55,000	67,194	55,000
Non-Oper. Exp.	57,255	-0-	44,038	35,765	44,642
Total Exp.	\$1,326,439	\$1,346,530	\$1,373,676	\$1,427,021	\$1,387,835
FUNDING:					
General	\$ 848,899	\$ 911,740	\$ 924,424	\$1,025,967	\$ 934,076
Earmarked	239,415	302,908	253,486	258,000	258,008
Fed. & Private	238,125	131,882	195,766	143,054	195,751
Total Funding	\$1,326,439	\$1,346,530	\$1,373,676	\$1,427,021	\$1,387,835

The Basic Skills Program offers services to local school districts in the areas of basic skill instruction, adult basic education, teacher certification, and audio-visual library materials. The program is funded by the general fund, earmarked fund, and federal funds.

The funding contribution from the general fund is appropriated to increase approximately 1 percent from the 1983 biennium, or \$15,618. Staff FTE are maintained at the agency adjusted fiscal 1983 level of 40.5 FTE.

The subcommittee allowed OPI to use \$20,000 general fund each year from the basic skills subprograms to supplant federal fund for Indian education.

The adult basic education subprogram received \$12,000 supplemental general fund for the 1985 biennium.

The audio-visual library was provided \$25,000 general fund each year to allow the agency to purchase new or replacement films. This is 50 percent of \$50,000 general fund provided each year of the current biennium for this purpose. The audio-visual library receives the remainder of its funds from charges to users of films.

Agency: Office of Public Instruction

Program: Vocational Education

FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----	
	Executive	Current Level	Executive	Current Level
FTE	21.00	19.25	19.25	19.25
Personal Ser.	\$473,617	\$527,159	\$526,015	\$529,280
Operating Exp.	113,972	114,805	121,281	108,483
Equipment	8,037	4,037	4,037	1,000
Non-Oper. Exp.	87,180	64,200	64,200	-0-
Total Exp.	\$682,806	\$710,201	\$715,533	\$638,763
	=====	=====	=====	=====

FUNDING:

General	\$209,150	\$328,443	\$333,775	\$302,602
Fed. & Private	473,656	381,758	381,758	336,161
Total Funding	\$682,806	\$710,201	\$715,533	\$638,763
	=====	=====	=====	=====

The Vocational Education Program administers federal vocational education funds and provides technical assistance to high schools in the vocational education curriculum. The program is also responsible for the general supervision of the postsecondary vocational technical centers.

General fund is increased 25 percent from the 1983 biennium, or \$132,184. This is caused by general fund replacement of expected reductions in federal funds.

The majority of this general fund replacement was the result of Special Session I of the 47th Legislature. At that time, the legislature provided approximately \$60,000 general fund replacement for fiscal 1983. The subcommittee continued this general fund replacement for both years of the biennium and also increased general fund an additional \$20,000 each year. All services are maintained at current level.

Federal appropriation authority of \$42,089 is included for the administration of expected Job Training Partnership Act funds. One FTE was eliminated from this subprogram for the 1985 biennium.

Agency: Office of Public Instruction

Program: Financial Services

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Executive	Current Level	Subcommittee
FTE	26.94	27.50	24.50	27.50	27.50	24.50
Personal Ser.	\$ 573,004	\$ 670,265	\$ 617,882	\$ 668,772	\$ 672,701	\$ 616,637
Operating Exp.	356,819	330,213	375,128	358,994	350,758	399,011
Equipment	35,391	5,147	16,000	5,147	1,000	16,000
Non-Oper. Exp.	41,216	50,000	62,731	50,000	-0-	63,338
Total Exp.	\$1,006,430	\$1,055,625	\$1,071,741	\$1,082,913	\$1,024,459	\$1,094,986
=====						
FUNDING:						
General	\$ 416,129	\$ 708,150	\$ 380,907	\$ 735,438	\$ 434,807	\$ 388,833
Earmarked	37,752	47,475	354,912	47,475	23,820	367,231
Fed. & Private	552,549	300,000	335,922	300,000	565,832	338,922
Total Funding	\$1,006,430	\$1,055,625	\$1,071,741	\$1,082,913	\$1,024,459	\$1,094,986
=====						

This program includes the administration of school transportation, school food services, the school foundation program, and internal accounting services.

General fund was decreased 23 percent, or \$230,846 from the 1983 biennium. This is caused, in part, by placing general fund support for the indirect cost pool in the administrative services program instead of financial services program. Operating costs for general fund supported subprograms were reduced to reflect state ownership of the 11th Avenue building.

The indirect cost pool funds accounting, personnel, and internal staff functions in the Financial Services Program and the Administrative Services Program. Indirect costs are recovered from most federal grants, the traffic safety education program, and the audio-visual library. In addition, general fund supplements the funding of the indirect cost pool. The table below illustrates the reconciliation for the indirect cost pool revenue and expenditures in the 1985 biennium.

Indirect Cost Pool Reconciliation
 Subcommittee Recommendation - 1985 Biennium

	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>	<u>1985 Biennium</u>
Expenditures:			
Financial Services	\$310,866	\$320,542	\$631,408
Administrative Services	<u>148,810</u>	<u>149,049</u>	<u>297,859</u>
Total Expenditures	\$459,676 =====	\$469,591 =====	\$929,267 =====
Funding:			
Indirect Cost Recovery	\$444,292	\$453,088	\$897,380
General Fund	<u>15,384</u>	<u>16,503</u>	<u>31,887</u>
Total Funding	\$459,676 =====	\$469,591 =====	\$929,267 =====

Language is included that limits the amount of indirect cost recovery that may be used each year to fund the indirect cost pool. The language provides that any indirect cost recovery over \$444,292 in fiscal 1984 and \$453,088 in fiscal 1985 will revert to the general fund.

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	34.60	29.45	26.10	26.10	29.45	26.10	26.10
Personal Ser.	\$517,428	\$646,560	\$589,862	\$596,068	\$645,121	\$598,109	\$595,282
Operating Exp.	174,677	196,662	173,428	171,014	209,572	184,963	186,550
Equipment	23,964	23,964	1,000	1,000	23,964	1,000	1,000
Non-Oper. Exp.	-0-	-0-	-0-	54,338	-0-	-0-	59,316
Total Exp.	\$716,069	\$867,186	\$773,290	\$822,420	\$878,657	\$784,072	\$842,148
FUNDING:							
General	\$134,845	\$657,186	\$369,297	\$412,879	\$668,657	\$356,329	\$409,088
Earmarked	3,948	10,000	5,000	137,859	10,000	5,000	137,246
Fed. & Private	577,276	200,000	398,993	271,682	200,000	422,743	295,814
Total Funding	\$716,069	\$867,186	\$773,290	\$822,420	\$878,657	\$784,072	\$842,148

The Administrative Services Program provides support functions to OPI. These functions include legal services, a resource center, public information, personnel and other internal staff services, data and word processing, and program development and evaluation.

General fund was increased 43 percent, or \$247,886. Staff FTE was reduced to 26.1 for the 1985 biennium.

The education block grant funds a portion of the activities of this program. During the first special session of the 47th Legislature, general fund was provided as a replacement for federal funds when several categorical grants were consolidated into the block grant. The subcommittee maintained this replacement but did not provide general fund replacement beyond that provided by the special session.

Contracted legal services, removed from the current level 1985 biennium estimates, were included in the subcommittee approved budget. This is funded by general fund at a cost of \$40,000 for the biennium.

	FY 1982		Fiscal 1984		Fiscal 1985			
	Actual	FTE	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Personal Ser.	\$ 591,435	26.75	\$ 664,435	\$ 667,795	\$ 632,910	\$ 662,992	\$ 666,794	\$ 631,858
Operating Exp.	358,857		393,580	374,467	319,228	415,937	395,842	333,475
Equipment	145,470		8,453	1,000	1,000	8,453	1,000	1,000
Non-Oper. Exp.	<u>168,905</u>		<u>124,248</u>	<u>-0-</u>	<u>198,839</u>	<u>119,473</u>	<u>-0-</u>	<u>201,446</u>
Total Exp.	<u>\$1,264,667</u>		<u>\$1,190,716</u>	<u>\$1,043,262</u>	<u>\$1,151,977</u>	<u>\$1,206,855</u>	<u>\$1,063,636</u>	<u>\$1,167,779</u>
FUNDING:								
General	\$ 128,121		\$ 310,366	\$ 136,098	\$ 141,890	\$ 376,005	\$ 102,046	\$ 143,811
Fed. & Private	<u>1,136,546</u>		<u>880,350</u>	<u>907,164</u>	<u>1,010,087</u>	<u>830,850</u>	<u>961,590</u>	<u>1,023,968</u>
Total Funding	<u>\$1,264,667</u>		<u>\$1,190,716</u>	<u>\$1,043,262</u>	<u>\$1,151,977</u>	<u>\$1,206,855</u>	<u>\$1,063,636</u>	<u>\$1,167,779</u>

The Special Services Program is responsible for the administration of special education programs and federal programs, such as Chapter 1 of the Education Consolidation and Improvement Act of 1981. The program is supported by federal funds and general fund. General fund supports a portion of the state budgeting for special education, a portion of the administration of the Special Services Program, and all of the gifted and talented administration. No general fund replacement was requested or provided in this program.

