

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
January 20, 1983

The House Appropriations Subcommittee on Education met at 8:00 a.m. on Thursday, January 20, 1983 in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present. The budget for the Montana State Library Commission was heard, and Curt Nichols (LFA) presented the language he had worked up, regarding the University system's supplemental budget request.

LIBRARY COMMISSION

Ms. Pam Joehler (LFA) gave her analysis of the budget. The agency is separated into five different programs, all of which are funded by at least general fund and federal funds. The Library Commission is also responsible for administering coal tax monies in the form of grants to library federations around the State. Some of the coal tax money is also used in the operations of the Library, for networking programs only. The total agency has 25.5 FTE. Adjustments made by the LFA to current level were: (1) allowance for increased rent due to the move into new facilities. The 1982 base was increased approximately \$32,500. (2) The Library used the services of the Pacific Northwest Bibliographic Center, which is no longer in existence. The Univ. of Washington's Resource Sharing Program is cheaper; the base was therefore reduced \$44,000. (3) The LFA provided funds to upgrade the microcomputer system, and for some minor equipment. Overall, expenditures are estimated to increase 5.8%. This is caused by the increasing level of the Federation grants that are funded by coal tax revenues.

Frances Olson (OBPP) then gave his analysis. The Executive budget reflects for the Commission an inflationary factor of about 6% per year. Personal services were calculated with FY '83 as the base. The OBPP request reflects adjustments made in current level to reflect the reordering of program priorities. The Executive budget needs added to it \$5,059 in 1984 and \$6,121 in 1985 for communications to provide adequate funding for those services. He added that when the budget had been calculated, there was an ongoing consideration for upgrading some Library personnel, but it was not reflected in the budget because the upgrades were not completed. The upgrading of positions, if completed within FY 1983, would make a difference of an additional amount of money amounting to about \$9,016 per year.

Questions were then asked. Mr. Olson said that the upgrading issue involved five positions. OBPP also allowed for the addition of a professional librarian and a library clerk. In addition, they allowed for \$1,750 per year for legal services. This was to permit the State Library to obtain services from the Justice Department regarding the revision of administrative rules, interpreting library statutes, etc.

EDUCATION SUBCOMMITTEE MINUTES

January 20, 1983

Page 2

Ms. Joehler explained why the Personal Services budget was higher in the LFA estimates. The LFA advances 1983 salaries one step to 1984 and holds this level for the 1985 biennium. OBPP considers anniversary dates, which allows for part of the year being at a lower step, and part of the year being at a higher step. The LFA is generally higher because it provides the higher step for both years. She added that the LFA figures didn't reflect the \$9,016 upgrade issue, and unless there were a lot of vacancies, the agency wouldn't be able to accommodate the requested upgrades. Mr. Olson said that the \$9,000 hadn't been included in the OBPP budget, either. The inadequate communications budget was included in the OBPP request and would need increasing, also. The projected communications cost increases are fairly certain.

Rep. Donaldson wanted to know if the rent estimates now went beyond the original increase granted by the 1981 Legislature in anticipation of the move. Mr. Olson said \$8,000 had been added in addition to the \$16,000 that had been budgeted, for the anticipated increase in rent. However, this amount was not adequate according to the figures submitted by the Dept. of Administration. OBPP used the new figures provided by the Dept. of Administration.

State Librarian Sara Parker then gave a presentation on the budget. Henry McClernan, Chairman of the Library Commission from Butte, distributed an outline of the needs of the State Library to accomplish goals during the coming biennium; see Exhibit "A". The Dept. of Administration is going to have to renegotiate the air conditioning contract in the spring of 1983; the figures presented on Exhibit "A" are their best projections for rent, minus what might come out of the new contract for air conditioning. She stressed that the rent figures on the exhibit should be used. Regarding Item IV, while the Library may need increased professional staff, the real need is for clerical staff. Item IV is therefore less than the OBPP recommendation.

Questions were asked. Rep. Donaldson wanted to know if the items in the Commission's communications cost estimates were over and above what the LFA had accounted for in its recommendations. Ms. Joehler said she would have to go through the budget in order to determine this, since these costs were distributed throughout the agency.

Sen. Jacobson wanted to know if OBPP's addition of \$5,000 one year and \$6,000 the next to the communications budget included the items on Exhibit "A". Mr. Olson said that this hadn't been checked out yet. He agreed to get the Committee these figures.

Henry McClernan then distributed a document entitled, "Montana State Library: 1982" to the Committee members; see Exhibit "B", Bulk Testimony file. He summarized what the Library Commission and the State Library did. The Commission is charged with the duty of operating the State Library among other duties. Historically this has been accomplished by hiring a State Librarian.

EDUCATION SUBCOMMITTEE MINUTES

January 20, 1983

Page 3

The State Library has two primary functions: to serve as the library for State government, and also to promote library development throughout the State. This agency is at a turning point now. The Commission decided it was a good time to look over what the Library was doing and Exhibit "B" was the result. The agency will be getting more use because it is moved closer to the Capitol complex. Statutes and administrative rules clearly need reworking. The Federation system is presently being reviewed; also, improvements are needed in the internal management of the Library. Regarding the LSCA money issue, it appears that the amount of money is decreasing.

More questions were asked. Rep. Bengtson asked Mr. McClernan what he expected the increase in coal tax money to amount to. He replied that OBPP predicted \$700,000; the LFA predicted \$979,000. