

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION  
January 11, 1983

The House Appropriations Subcommittee on Education met at 8:00 a.m. on Tuesday, January 11, 1983, in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present. The supplemental budget requests submitted by the Office of Public Instruction, School for the Deaf and Blind, and University System were approved. There were no hearings.

The supplemental request of \$726,056 for the University System was considered first.

Curt Nichols said that he had been unable to find out if money from 1982 would come in 1983 from the vehicle fee replacement funds. He said that, based on the taxable value that has been reported to date, the 1983 request is about \$150,000 too high. The millage will be about \$576,000 short instead of \$726,000. This figure is based on 95.7% collection. Mr. Nichols said that the collection rate fluctuated from year to year. Rep. Peck wanted to know if the negotiated settlement with Burlington Northern had been taken into account when the figures were calculated. Mr. Crosser stated that the collections from those protested taxes hadn't been included.

Chairman Bengtson wanted to know, if the full appropriation was granted, whether language could be included so that any excess monies would revert to the General Fund. Mr. Nichols said this would be easy to do and it would probably be advisable.

Mr. Nichols then passed out information; see Exhibit "A". The LFA estimate had been distributed in the same way the FY 1983 shortage had been distributed by the Commissioner's Office.

Discussion took place regarding putting language in the supplemental which would provide for reversion of excess collections to the General Fund. Rep. Donaldson said that putting the reversion factor in wouldn't change the ultimate cost at all. He submitted that he would rather "err on the high side" in order to avoid having the University System request an additional supplemental. He asked Mr. Nichols how confident he was that the \$150,000 would be forthcoming. Mr. Nichols replied that most of the taxable value for the State was in and recorded, but he couldn't say that absolutely there would be this amount coming in. Tom Crosser agreed with this statement. This year's valuation is fairly concrete, so fairly good estimates can be made regarding what the six mills will generate; however, a reversion clause would be a good option in case there was a major protest or other change in expected collections.

Chairman Bengtson wanted to know if the money wouldn't revert anyway, with or without the language. Mr. Crosser said that if the millage appropriation wasn't officially reduced, the General Fund appropriation would be above it and any collections made above the amount less the supplemental would be available. He suggested that the millage appropriation could be reduced by a like amount. Curt Nichols suggested that the Legislature could say that there was a cap on expenditures, with any excess monies reverting. This is similar to what was done in 1981. The cap would be on the total expenditures of each unit. Rep. Donaldson moved that the \$726,054 millage supplemental be approved; motion carried unanimously.

The enrollment supplemental was then considered. The total amount was \$1,172,726. Chairman Bengtson entertained the committee's feelings regarding whether the amounts the individual units would be receiving should be kept as the Board of Regents had presented them, or if MSU should get more funds and Montana Tech. less, as the LFA had suggested. There was general consensus to leave the figures as they were.

Chairman Bengtson then entertained thoughts from the Committee regarding whether or not the figure of 97% should be used in the funding for the second year. Mr. Nichols computed the amounts using 90%, 93.5% and 95%; see Exhibit "A". At 90%, there would be no need for an appropriation. Rep. Ernst wanted some background on why 97% had been established as the support figure to be used. Rep. Donaldson explained that a variety of different portions of the budget were compared to a peer group. They felt that they were coming from such a low point - 60% - that perhaps a step was justified; i.e., 90% in the first year and 97% in the second.

Rep. Bengtson said she had Mr. Nichols check to see what had been done in the past biennium in the area of capital equipment purchases. Mr. Nichols said that in FY 1981, about \$2.9 million was spent, and in 1982 \$4.4 million was spent; therefore, there was about a 50% increase in equipment purchases. However, there may have been a cutback in planned purchases if planned purchases had been over \$4.4 million. The cutback was impossible to determine because there was no line-item for equipment from the 1981 Legislature. The only way to find out what had been planned on would be to ask the presidents or the Commissioner's office to prepare a list of equipment which they had planned to purchase. Mr. Crosser said that the problem with comparing 1981 and 1982 was that 1981 was at 60% of peer institutions and 1982 was at 90%. Mr. Nichols said that the total budget percentage had increased less than the equipment percentages and,

therefore, equipment was a higher percentage of the budget.

Rep. Bengtson wanted to know how much the University System would have been short if the budget had been based on what the actual enrollment had been. Mr. Nichols said it would have been short about \$8 million.