General fund was increased 5 percent from the 1983 biennium, while other funds decreased 24 percent. Total expenditures decreased 21 percent. This was caused by the reduction of categorical grant funds consolidated into the block grant. This reduction was agreed to by the agency in Special Session I of the 47th Legislature.

Agency: Office of Public Instruction

Program: Distribution to Public Schools

Programs	FY 1982 Actual	Fiscal 1984		Fiscal 1985		
		Executive	Current Level	Executive	Current Level	Subcommittee
1. Special Ed.	\$22,427,028	\$26,361,779	\$26,059,600	\$27,416,249	\$27,623,200	\$27,249,629
2. Special Ed.						
Contingency	457,840	500,000	500,000	500,000	500,000	500,000
3. Transportation	4,882,631	5,541,252	5,623,000	6,117,542	5,955,000	6,086,000
4. School Lunch	730,223	1,119,371	659,787	1,164,382	659,787	659,787
5. Gifted & Talented	34,819	100,000	100,000	100,000	100,000	100,000
6. Secondary						
Vo-Ed	762,924	750,000	750,000	750,000	750,000	750,000
Total	\$29,295,465	\$34,372,402	\$33,692,387	\$36,048,173	\$35,587,987	\$35,345,416
Funding						
General Fund	\$29,295,465	\$34,372,402	\$33,692,387	\$36,048,173	\$35,587,987	\$35,345,416

Language:

Special Education funds are for foundation and permissive support of the maximum-budget-without-a-vote for special education.

Special Education contingency funds are 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 to the superintendent of public instruction a child-study team report and an individual education plan for each child relating to this unforeseen expense, a current listing of programs, case loads, and related costs. The contingency appropriation is for the biennium and the specific amounts may be transferred between fiscal years.

Notwithstanding other provisions of law, the superintendent may not approve a maximum-budget-without-a-vote for special education which, in the aggregate, exceeds \$54,447,251 in the 1985 biennium.

The superintendent of public instruction has the authority to use the special education and contingency funds to pay directly to the special education cooperatives if requested by the participating districts in accordance with Section 20-7-451(3), MCA.

All revenues received in the state traffic education account under provision of Section 20-7-504, MCA, are appropriated to be distributed as provided in Section 20-7-506, MCA.

All revenues received under provisions of Section 90-6-211, MCA, which are allocated to adult education by HB105 of the 48th Legislature are appropriated for distribution to adult education programs. First priority in use of these funds will be to provide adult basic education to those students at the postsecondary vocational technical centers in need of such education.

Comments:

Special Education- Funding for special education programs was increased 13.7 percent from the 1983 biennium, an increase of \$6,435,686. The contingency was maintained at \$1,000,000 for the biennium. Language is included to limit the maximum-budget-without-a-vote approved by the superintendent to \$54,447,251 for the 1985 biennium. This represents the special education and contingency appropriations.

Transportation - The reimbursement structure and rates were changed for the 1985 biennium. In fiscal 1983 school districts were reimbursed 65 cents per mile increased 2.5 cents per mile for each seat in rated capacity over 50. This has been changed to 72 cents per mile plus 2 cents per mile for each seat in rated capacity over 45 in fiscal 1984 and 80 cents per mile plus 2 cents per mile for each seat in rated capacity over 45 in fiscal 1985. These changes in structure result from a study by the Legislative Finance Committee. They are intended to more equitably reimburse the various sizes of buses. The 1985 biennium appropriation of \$11,719,000 represents a 14 percent increase from the 1983 biennium. In the current biennium, approximately \$10,251,881 is anticipated to be spent; \$350,000 of this was a supplemental appropriation approved by the House Appropriations Committee of the current legislature.

School Lunch - The local school lunch programs are funded from federal cash and community assistance, charges to participants, school district funds, and state general fund appropriations. The state appropriates a required match to federal cash assistance. The federal matching requirement was reduced in 1982. This is reflected in the 1985 biennium appropriation approved by the subcommittee. The appropriation of \$1,319,574 represents a 14 percent decrease from the 1983 biennium.

Gifted and Talented Grants - The subcommittee approved \$200,000 for the 1985 biennium for this program initiated by the 47th Legislature. No increase was provided for this program as it is quite new and expended only \$34,819 in fiscal 1982.

Secondary Vo-Ed - Montana appropriates state general fund to supplement secondary vocational education programs funded through the school foundation program. The subcommittee approved a biennial appropriation of \$1.5 million. This is the same level of funding as provided in the 1983 biennium.

Adult Basic Education - This program is funded by federal funds, local funds in the form of permissive levys, and state funds appropriated by the legislature. The subcommittee recommended funding the state portion from the revenues allocated to adult education by HB105. This would provide approximately \$815,500 of state funds for the 1985 biennium. This is a \$564,229 increase, or 225 percent, from the 1983 biennium.

Traffic and Safety Education - This program is funded from a portion of highway fines and bond forfeitures related to traffic fines as provided in Section 20-7-504, MCA. The revenue collected is distributed to school districts conducting approved traffic education courses. The Office of Public Instruction distributes this revenue and is allowed to deduct a portion for state administration of the program. Revenue is expected to exceed \$1,000,000 per year with approximately \$75,000 allocated for state administration each year.

	FY 1982 Actual	Executive	Fiscal 1984 Current Level	Subcommittee	Executive	Fiscal 1985 Current Level	Subcommittee
FTE	254.83	240.58	251.23	251.23	240.58	251.23	252.53
Personal Ser.	\$5,944,743	\$5,988,081	\$6,155,208	\$6,506,271	\$5,996,843	\$6,282,822	\$6,729,614
Operating Exp.	1,427,335	1,706,021	1,752,155	1,808,382	1,779,003	1,855,816	1,959,158
Equipment	174,827	201,099	211,473	215,647	201,099	207,087	212,372
Total Exp.	\$7,546,905	\$7,895,201	\$8,118,836	\$8,530,300	\$7,976,945	\$8,345,725	\$8,901,114
=====							
FUNDING:							
General	\$4,396,866	\$5,054,492	\$5,048,809	\$4,999,632	\$5,136,236	\$5,210,106	\$5,161,692
Earmarked	1,950,039	1,996,543	2,046,781	2,352,011	1,996,543	2,112,373	2,560,795
Fed. & Private	1,200,000	844,166	1,023,246	1,178,657	844,166	1,023,246	1,178,857
Total Funding	\$7,546,905	\$7,895,201	\$8,118,836	\$8,530,300	\$7,976,945	\$8,345,725	\$8,901,144
=====							

Language:

Receipt of state funds appropriated to the five vocational technical centers is contingent upon each county in which the centers reside levying 1.5 mills each fiscal year. Millage received by the centers from the 1.5 mill levy over \$823,751 in fiscal 1984 and \$842,220 in fiscal 1985 will revert a like amount to the general fund each year.

Comment:

Montana's five postsecondary vocational technical centers are located in Billings, Butte, Great Falls, Helena, and Missoula. The centers are under the general supervision of the Office of Public Instruction.

Approximately 5,109 students were served at the centers in the 1983 biennium; 5,433 are budgeted for in the 1985 biennium.

On a system-wide basis, expenditures are budgeted at 15 percent more than the 1983 biennium excluding expenditures funded by the local voted mill levy. The budget was developed with the use of the formula recommended by the Legislative Finance Committee.

The formula estimated the centers' budgets in five different areas--instruction, support, plant operations and maintenance, variable equipment, and capital equipment.

Instruction - This component includes all costs associated with the instruction programs excluding equipment. The component is derived from the fiscal 1982 system average instruction cost per full-time student with allowance for inflation. This cost per student is multiplied by the enrollment estimates to develop the instruction component. For fiscal 1984, the cost rate was \$1,848 per student FTE; in fiscal 1985, the rate was \$1,862.

Support - This component contains personnel and operating costs related to administration, student services and instruction supervision. It was derived by allowing inflation adjustments from the fiscal 1982 expenditure. In addition, staffing standards proposed by the Office of Public Instruction in the fall of 1982 were endorsed by the committee. Support staff changes that resulted from these standards were considered in the derivation of this component of the formula.

Plant Operation and Maintenance - This component includes personnel and operating costs of maintaining the centers. Utilities and custodial staff are included here. This component is derived from actual fiscal 1982 expenditures with inflation allowances.

In addition, recognition is given to the new Butte Center which is anticipated to come on-line at the beginning of fiscal 1985. The additional cost allowed was approximately \$33,000 in fiscal 1985.

Variable Equipment - This component includes funds for the purchase of equipment with a unit cost of \$1,000 and under. The purpose of this is to enable more flexibility within the system for purchasing low unit cost items. The component was derived by multiplying the estimated student FTE by \$33 each year of the biennium.

Capital Equipment - This component includes equipment with a unit cost over \$1,000. The centers submitted an equipment request list from which the capital equipment was chosen.

The subcommittee also chose to use 1,000 contact hours as the conversion standard from contact hours to student full-time equivalents. The budgeted student enrollment for the system is shown in Table 1.

Table 1
 Estimated Student FTE's
 Montana Postsecondary Vocational Technical Centers
 1983 - 1985 Biennium

	FY '82 Actual	FY '83 Estimated	-----Budgeted----- FY '84	FY '85	% Change '83-'85 Biennium
Billings	525	493	506	521	.9
Butte	323	323	361*	428**	22.1
Great Falls	488	473	487	502	2.9
Helena	678	675	694	716	4.2
Missoula	548	583	600	618	7.7
Total	2,562	2,547	2,648	2,785	6.3

*Reflects adjustment for summer school.

**Reflects adjustment for new center and summer school.

The subcommittee then applied "caps" to the budget developed by the formula. The caps impose a minimum and maximum yearly increase from the prior year's appropriation. The caps provided that each center received in fiscal 1984 at least a 3.25 percent increase from its fiscal 1983 appropriation and no more than an 8.25 percent increase. In fiscal 1985, the caps provided each center at least a 3 percent increase from its fiscal 1984 appropriation but no more than an 8 percent increase.

Several revenue modifications resulted from the budget process. First, revenue has been added to the existing funding mix from the portion of the education trust interest that is currently being reinvested in the permanent education trust. House Bill 105 proposes this change in the use of those funds. For the 1985 biennium, \$557,500 has been estimated to be available if HB 105 is passed. The second revenue change is in tuition. The tuition fee per full time student has been increased from \$150 per quarter to \$165 per quarter. Approximately \$2,690,000 is estimated to be collected from tuition fees in the 1985 biennium.

Federal funds are expected to increase slightly from original projections. During the 1985 biennium, \$2,357,314 is expected to be available from federal funds. The 1.5 county mill levy is expected to raise \$1,665,971. Language is included which directs each county to levy the 1.5 mill in order to receive state funds.

General fund is the final revenue source for the vocational technical centers. This remains the largest single revenue source for the system. The subcommittee approved general fund authority of \$10,161,324 in the 1985 biennium, an increase of 8.2 percent from the 1983 biennium.

Agency: Billings Vo-Tech

Program: _____

FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----	
	Executive	Current Level	Subcommittee	Subcommittee
FTE	48.05	42.95	52.42	52.42
Personal Ser.	\$1,048,484	\$1,013,451	\$1,193,648	\$1,200,261
Operating Exp.	284,285	340,055	337,854	369,035
Equipment	11,436	13,484	28,348	42,780
Total Exp.	\$1,344,205	\$1,366,990	\$1,559,850	\$1,612,076
FUNDING:				
General	\$ 627,507	\$ 650,110	\$ 805,193	\$ 912,531
Earmarked	506,698	565,893	591,657	563,453
Fed. & Private	210,000	150,987	163,000	136,092
Total Funding	\$1,344,205	\$1,366,990	\$1,559,850	\$1,612,076

The Billings Vo-Tech Center receives a biennial increase of 19.7 percent, exclusive of the voted mill levy. Student FTE are budgeted at 506 in fiscal 1984 and 521 in fiscal 1985.

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Executive	Current Level	Subcommittee
FTE	37.33	36.79	35.35	36.79	35.35	36.55
Personal Ser.	\$ 977,813	\$ 968,706	\$ 845,554	\$ 970,083	\$ 861,501	\$1,050,653
Operating Exp.	150,180	189,019	198,864	185,878	199,734	253,448
Equipment	22,400	22,150	10,989	22,150	11,319	11,319
Total Exp.	\$1,150,393	\$1,179,875	\$1,055,407	\$1,178,111	\$1,072,554	\$1,315,420
FUNDING:						
General	\$ 680,227	\$ 827,350	\$ 598,794	\$ 825,586	\$ 608,622	\$ 765,176
Earmarked	294,126	233,719	232,522	233,719	239,841	287,169
Fed. & Private	176,040	118,806	224,091	118,806	224,091	263,075
Total Funding	\$1,150,393	\$1,179,875	\$1,055,407	\$1,178,111	\$1,072,554	\$1,315,420

The Butte Vo-Tech receives a biennial increase of 15.1 percent, exclusive of the voted mill levy. Butte's new facility is expected to be operational at the beginning of fiscal 1985. In recognition of this and in order to maintain the summer school reinitiated in fiscal 1983, the budgeted student FTE were increased. In fiscal 1984, 361 student FTE are budgeted and in fiscal 1985, 428 are budgeted. An increase of 1.2 FTE janitorial staff and \$33,000 operating expense is also included in the fiscal 1985 budget.

The suspension of operations in the Berkeley Pit is not expected to impact property tax collections in the 1985 biennium.

Agency: Great Falls Vo-Tech

Program: _____

FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	45.10	46.17	46.17	46.45	46.17	46.17
Personal Ser.	\$ 938,867	\$1,174,888	\$1,118,892	\$ 995,233	\$1,198,819	\$1,195,141
Operating Exp.	209,904	307,263	289,041	262,366	320,993	314,374
Equipment	38,021	50,071	46,867	49,900	43,666	42,769
Total Exp.	\$1,186,792	\$1,532,222	\$1,454,800	\$1,307,499	\$1,563,478	\$1,552,284
FUNDING:						
General	\$ 700,690	\$ 948,712	\$729,978	\$ 820,411	\$ 967,946	\$ 848,917
Earmarked	290,392	373,745	487,912	344,631	385,767	466,457
Fed. & Private	195,720	209,765	236,910	142,457	209,765	236,910
Total Funding	\$1,186,792	\$1,532,222	\$1,454,800	\$1,307,499	\$1,563,478	\$1,552,284

The Great Falls Vocational Technical Center received a 22.0 percent biennial increase, net of the voted mill levy. In fiscal 1984, 487 student FTE are budgeted, while 502 student FTE are budgeted in fiscal 1985.

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level
FTE	57.16	52.76	56.79	56.79	52.76	56.79
Personal Ser.	\$1,409,253	\$1,437,510	\$1,535,138	\$1,569,220	\$1,439,697	\$1,570,252
Operating Exp.	380,032	446,733	468,308	470,100	471,829	504,274
Equipment	57,600	64,850	70,270	70,480	64,850	58,628
Total Exp.	\$1,846,885	\$1,949,093	\$2,073,716	\$2,109,800	\$1,976,376	\$2,133,154
FUNDING:						
General	\$1,187,642	\$1,361,548	\$1,412,350	\$1,366,721	\$1,388,831	\$1,458,638
Earmarked	360,443	369,261	407,601	469,407	369,261	420,751
Fed. & Private	298,800	218,284	253,765	273,672	218,284	253,765
Total Funding	\$1,846,885	\$1,949,093	\$2,073,716	\$2,109,800	\$1,976,376	\$2,133,154

The Helena Vocational Technical Center received a 12.9 percent increase from the 1983 biennium, net of the voted mill levy. The Helena center has the greatest number of student FTE in the system. In fiscal 1984, 694 student FTE are budgeted; in fiscal 1985, 716 student FTE are budgeted.

Agency: Montana Advisory Council for Vo-Ed

Program: _____

FY 1982 Actual	2.0	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Executive	Current Level	Subcommittee
FTE	2.0		2.0	2.0	2.0	2.0
Personal Ser.	\$50,448	\$53,562	\$54,155	\$53,449	\$54,099	\$53,449
Operating Exp.	38,422	41,659	36,815	41,782	38,675	41,782
Equipment	<u>3,708</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Exp.	\$92,578	\$95,221	\$90,970	\$95,231	\$92,774	\$95,231
	=====	=====	=====	=====	=====	=====
FUNDING:						
Fed. & Private	<u>\$92,578</u>	<u>\$95,221</u>	<u>\$90,970</u>	<u>\$95,231</u>	<u>\$92,774</u>	<u>\$95,231</u>
Total Funding	\$92,578	\$95,221	\$90,970	\$95,231	\$92,774	\$95,231
	=====	=====	=====	=====	=====	=====

The Montana Advisory Council for Vocational Education, as required in public law 94-482, functions in an advisory capacity to the recipients of federal vocational education funds and to local vocational education advisory councils. This agency is completely supported by federal funds. The budget provides a 2 percent increase from the 1983 biennium. The annual federal authorization for state vo-ed advisory councils is expected to be \$94,000; however, the budget utilizes a small amount of available carry-over to maintain current level services.