Rep. Donaldson rose in support of the Universities' approach and the supplemental, in light of the fact that they had not been granted the contingency in 1981 to provide for increased enrollment demands. It was understood amongst the Committee members in 1981 that if there were enrollment increases, a supplemental would have to be considered.

Sen. Hammond submitted that there must have been a lot of fat in the Universities' budgets if they had been able to get by without \$8 million and are now asking for only \$1.3 million. Rep. Bengtson said that in 1983 the Governor's budget recommended 90% of peers amount, and the LFA has suggested 97%. Sen. Hammond suggested that the formula looking at peer schools may not be as reliable as it was believed. Sen. Jacobson pointed out that the Universities had been growing rapidly in the past several years. Also, they budgeted for 97% and she feels the Legislature has an obligation to make up the little bit of the difference they are asking for.

Sen. Hammond questioned the Universities' attempts to get more students and thought they should examine their goals. Rep. Donaldson rose in support of proper budgeting. The question of fat in their budget needs to be addressed for the next biennium, but it is no longer at issue for the past biennium. He also pointed out that growth across all six units was not consistent, and by not approving the supplemental, these inequities would only be increased.

Chairman Bengtson stated that she felt it was incumbent upon the committee to look at reduced funding levels, even on the supplemental requests. Mr. Crosser said that he didn't feel the supplemental could be further discounted and added that the Governor's discounting of the 1984 and 1985 budget would require a great deal of flexibility in the University System.

Sen. Haffey moved that the supplemental request of \$1,172,696 or \$1,172,726, whoever was right, be approved. He pointed out the Legislative Finance Committee's sponsored study in 1981 which had recommended moving toward the peer average and rose in support of not backsliding on this study.

Rep. Bengtson said that the enrollment - driven formula needed to be examined; possibly a formula based on both course offerings and enrollment should be considered. Sen. Haffey said course offerings were considered in enrollment driven formulas already. Mr. Nichols said that the mix of disciplines and the average instructional ratios in disciplines and at different levels is contemplated in the formula generated by the Finance Committee, and it is adjusted for 1984-1985. Sen. Hammond suggested that the peer schools were probably cutting back now, given economic conditions. Rep. Peck stated that he was opposed to re-examining the formula for the current biennium.

Rep. Ernst pointed out that going to school during times of economic trouble was more beneficial to society and the individual than other options.

The question was then called for; motion carried unanimously to approve the supplemental request.

Chairman Bengtson then brought up the issue of vacancy savings in the University System. The deficiency of vacancy savings was \$1,154,000. Both Mr. Crosser and Mr. Nichols said that when this request was presented, it was the first time they knew that it would be presented. Jack Noble then spoke up, stating that it was not a request, it was a statement of condition and concern regarding the application of vacancy savings, more so as it applied to decision-making for the coming biennium. Sen. Haffey wanted to know what the Governor's office and the LFA recommended in the next biennium in this area. Mr. Nichols said the LFA wasn't recommending any vacancy savings; Mr. Crosser stated this was the case with the Governor, also, but there was a problem with the pay plan and how vacancy savings could be utilized for funding negotiated agreements for pay increases. Chairman Bengtson said that the committee members would take the matter under advisement.

The Office of Public Instruction's request for a \$350,000 transportation supplemental was then considered. Chairman Bengtson stated that by law the State was mandated to pay 1/3 of these costs and currently the figure was closer to 1/4 in reality. If this was not changed, the local taxpayers would have to make up the difference. Curt Nichols explained to the committee that the State sets a schedule which says how much will be reimbursed on a bus, and the State pays 1/3 of this amount. However, in the past, supplementals have been needed because there wasn't enough money in the budget to cover the amount the State was to pay. In FY 1980, the Districts had to absorb the State's share. The schedule is set so low that

the actual cost exceeds it; although the State is paying its 1/3 of scheduled amounts, the actual payment is only 1/4 of total cost. Rep. Donaldson moved that the budget be approved in the amount of \$350,000. Motion carried unanimously.

The supplemental request for the School for the Deaf and Blind was then considered. The request amounted to \$30,000 to cover utility expenses. Rep. Peck submitted that he was surprised that a school with a \$2.3 million budget would need \$30,000 more. Discussion followed regarding the reasons behind the request. In the fall of 1983, when the second cottage is completed, the remainder of the students will be vacating the old building; at this time, the utilities on the old building will stop. Sen. Jacobson then moved that the \$30,000 supplemental request be approved. Motion carried unanimously.