Agency: Montana Arts Council

Program: _____

FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	4.0	4.0	4.0	4.0	4.0	4.0
Personal Ser.	\$ 91,789	\$102,710	\$102,710	\$102,320	\$102,568	\$102,568
Operating Exp.	244,252	229,777	229,777	253,851	228,640	228,640
Equipment	1,042	-0-	-0-	2,625	-0-	-0-
Non-Oper. Exp.	179,907	176,713	176,713	42,482	178,037	178,037
Total Exp.	\$516,990	\$509,200	\$509,200	\$401,278	\$509,245	\$509,245
FUNDING:						
General	\$104,793	\$118,546	\$118,546	\$116,767	\$117,662	\$117,662
Earmarked	24,513	-0-	-0-	30,537	-0-	-0-
Fed. & Private	387,684	390,654	390,654	253,974	391,583	391,583
Total Funding	\$516,990	\$509,200	\$509,200	\$401,278	\$509,245	\$509,245

The Montana Arts Council was established as a state agency in 1967 and is responsible for the encouragement of the study and presentation of the arts and to foster public interest in our cultural heritage.

General fund was increased \$19,296 from the 1983 biennium, a 9 percent increase. The 1985 biennium budget approved by the subcommittee maintains current level services. Funding for the Folklife Project, a cultural and aesthetic project, is not included in current level as these funds must receive legislative approval every regular session. Cultural and Aesthetic Projects are funded by one-third of the interest earned from the park acquisition trust fund which receives 2.5 percent of the total revenue from the coal severance tax. This is provided in Section 15-35-108(h), MCA. The agency has requested cultural and aesthetic funding for the 1985 biennium of approximately \$60,000. This project will be competing with 83 other proposals for cultural and aesthetic project funding.

The Artists in the Schools Program is continued at current level in the 1985 biennium. This program is supported by general fund, federal funds, and community match funds. In fiscal 1984, \$116,545 is appropriated for the Artists in the Schools Program; \$117,390 is appropriated in fiscal 1985.

MODIFIED REQUESTS

<u>Agency</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>Total Biennium</u>
<u>System Wide Requests</u>			
Work-Study*	\$290,790	\$290,790	\$581,580
MONTS	400,000	500,000	900,000
Washington Library Network	995,800	504,200	1,500,000
Faculty Development	100,000	100,000	200,000
Computer Information Network*	222,608	25,000	247,608
Writing Across the Curriculum	157,398	158,461	315,859
<u>Universities/Colleges</u>			
EMC:			
System Analyst	\$ 32,910	\$ 32,910	\$ 65,820
MCMST:			
Computer Center Accademic Needs	94,800	238,800	333,600
Instructional Scientific Equipment	192,000	140,000	332,000
MSU:			
Instructional Computing System	400,000	350,000	750,000
Writing Skills Center	114,000	120,000	234,000
Water Resources Research Center	113,078	106,903	219,981
UM:			
MBA in Billings	254,009	194,007	448,016
Computer Equipment	418,500	248,100	666,600
Public Radio (KUFM)	15,000	15,000	30,000
Law	38,930	154,885	193,815
Pharmacy	115,671	106,761	221,342
NMC:			
Computer Upgrade	-0-	*421,000	421,000
Automotive Dynamometer	80,100	500	80,600
WMC:			
Rural Education Center	64,280	67,240	131,520
Computer Equipment	32,650	-0-	32,650
Miles Community College:			
Power Plant Tech. Prog. Coordinator	31,271	31,091	62,362
<u>Experiment Stations</u>			
Agricultural Experiment Station:			
Weed Research	\$129,390	\$142,869	\$272,259
Cooperative Extension Service:			
Weed Management	59,700	63,896	123,596
AGNET*	29,747	30,742	60,489
Forestry Experiment Station:			
Renovation of Lubrecht Buildings	16,125	9,157	25,282
Maintenance Worker (.50 FTE)*	9,365	9,833	19,198
Bureau of Mines:			
Resource Date Management System	132,500	68,000	200,500
Ground Water and Mineral Resources	70,000	74,000	144,000
Cooperative Programs with U.S.G.S.	65,000	65,000	130,000

*Appropriated modified requests.

<u>PROPERTY TAXES PAID BY AGRICULTURE</u>	<u>1981</u>	<u>1982</u>
<u>PROPERTY:</u>		
All agricultural land	\$25,600,000	\$25,700,000
<u>IMPROVEMENTS:</u>		
On all agricultural land	9,800,000	10,000,000
<u>PERSONAL PROPERTY:</u>		
Livestock	5,900,000	5,600,000
Farm machinery	13,000,000	12,000,000
Agricultural prod. in storage	<u>1,000,000</u>	<u>900,000</u>
*TOTAL PROPERTY TAXES PAID:	\$55,000,000	\$54,200,000

*The above figures were calculated by multiplying the state totals for taxable values (as they are listed in the Dept. of Revenue's 1982 Report) by the average rural county mill levy of 175 mills.

<u>CASH RECEIPTS PRODUCED BY AGRICULTURE</u>	<u>1980</u>	<u>1981</u>
LIVESTOCK AND PRODUCTS:	\$747,600,000	\$629,000,000
ALL CROPS AND PRODUCTS:	<u>660,000,000</u>	<u>850,000,000</u>
*TOTAL CASH RECEIPTS:	\$1,407,600,000	\$1,479,000,000

*Source: Montana Crop and Livestock Reporting Service.

STATEWIDE WEED MANAGEMENT PLAN

EXECUTIVE SUMMARY

Noxious weeds are costing Montana millions of dollars in income each year. In fact, the problem has become so serious that agricultural leaders throughout the state have asked the Agricultural Experiment Station, the Cooperative Extension Service, and the State Department of Agriculture to develop a statewide weed management plan that can be implemented to bring the situation under control. Built in the plan is the active involvement and participation of county commissioners, local weed boards, appropriate state and federal agencies, relevant agricultural organizations and groups, plus the farmers and ranchers themselves. The attached document contains details of this plan.

The Montana Agricultural Experiment Station is responsible for basic and applied research in the state. A team of weed scientists has been assembled to address weed ecology and chemical control, physiology, and biological control. The program is in serious need of additional support to function efficiently and effectively. The Experiment Station request includes the addition of three research technicians, three graduate research assistants, operations and capital totaling \$129,390 in 1983-84 and \$142,869 in 1984-85. This addition to the Experiment Station funding base will be used to reinforce the existing weed research team at the Bozeman campus and the research centers.

The Montana Cooperative Extension Service has the responsibility of providing a research information delivery system in the form usable by agricultural producers, agency personnel, and private citizens who may be interested in weed control. Extension will work closely with the Montana Agricultural Experiment Station, the State Department of Agriculture, and county weed boards, county commissioners, and other groups concerned with weed control. At the present time, there is a serious need to add additional Extension specialist capability at the state level to specifically address the weed problem. The Extension request of \$59,700 for 1983-84 and \$63,869 for 1984-85 represents an addition to the Extension Service funding base. Included is the addition of a weed Extension specialist, and Extension technician, operations and capital to efficiently transfer weed research information, conduct demonstration plots and trials, and develop appropriate materials to accomplish an efficient Extension weeds program.

The Montana Department of Agriculture is responsible for the regulatory aspects of the agricultural industry in the state. As such, it has the unique opportunity to provide an overview of legislation and program development affecting weed control. The Department of Agriculture role in the proposed weed management plan is that of coordination of all interested agencies and individuals in establishing and maintaining a unified,

coordinated effort on weed control. An inventory of all agencies and groups in Montana, neighboring states and federal agencies would be maintained. Weed laws and regulations of neighboring states and federal agencies would be monitored. Communications and contact with political leaders in agriculture at the county, state and national levels would be accomplished. The budget request of \$45,821 in 1983-84 and \$46,023 in 1984-85 as funding base additions, would be used to hire a coordinator and provide operation funds necessary for travel and communications associated with the coordination activities.

In a separate funding request through the long-range building program, Montana State University has identified greenhouse facilities as a top priority need for agricultural research and education. This \$5.3 million facility addresses a wide range of research and teaching functions associated with agriculture. Included in this request is a component vital to weed research and education. A part of this facility thus becomes an important component for completing the total statewide weed management plan. Details of this facility are available in a separate document.

For further information, please contact:

James R. Welsh, Director
Agricultural Experiment Station
Montana State University
Bozeman, MT 59715
Phone: 406/994-3681

Carl Hoffman, Vice President for Extension
Cooperative Extension Service
Montana State University
Bozeman, MT 59717
Phone: 406/994-3402

MADAM CHAIRMAN,

MY NAME IS JEANNE RANKIN AND I REPRESENT THE 6000 MEMBERS OF THE MONTANA FARM BUREAU FEDERATION. WE WOULD LIKE TO GO ON RECORD IN SUPPORT OF THE UNIVERSITIES' BUDGET REQUEST FOR A RESPONSIBLE WEED CONTROL RESEARCH PROGRAM. SOME OF YOU REALIZE THE FUTILITY OF RAISING CROPS IN DIRECT COMPETITON WITH THE EXISTING WEATHER, WEED AND PEST PROBLEMS FACING ACRICULTURE PRODUCERS. WE FACE A VERY SERIOUS PROBLEM WITH WEED CONTROL. OVER 500,000 ACRES IN MT HAVE BEEN TAKEN OVER BY LEAFY SPURGE AND OVER 2 MILLION ACRES BY KNAWEED . BILL REILLY, RAD CHAIRMAN OF THE SUBCOMMITTEE ON WEEDS STATES THAT MONTANA COUNTIES IN 1981 SPENT 1.8 MILLION TO SPRAY ROADS & THAT THE STATE HIGHWAY DEPARTMENT SPENT 405,000 FOR SPRAY. HE FURTHER STATES A JOINT CONSERVATIVE ESTIMATE FROM RAD AND MSU OF CROP LOSS IN 81 WAS 100 MILLION DOLLARS. DR. ALLEY, UNIVERSITY OF WYOMING, STATES THAT IN ORDER TO CONTROL PERENNIALS, SUCH AS LEAFY SPURGE, THE ROOT SYSTEMS MUST BE STUDIED AND EVENTUALLY CONTROLLED. THE CONTROL OF KNAWEED ALONE, COSTS MONTANA FARMERS AND RANCHERS 640,000 Animal Unit Months, OR 7,680,000 ANNUALLY. YOU MAY SUGGEST THAT THIS HAS NOTHING TO DO WITH YOU, BUT ON THE CONTRARY, WHEN FOOD PRODUCTION IS INHIBITED SUPPLY DECREASES AND PRICES RISE. AGRICULTURE TAXES ARE A MAJOR BACKBONE OF MONTANA. IN ORDER TO MAINTAIN THAT INDUSTRY WE NEED TO CONTINUE TO FUND RESEARCH FOR PROBLEM AREAS: ESPECIALLY WEED CONTROL.

I URGE YOUR RECOMMENDATION FOR WEED MANAGEMENT AND RESEARCH.

March 9, 1983
Jeanne M. Rankin
502 S 19th
Bozeman MT 59715

VISITOR'S REGISTER

HOUSE Appropriations

COMMITTEE

BILL Education

DATE March 10, 1983

SPONSOR _____

Page 1

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Mr. Crossen	Helena	UTPP		
Ken Heiker	Billings	E.M.C.		
Richard Sandman	Missoula	Dept. State Lands		
Dan Underwood	MISSOULA	" " "		
Tom Daubert	Helena	Montana Environ. Info Ctr		
Will Brooks	Helena	State Grazing Distr./MT STOCKS/VALUES MT. WOLFGRADERS		
Terry Snyder	Helena	US Forest Service		
Bob Gibson	Helena	US Forest Service		
Burr Shum	Bozeman	MSU		
Tom Nopp	✓	MSU		
Bill Tech	Bozeman	MSU		
Jim Welsh	"	MSU		
Carl Hoffman	Bozeman	MSU		
LARRY Johnson	Kramer	MSU Ag. Adm.		
Dennis Wagner	Bozeman	Associated Students to MSU		
Brad Dietz	Bozeman	ASMSU		
Sara Parker	Helena	State Library		
Arlene Hill	Raynesford, MT	MSU		
Alise Stanley	Mont. University System	Helena		
Ph... , Davenport	Helena	1/1 PEA		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE Appropriations

COMMITTEE

BILL Education

DATE March 10, 1983

SPONSOR _____

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NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Neil Burklin	Missoula	U of M.	✓	
Pat Fairbanks	Helena	Montana Teachers Federation of Teachers		
F. A. Olson	Helena	O B P P		
Randy Mosley	Helena	DSL		
Jack Noble	"	UNIV. SYSTEM	✓	
Dwight E. Dayton	"	" "	✓	
Monte Koch	"	U of M	✓	
Jeanne Saunzney	Missoula	ASUM		
Julie Forbender	Missoula	ASUM		
Joel Haggard	Helena	Mont Colleges		
Jim Graham	Harro	N M C	✓	
Wayne Buchanan	Helena	MSBA		
J. Brunner	Helena	W. I. F. E. - Grain Process Change		
Joanne Rankin	Bozeman	MT. FARM BUREAU		
Steve Mays	Helena	MACD		
Lloyd Schmitt	Stanford	Exp Sta + Ext Service	✓	
Sandy Merdinger	Helena	League of Women Voters		
Mark Meloy	Helena	Elkhorn Citizen Org		
Bill Byan	Harro	N M C		

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VISITOR'S REGISTER

HOUSE Appropriations COMMITTEE

BILL Education

DATE March 10, 1983

SPONSOR _____

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NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
Dave Nelson	Missoula	MT. Arts Council		
Wanda H.	Helena	FSE		
John G.	Helena	PSC		
W. J.	Helena	PSC		
...		
...		
...		
Malice Olson	E. Helena	OBPP		
Kelly Blake	Helena	Dept. of State Lands		
Kandy Mosley	Helena	" "		
Dan Underwood	MSLA	" " " "		
Juda G.	Helena	Historical Society		
Paul S.	Helena	Historical Society		
J.D. Holmes	Helena	MT ARTS ADVOCACY		
Jane F.	Helena	State Library		
Jane D. May	"	OBPP		
Cecil G.	"	Penstock		
Les S.	"	"		
MIKE FERGUSON	Helena	COMMERCE AERONAUTICS		
...	Helena	W. I. F.		
Steve Meyer	Helena	MACID		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MINUTES OF THE MEETING OF THE APPROPRIATIONS COMMITTEE
March 10, 1983

SELECT COMMITTEE ON ECONOMIC DEVELOPMENT:

The Minutes taken by the Secretary of the Select Committee on Economic Development are hereby inserted into the Minutes of the Appropriations Committee as official Minutes. The following Minutes contain both the HEARING and EXECUTIVE ACTION on HOUSE BILL 1.

The members of the Select Committee on Economic Development are:

Representative John VINCENT, Chairman
Representative Ted SCHYE, Vice Chairman
Representative Tom ASAY
Representative Paula DARKO
Representative Jay FABREGA
Representative Harrison FAGG
Representative Hal HARPER
Representative Dan HARRINGTON
Representative Jerry METCALF
Representative Ted NEUMAN
Representative Jack RAMIREZ
Representative Orren VINGER

MINUTES OF THE SELECT
COMMITTEE ON ECONOMIC DEVELOPMENT

March 8, 1983

The tenth meeting of the Select Committee on Economic Development was called to order by Chairman John Vincent at 7:15 p.m. in the House Chambers in the Capitol Building, Helena, Montana on March 8, 1983.

Roll call was taken and all members were present.

CHAIRMAN VINCENT stated he would like to welcome everyone who is participating in the Hearing on House Bill 1. He explained since he was the sponsor of this bill, he would like to turn the meeting over to Vice-Chairman Ted Schye so that he could introduce the bill. He asked everyone to be brief as possible on their testimony since there were so many citizens present to give testimony. He stated this is indeed an historical occasion because the Governor, Ted Schwinden, is present to give testimony in favor of HB 1.

CHAIRMAN SCHYE asked for all Proponents to HB 1. He then asked Representative Vincent, as chief sponsor, to introduce the bill.

PROPOSERS

REPRESENTATIVE VINCENT, Sponsor, explained HB 1 as an act to implement Section 4 of Initiative 95. HB 1 is the Build Montana Bill. He stated HB 1 was given the designation because given I-95 and the fact it received 71% vote in favor, the people of this state have indicated very solidly that economic development is their number one priority. Currently 42,000 Montanans are out of work. The time has arrived to promote long term economic growth to benefit our citizens. HB 1 is a concerted effort to do so by implementing I-95, and when HB 1 is combined with 4 other pieces of legislature that have already been passed to implement I-95, this represents a bold and imaginative approach to economic development for the people of this state.