A briefing was given on the Montana Arts Council budget. Pam Joehler, LFA's office, passed out information; see Exhibit "B". The Council has sponsored several projects: Artists in the Schools, The Montana Folklife Project, community arts projects, and regrants of federal funds to individuals and nonprofit organizations. The Council is funded by General Fund, earmarked revenue, federal funds, and community match funds. The Montana Folklife Project has received earmarked revenue from the Cultural and Aesthetic Project Fund, which is funded by coal severance tax revenue, since 1980. The projects have to be authorized by the Legislature every session; the expenditures relating to the Folklife Project are not included in the LFA current level budget for this reason. The Executive Budget did not remove these expenditures. The budget documents that the LFA received from the Governor's office indicated that the agency expected a decline in federal funds. However, this has changed and now only a slight decline is expected; therefore, the LFA estimate maintains the 1982 level of funding, approximately \$345,000 per year. The Governor's office did not anticipate this level. However, they did not replace the federal funds with general fund monies. Therefore their overall expenditure level is lower than the LFA's. The major issue facing the Arts Council is moving to Helena. Estimates of the cost were outlined on the last page of the handout (Exhibit "B"). Savings in travel expenses would be about \$2,000 per year if the move was made.

Frances Olson, Governor's Budget Office, then gave his briefing. 1982 expenditures were inflated 6% to arrive at the 1984-1985 figures. Also, the request for relocation was accepted and is included in the proposal. Also the Governor's budget included the Folklife Project by

mistake. The cost of the Project was calculated and then removed from the budget; \$27,541 in 1984 and \$29,193 in 1985 would therefore be removed from the Governor's request.

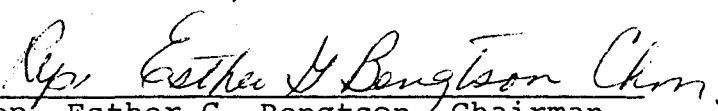
Mr. Olson stated that on January 10, he received more current information regarding the pass-through grants. With the new estimates which were generated, pass-through monies for the grants are increased substantially, making them much more comparable to the LFA proposal.

The Chairman suggested that any questions the committee had should be saved for the agency hearing on the following day. Mr. Crosser added that the Governor's office had second level comparisons which would be available to the committee members at a later date.

It was explained by Mr. Crosser that the reason 1982 budget figures differed from 1983, '84, and '85 figures was that budget amendments were included in the former.

Discussion then took place regarding travel by the committee to some of the units of the University System or the Community colleges. Chairman Bengtson rose in support of visiting the community colleges, if any visits were done. It was agreed to research the matter. Mr. Nichols said the cost was about \$10,000 per weekend and two tours were taken when the University System was visited in the past. Room and Board was additional.

The meeting was adjourned at 9:30 a.m.

  
Rep. Esther G. Bengtson, Chairman

UNIVERSITY SUPPLEMENTAL INFORMATION

	<u>MSU</u>	<u>EMC</u>	<u>NMC</u>	<u>MCMST</u>	<u>Total</u>
Projected Enrollment Over Budget	771	424	316	374	
Total 1983 Supplemental on Formula	\$ 2,612,818	\$1,283,849	\$1,135,395	\$1,271,849	\$ 6,303,911
2/3 Absorption	(1,742,749)	(856,327)	(757,308)	(848,323)	(4,204,707)
Available Revenues	<u>(383,635)</u>	<u>(341,915)</u>	<u>(135,120)</u>	<u>(65,808)</u>	<u>(926,478)</u>
Supplemental Request	<u>\$ 486,434</u>	<u>\$ 85,607</u>	<u>\$ 242,967</u>	<u>\$ 357,718</u>	<u>\$ 1,172,726</u>

Reduction in general fund appropriation if support had been funded by 1983 Legislature at following percentage of peers.