SENATOR HAFFEY, Co-Sponsor, stated HB 1 is the request for the funds to implement part of the program which Montanans believe will help guide their state into a sound economic future. He wants to present a few brief thoughts on the process, need and the benefits associated with the bill. Regarding the process, in the last year and a half, Montanans in all sections of our economy have through the Montana Economic Development project and the Advisory Task Force developed a set of proposals whose general objective is to develop Montana's economy. The Task Force process has involved all aspects of our economy and our society. Regarding the need for HB 1, there is a need, a certain well-defined need for state government to stimulate some economic development. The changing nature of our national economy offers those in Montana some additional opportunities to develop our own economy. The benefits from HB 1 will provide all of us many benefits and this limited role for state government should enhance Montana's long term economic well-being.

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SENATOR CRIPPEN stated he is pleased to be here to testify for HB 1. He explained it is important to stress the bi-partisan support of the Build Montana program. He applauded Governor Schwinden and Gary Buchanan for their efforts to build Montana. He asked to speak specifically on one area of the bill, and that is the Montana Economic Forecasting System. He feels this is very important in providing up-to-date forecasting information, both to the state and the private businesses. HB 1 is not the entire answer to the economic problem, but is certainly a start in the right direction, and he recommends a favorable action on it.

SENATOR TOWE stated he was one of the Co-Sponsors of I-95 and would like to urge support for this measure. HB 1 is consistent with the second part of I-95. He asked to give some background information. There is supposed to be set aside from the interest income from the coal tax trust the money which the legislature should decide under I-95. This bill purports to do for the next biennium what amounts to 11%. The total projected figures at this time are \$52.5 million in the interest income for this biennium and for the next biennium around \$89 million. The fund will increase substantially. He stated the interest was not as much as he had hoped, but it is a start. He explained it would be a tragic mistake to short this program just because they are short of revenue this year. He wanted to remind everyone that in this bill they are talking about .8 of 1%. Devoting any less would be inconsistent to I-95 and would not be what the people are asking for. He also stressed the critical need for the University Research mentioned in HB 1.

GOVERNOR SCHWINDEN expressed appreciation for the unique invitation to testify on HB 1. He stated his appearance on behalf of HB 1 signifies the commitment of this administration and the determination of the people of this state to build Montana. Montanans want responsible economic development that produces opportunities for business and jobs for people. See Exhibit A for further comments. He summarized by stating that we cannot afford to sit and wait for "good times" to replace "hard times". With 42,000 people out of work, the state must do what it can to help Montanans obtain and retain jobs here. Because the times warrant it--and because Montana workers need it--he would like to propose that HB 1 be amended to add an additional \$500,000 to the Labor Training Program, doubling the total proposed appropriation for the program to \$1 million. The additional \$500,000 would come out of the appropriation for the Business Development Assistance Program.

GARY BUCHANAN, Director, Montana Chamber of Commerce, stated his department had the chance at the beginning of the Legislature to brief the Select Committee on the specifics of this part of the Build Montana program. They have made numerous presentations regarding the Capital Assistance program with HB 100, HB 685, and HB 700, and they have provided additional copies of Build Montana. He felt they would go into complete budget detail in later meetings of the committee, because tonight is an opportunity for the public to speak out. See Exhibit B for further comments.

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DAVE HUNTER, Commissioner of Labor and Industry, asked to speak specifically for the labor training program aspect of HB 1. He stated this is an important program, partly because of the change in federal statutes in regard to displaced workers. He noted the governor asked this allocation be increased in large part due to the layoffs by the Anaconda Company. He explained what they currently do in regard to the displaced worker. He felt it very necessary to upgrade specific skills, so that workers can build confidence in looking for other work. The other part of the job training program is the start up training. He explained this would be an incentive for new and expanding businesses who want to come to Montana. The Department of Labor in conjunction with the Department of Commerce would set up specifically designed training programs so that an employer would have a trained individual at the beginning of the job. He noted this has been done in the past and has worked quite well. He commented that the two aspects he was talking about would be a \$1 million appropriation between them.

IAN DAVIDSON, Representing D.A. Davidson from Great Falls, stated he had served as Co-Chairman for the Montana Economic Development Project, and he believes economic development in Montana is the number one challenge and the most important item to be discussed. He feels Montana is in a competitive position with the other states in attracting new businesses, and recent statistics show that Montana has not been all that competitive. He feels HB 1 shows a step forward and urges support for this bill.

TERRY MURPHY, Representing Montana Farmers Union, expressed support for HB 1 and they also supported I-95. They feel agriculture must play an integral part in Montana. He explained that agriculture is an industry that contributes \$1.5 billion of new dollars into the state each year, which then multiplies outward. They want to work with the committee to help that goal.

JIM MURRY, Representing AFL-CIO, stated their support of the concept of HB 1. He stated each of the other bills presented before have specific language which directs the thrust of the development in the spirit of I-95. He commented that HB 1 is simply an appropriations bill, with no guidelines of any sort. They expect that the legislature will certainly want to remedy that. He stated HB 1 has \$156,000 allocated to an Economic Development Council, but the bill has no guidelines on the makeup of the committee. He feels HB 1, like the other parts of the economic development program needs a sense of direction from the legislature. They support the bill, but urge it to be amended with the same care as the other three developmental bills. See Exhibit C for further information.

MIKE FITZGERALD, President of Montana Trade Commission, stated their support of HB 1. He stated this piece of legislation is not just the governor's program, but rather the result of the dedicated work of hundreds of Montanans and represents a progressive, balanced and necessary plan of action for state government, business, labor, universities and the public to chart new directions for their state's economic progress. He further explained they co-sponsored with Governor Schwinden the Montana Economic Development Project. See Exhibit C-1 for further comments.

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W. P. SCHMECHEL, President Montana Power Company, stated their support for HB 1. He commented the passage of HB 1 is particularly important for two reasons: the first, it is a continuation of Montana's effort to signal the nation and the world that we welcome orderly economic development. Without doubt passage and implementation of HB 1 would improve our competitive position. Secondly, Montana has a lot of catching up to do. In the last few years, we have lost more than 5,000 primary jobs in Montana. HB 1 will create jobs and is an active program. For further information see Exhibit D.

JIM SPRING, Former Billings Chamber of Commerce President, stated their support of HB 1. They feel there is little doubt that the economic development is one of the most, if not the most important issue currently facing Montana. He felt HB 1 should not be viewed as the total solution to the state's economic problems, but another important tool along with the many existing tax incentive programs that will allow the state to become a partner with the private sector in working towards a better and stronger economy for Montana. See Exhibit D-1 for further remarks.

REPRESENTATIVE KITTSSELMAN, Chairman of Joint Subcommittee on Business, stated he would like to explain several points the committee came up with. One is the Department of Commerce should be the leader and should pinpoint recruitment efforts in jobs capable of supporting heads of households. They also should provide technical assistance to small business and there should be greater cooperation between the developing agencies and the Chambers of Commerce. He urged the committee's support for this Build Montana bill.

TAG RITTEL, Representing Montana Outfitters and Guides Association, and also member of Tourism Promotion Councils, stated they strongly support HB 1 or the Build Montana program. As a member of the Tourism Advisory Council to the Governor, he recommends funding for travel promotion in Montana. See Exhibit E for further comments. He referred to Exhibit E, page 2 regarding Montana's 46th ranking in their advertising budgets.

BILL TIETZ, President of Montana State University, stated their support for HB 1. He stated Montana has an opportunity at this point to begin the coordination and development of its human resources. The development of new jobs depends on the development of new information, products and new processes. The transferring of this new information is particularly critical in getting the new ideas into the public and private enterprises. New mechanisms for funding, imaginative approaches and development and support of private enterprise are what is needed. He felt the Council of Science and Technology is of particular interest to MSU and other elements of the university system. This will help us develop the opportunities for imaginative views, capital support and technical support mechanisms. He noted there is a tendency at this time to look for short term solutions for long term problems, and he feels that HB 1 represents an investment in the future.

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DON REED, Representing Montana Environmental Information Center, expressed support for HB 1. He stated MEIC has been involved in the formulation of the "Buy Montana" portion of the package, which is the idea behind the program to promote the use of goods produced in Montana. For further comments see Exhibit F.

DICK REMINGTON, Vice-President Mountain Bell, stated support for the economic development project and urged support of the bill.

ED JASMIN, President Northwestern Bank, stated he had the opportunity to work on the Montana Economic Development project and other committees, and would like to express support for HB 1. He felt the committee did a great job in putting together something that can benefit the overall economic climate of Montana. He felt HB 1 can send signals to those in Montana that there is some help.

NEIL BUCKLEW, President of the University of Montana, stated their support of HB 1. He believes the Build Montana program represents a systematic approach to addressing the economic opportunities and issues. The University of Montana has the opportunity to participate in shaping the Build Montana program in a number of areas, the analysis of forecasting, the science and technology portion, the small business assistance to name a few. He believes all of those in higher education in the state are involved in the instruction, research and service that is inherent in the Build Montana program.

NANCY HARTE, Legislative Coordinator of the Democratic Party, offered amendments to HB 1 to insure maximum public involvement in the administration and decision-making authority of the economic development council and related programs. First they ask that HB 1 specify that all committees and councils authorized under this bill give special attention and consideration to those sectors of the economy which: enhance local ownership and control of business by Montana residents, provide jobs that will be substantially filled by current Montana residents as opposed to providing jobs that will be filled by non-residents coming into the state etc. For further considerations, see Exhibit G.

JOHN BADGLEY, Representing Institute of the Rockies, Bitterroot RCD, and Missoula Jobs, expressed their support of HB 1. He called attention to the High Technology, Man Power of the West report. The state has put money into this and he would suggest they read their recommendations. He felt the cooperation of the Department of Commerce, has resulted in new jobs in the Missoula area, and felt the only way to continue this type of success was with staff capability. He explained that Montana must attract new business for the future.

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HIDDLE VAN DUYM, stressed support for HB 1. He felt a major question remains "How our public school system educating our youth should meet this effort?" They would like to include an education goal that specifically indicates what it is that we need from our high school graduates when they enter the work force. They urge that part of this effort will be in fostering and funding projects in subjects important to preparedness to the economic development we are speaking of.

BOB MCELVEY, Member of the faculty of U of M, and also member of the Ad Hoc Committee, expressed support for HB 1. He asked that several recommendations be considered. One recommendation was that a 13 member Council on Labor Force Education should be created with members drawn from business and industry, labor unions, student groups, school teachers and college faculty, school and university administrators and interested citizens. Members of the Council would be appointed by the Governor for four-year staggered terms. For further information see Exhibit G-1 and G-2.

DAN DOLAN, Office of Public Instruction Computer Educator, expressed their support for HB 1. He stated the program of Building Montana Through Computer Technology is based on a cooperative plan which would bring all those agencies, businesses, educators, and other interested parties together to deliver needed computer education training programs to all segment of Montana's population. The activities of the program would serve all citizens in Montana and would be directed from five Computer Education Training Centers. See Exhibit H for further information.

FORREST BOWLES, President of Montana Chamber of Commerce, stated their support for HB 1. He commented they would like to see the forecasting portion of HB 1 be given high priority. He felt that good economic information is hard to find in Montana and is greatly needed by the university system. They would also like to support the travel and tourism portion of HB 1, along with an added endorsement to Mr. Dolan's comments on computer technology in Montana.

SENATOR TURNAGE stated in any debate there is always a problem and a solution. He feels the people of Montana really want an opportunity to have a decent job, own a home and educate their children. He can assure the committee that the Senate will be receptive to this program from his viewpoint. He felt it was necessary to recognize the problem, debate it and address it or we will go nowhere. He stressed that HB 1 is important to Montana, the problem is to devise a method, and it is the House and the Senate's responsibility to do this.

SENATOR GOODOVER expressed support for the concept of HB 1. He feels this bill will be able to provide the opportunity for jobs and is for the good of Montana.

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HAL STEARNS, Active Promoter of Montana, asked to speak specifically to promoting tourism. He explained that he has traveled to other places with Montana's 10 foot promotion displays and is along with the competition who have double the advertising budget. He stated we have a tremendous opportunity to raise enough money from the state sources and the private sector in order to properly advertise what we have. He hopes we can get the message to other states regarding the many treasures of Montana so that we can get the many treasurers they have.

CELINDA LAKE, Women's Lobbyist Fund, expressed support for HB 1, but noted there are concerns about language regarding women. They are specifically concerned with the job training appropriation. They felt it was difficult for women to participate in job training without the assistance of day care. They are also interested in the appropriation for the Business Development and Assistance Program, and ask that HB 1 include language directing the Department of Commerce to use technical assistance to develop programs designed to meet specific problems of businesses owned and operated by women. For further comments see Exhibit H-1.

STEVE BROWN, Independent Bankers, stated their support for HB 1.

BILL BROWN, Representing the Butte Chamber of Commerce, expressed support for HB 1, especially as related to Tourism. They fully endorse and support the proposed budget for promoting tourism in the state. They want to specifically recommend that a Matching Fund be established and administered by the State Department of Tourism which can be matched by each of the six regions of the State. They would recommend that the figure be in the range of \$30,000 to \$40,000 per region and be matched by advertising and other sources. See Exhibit P.

JOE MAIERLE, Representing Morrison-Maierle, rose in favor of HB 1, and the Build Montana Program. He explained that when he started his business 38 years ago there was not any state agency for assistance. He feels that HB 1 is something that is greatly needed in Montana.

ELMER FRAME, Representing Campground Owners of Montana, stated their support of HB 1. He particularly asked that the committee maintain the proposed funding level for travel and promotion. He also supported the budget item in HB 1 that will fund promotion of Montana's Products and see that this list is available to retail outlets. See Exhibit I for further comments.

CARL RIECKMANN, Associate Director for Montana Petroleum Association, stated support for HB 1 and stressed that Montana needs to go far beyond HB 1. He felt that Montanans agree that small businesses are the key operating within Montana's five basic industries--agriculture, mining, timbering, oil/gas, and tourism. Incentives for the infusion of investment dollars in these five industries are essential to the success of Build Montana. See Exhibit J for further highlights.

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JOHN ORTH, Butte, expressed support for HB 1. He feels it is necessary for Montanans to have jobs. He explained that jobs are made by sustaining and encouraging the businesses we have and attracting new businesses to Montana. He feels HB 1 has the tools to help create those jobs. He feels it would a great mistake to trim back any one of the items in HB 1. He particularly supports the Science and Technology Board. He stated that Montana has exported its most important resource for far too long. That resource is our technically trained youth because there are an inadequate amount of job opportunities for our graduates.

JOHN COZBY, Cozby Enterprises Anaconda, expressed support for HB 1. He stressed support for incentives toward economic development and also science and technology innovation. He asked the committee to consider will and ambition and creativity along with the intellectual approach. He feels it is necessary to consider the needs of small businesses in the community to help raise the quality of life. See Exhibit V.

PETER STARK, Northwest Airlines, rose in support for HB 1. He stated tourism is a renewable resource. He explained the return of investment on every tourism dollar spent sometimes is up to 10 to 20 times. He stated that Northwest Airlines recently participated with the state of Montana involving a tourism program and proved to be one of the most successful ever.

EARL JOHNSON, President of 1st Bank, rose in support of HB 1.

CHUCK PEDERSON, Great Falls First Interstate Bank, urged the committee to support this bill.

JERRY OVERMIER, Representing First Bank Helena, stated they feel Montana needs a state labor training program such as proposed under Section XV of the Build Montana program. He stated that businesses who want to expand need trained workers, and also businesses that want to come to Montana need trained people. He felt the state labor training program will bring more federal money into the state and spend it where it is needed--on jobs for Montanans. See Exhibit K for further information.

MARTIN WHITE, President of Western Energy Company, expressed support for HB 1 and specifically wanted to address the need for a permanent Science and Technology Board. He stated that many of the graduates from the universities and colleges in Montana get jobs outside of the state, and this is probably the greatest loss our state experiences. See Exhibit L for further information.

JANET MOORE, Representing Seeley Chamber of Commerce, expressed support for HB 1 and especially tourism. She also wanted to speak favorably toward the line item for the community development infrastructure study.

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GEORGE ALLEN, Representing Montana Retailers Association, stated support for HB 1.

ROD HANSEN, Representing Montana Electric Cooperatives, expressed support for HB 1.

ERNEST HARTLEY, Deer Lodge, urged support for this bill and strongly supported the tourism portion.

GENE MARUTTE, Polson Community Director, urged support for HB 1.

JESSE LONG, Representing School Administrators, expressed support for HB 1 and stated they also support the computer training centers in Montana.

JOHN SCOTT, Vice-President of G. T. Murray, stated their support for HB 1. He felt it was necessary to stress economic development and good jobs and business opportunities in the state of Montana. They are concerned regarding the proliferation of government and would like to see sunset legislation, so that if portion of HB 1 prove to not be successful then they should be eliminated.

YVONNE SNIDER, Representing Montana Ranch Products urged support for HB 1 and strongly supported two of these programs in particular. These are the Business Development Assistance and the Product Promotion and Export Assistance Programs. She feels that any money spent on Business Development and Technical Assistance Grants are actually seed money and will germinate, grow and continue to spread throughout the state's economy generating tax revenue in the process. For further comments see Exhibit M.

MILDRED BORDSEN, Whitehall, support HB 1 and is happy to see the portion of the bill regarding tourism.

JIM DAUSN, LDC of Anaconda urges the Committee's support for HB 1.

JERRY SULLIVAN, Vice-President of the First Security Bank, stated their support for this bill.