90%	\$ 866,694	\$ 258,860	\$ 111,542	\$ 162,180	\$ 1,399,276
93.5%	428,366	129,430	55,771	81,090	694,657
95%	249,050	75,250	32,425	46,110	402,835

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 Millage Supplemental

	-----Request-----			<u>LFA Estimate</u>
	<u>FY '82</u>	<u>FY '83</u>	<u>Total</u>	
MSU	\$ 91,779	\$ 302,000	\$ 294,779	\$ 233,879
UofM	72,767	161,000	233,767	185,467
EMC	29,071	64,500	93,571	74,221
NMC	12,908	28,500	41,408	32,858
WMC	6,578	14,500	21,078	16,728
MCMST	<u>12,953</u>	<u>28,500</u>	<u>41,453</u>	<u>32,903</u>
Total	<u>\$ 226,056</u>	<u>\$ 500,000</u>	<u>\$ 726,056</u>	<u>\$ 576,056</u>

## Montana Arts Council

### Montana Folklife Project

This project was created by the 1979 Legislature and is provided for in Section 22-2-203, MCA. Since FY80, the project has received funding from the Cultural and Aesthetic Project Fund which is funded from coal severance tax revenue. The projects that receive funding from the Cultural and Aesthetic Project Fund must receive legislative approval each regular session. For this reason, the expenditures relating to this project (approximately \$24,500 in FY82) were deleted the base expenditure level.

The executive budget does not remove these expenditures.

### Federal Funding

The budget documents received from the governor's office utilized in the budget analysis indicated a decline in federal funds. However, in December 1982, the executive director of the Montana Arts Council indicated only a slight decline in federal funds was expected for the 85 biennium. Therefore, total federal funds estimated for the Arts Council remained about the same as what was received in FY82, or approximately \$345,000 each year.

The budget office did not anticipate this level of federal revenue; however, the executive budget did not replace federal funds with general fund.



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### Issue 1: Moving Costs

The Montana Arts Council indicates its council members feel the function of the council will be better served if the agency was located in Helena rather than Missoula. Currently, the executive director travels to Helena weekly for council business. Moving the agency would reduce travel expenses approximately \$2,000 annually. The agency is requesting a one-time appropriation of \$42,376 in fiscal 1984 for moving costs. This includes costs for termination pay for two employees who will not be able to move, moving and relocation expenses, and some minor equipment replacement. It also includes \$10,000 for contracted services for preparation of a document that details the responsibilities, procedures, and processes necessary for the positions that would become vacant. These documents would be prepared by the employees who would not be moving to Helena.

The agency has been located in Missoula since its inception in 1967.

### OPTIONS

Option a: Approve the move. This would cost state general fund \$41,376, net of annual savings in fiscal 1984. It would save the general fund \$1,000 in fiscal 1985. This option would provide for the physical move and the requested contracted services for historical and procedural documentation.

Option b: Approve the move, but provide only \$31,376. This would provide for the physical process of the move, but would not provide for the contracted services requested.

Option c: Do not approve the move to Helena.

\*\*MONTANA ARTS COUNCIL\*\*  
 BUDGET FOR MOVE TO HELENA

OBJECT OF  
EXPEND.

	PERSONNEL		
	SL/AL PAY-OFF	10237	
1100	TRAINING PERIOD/1 MO	3909	14146
	*PERSONNEL		
	FRINGE BENEFITS		
	SL/AL PAY-OFF	2047	
1400	TRAINING PERIOD/1 MO	782	2829
	*FRINGE BENEFITS		
	CONTRACTED SERVICES		
	MOVERS/INCL PACKING/OFFICE	1361	
	MOVERS/INCL PACKING/STAFF	4000	
	SPACE RENOVATION		
2102	CONSULTING/CURRENT STAFF/HELENA	10036	15397
	*CONTRACTED SERVICES		
	COMMUNICATIONS		
	INSTALLATION	917	
2316	*COMMUNICATIONS		917
	TRAVEL		
	RELOCATION (4) 30 DAYS LODGING AND PERDIEM		
	SPACE HUNTING, ETC (3 TRIPS)		
2401		168	
2407		1437	
2408		2580	
	*TRAVEL		4185
2899	*OTHER		3852
	EQUIPMENT		
	REPLACEMENT OF EQUIPMENT	250	
	CONVENER	800	
3112	*EQUIPMENT		1050
	***MOVE		42376

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NOTE: THESE FIGURES ARE ALL BASED UPON APRIL, 1982 COSTS, WITH THE EXCEPTION OF PERSONNEL AND FRINGE CATEGORIES—THESE ARE PROJECTED AT FY 84 LEVELS. INFLATION FACTORS WILL HAVE TO BE APPLIED TO ALL OTHER CATEGORIES.

AN AMOUNT FOR RENOVATION OF THE SPACE IN HELENA, IF REQUIRED, HAS NOT BEEN INCLUDED IN THE ABOVE.