CAROL DALY, President Montana Economic Development Association, stated their support for HB 1. She feels HB 1 would remedy the existing problem with the Department of Commerce and would give Commerce and the Department of Labor adequate resources to meet the most urgent needs that confront them--assisting and complementing on-going local efforts and helping to develop similar capabilities in communities which desire and need, but now lack them. For further comments see Exhibit N.

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JUDITH TILMAN, Butte-Silver Bow Community Development Department, stated their support for the Build Montana Program. She stated the capabilities of Montana's cities and towns to assess their infrastructure needs ranges from none in smaller communities to good in the largest cities. They see this program as providing an invaluable resource to augment the capabilities of the large cities and a starting point for the smaller cities and towns. See Exhibit N-1 for further comments.

KATHRYN PENRON, Montana Advisory Council for Vocational Education, stated their support for HB 1 and especially the importance for vocational education.

JACK MARTINS, Representing Montana Manufacturing Group, stated their support for HB 1.

BILL KUEHN, President of the Associated Chambers of Commerce of Flathead Valley, expressed their support for HB 1. He stressed that tourism is the third largest industry in the state and generates one billion dollars in business and also generates approximately 24,000 full time jobs. He noted the Associated Chamber of Commerce have put together a color cassette tape to be played on any video equipment, and are presently adding sound tracks in German and Japanese. They are currently working on projects to develop Montana as the "Gateway to the 1988 Olympics in Calgary". For further comments see Exhibit O.

MARIAN CAPP, Whitehall, stated strong support for HB 1. She stressed that small business are the backbone to America and Montana.

LLOYD SCHMIDT, Stanford, and member of Ad Hoc Committee, expressed support for HB 1 and feels strongly about the necessity of promoting agriculture in the state.

GARY PRESTON, Butte, rose in support for HB 1. He stated one of the things missing in the broad range of economics is the fact that small and middle size industries cannot exist without the cashflow produced by large industries. Tourism is important, but we lost more income in Montana due to the layoffs in the mining industry alone than tourism creates. We need to promote our products and we have to have a certain amount of large businesses to create the capital in the state to support it. He asked why the Tourism Department doesn't stress Montana's lack of Sales Tax, and Bed Tax.

LOREN COLLINS, Bozeman, Collins Enterprises, Inc., urged support for this bill.

JOHN ZAVALNEY, Economist for the state, expressed support for HB 1. He feels there is a need to concentrate more on the manufacturers in Montana. See Exhibit Y for a graph on the employment trends by industry groups.

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PROPOSERS submitting written testimony but not orally were as follows:

ED BINGLER, Director of Montana Bureau of Mines and Geology at Montana Tech. See Exhibit Q.

JOHN W. JUTILA, Vice-President for Research, MSU, see Exhibit R.

DICK BOURKE, Development Credit Corporation of Montana, see Exhibit U.

CLINT GRIMES, Helena, stated his economic studies show that the new industrial revolution often call the information evaluation is beginning in Montana. See Exhibit W for further comments.

KEN BYERLY, Publisher, submitted enclosed editorial from the Lewistown News-Argus, see Exhibit X.

CHAIRMAN SCHYE asked for any Opponents to HB 1.

OPPONENTS

MARY HAMILTON, Helmville, stated the real problem with HB 1 is it contains necessary ingredients for development of certain new monopolies within the state. It provides for indirect subsidies to politically approved businesses, for state-funded promotional activities, and for state regulation of beneficiaries. It even entails building new boards and oversight committees. She felt another problem is the difficulty in determining what businesses are "in-state" and which are not. For further comments see Exhibit Z.

LARRY DODGE, Big Sky Enterprises, stated many legislators feel compelled to implement I-95 because of its high percent of votes. He feels it is never right to rob Peter to pay Paul. Even if the vote reflects the uncanny ability of some politicians to generate widespread public concern with Montana's small business economy, that concern is morally irrelevant: the ends still don't justify the means. He feels that concern is factually inappropriate--small business in Montana is not in dire straits, and never asked for the welfare that I-95 would impose on it. See Exhibit Z-1 and Z-2 for further arguments against HB 1.

CHAIRMAN SCHYE stated since there were no further opponents or questions from the committee, would Representative Vincent care to close?

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REPRESENTATIVE VINCENT summarized that he believes the people through I-95 have said to the legislature to invest in Montana's future and they have the confidence to invest in us and HB 1 gives the opportunity to do just that. He feels in reference to the testimony tonight and the work that has gone on before tonight to develop HB 1, it is an outstanding example of cooperation between business and government that we need to advance economic development in this state. It has proved possible that by working together and pooling our resources, we can accomplish much for the people of this state.

The hearing on HB 1 was adjourned at 10:08 p.m.


REPRESENTATIVE JOHN VINCENT
CHAIRMAN

Mitzie Grover
Secretary

EXECUTIVE SESSION OF SELECT COMMITTEE ON
ECONOMIC DEVELOPMENT - MARCH 10, 1983

CHAIRMAN VINCENT called the meeting to order at 5:40 p.m. in Room 224K. All members were present.

The first proposed amendment discussed was presented to the committee in full hearing by Governor Ted Schwinden. Nancy Leifer, Department of Commerce, brought to the committee's attention that the amount appropriated for the Business Development Assistance Program is printed in the bill as \$966,441, but should be \$946,441. This is a clerical error only. The Governor proposed to take \$500,000 out of that program and transfer it to the Labor Training Program, leaving \$466,441, which should be \$446,441, to accurately reflect correction to typographical error.

VINCENT asked Dave Hunter, Director of the Department of Labor and Industry, to explain why an additional \$500,000 is needed in Labor Training Program. Hunter explained that originally he had used figures according to normal lay-offs; however, with the additional lay-offs in Anaconda, it was decided more money was needed for training programs.

RAMIREZ expressed his concern that there are no guidelines, limits, restrictions, statutory authority, or description of programs included in the bill.

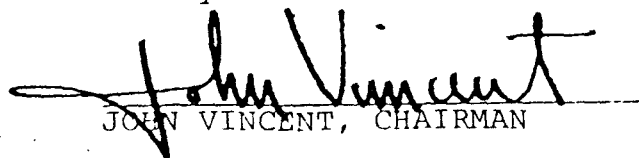
HARPER agreed and summarized RAMIREZ'S remarks by saying there was no boilerplate language in the bill.

VINCENT asked Gary Buchanan, Director of the Department of Commerce, to comment. Buchanan said that the bill really is an Appropriation bill and that his department used Title 91 as its guideline for background of all programs. He plans to present second and third level budget analyses to the Appropriations Committee when they hear the bill.

HANSEN said she shared RAMIREZ'S concern and commented that some of the amendments proposed insert language to define a couple of the programs, but not enough information available at this point.

VINCENT told members to keep in mind that the bill would be going to the Appropriations Committee and asked for discussion on how they wanted to proceed. After some discussion, the following motion was made.

RAMIREZ moved that a motion be made on the House floor tomorrow to refer House Bill 1 to the Appropriations Committee, to request that Appropriations notify the Select Committee when they plan to take executive action, and then refer the bill back to the Select Committee for them to take executive action. Motion carried unanimously.


JOHN VINCENT, CHAIRMAN


JOYCE ANDRUS, SECRETARY

STANDING COMMITTEE REPORT

MARCH 23,

19 1983

MR. **SPEAKER**

We, your committee on **APPROPRIATIONS**

having had under consideration **HOUSE**

Bill No. **1**

first reading copy (white)
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A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING SECTION 4 OF INITIATIVE 95 BY ALLOCATING INTEREST ON THE COAL TAX TRUST FUND TO THE MONTANA ECONOMIC DEVELOPMENT FUND; APPROPRIATING FUNDS FROM THE ECONOMIC DEVELOPMENT FUND TO THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF LABOR AND INDUSTRY TO ACCOMPLISH THE OBJECTIVES ESTABLISHED BY THE PEOPLE OF MONTANA WITH THEIR APPROVAL OF INITIATIVE 95; AUTHORIZING LOANS FROM THE GENERAL FUND; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That **HOUSE**

Bill No. **1**

be amended as follows:

1. Page 2, line 3.

Strike: "\$966,441"

Insert: "\$466,441"

2. Page 2, lines 6 and 7.

Strike: both lines in their entirety

3. Page 2, lines 14 and 15.

Strike: both lines in their entirety

4. Page 2, line 18.

Strike: "\$500,000"

Insert: "\$1,000,000"

5. Page 20, line 20.

Strike: "\$5,803,679"

Insert: "\$5,280,579"

~~DO PASS~~

AND AS AMENDED

DO PASS

STATE PUB. CO.
Helena, Mont.

.....
Rep. FRANCIS BARDANOUVE, Chairman.

Corrie Frankha

COMMITTEE SECRETARY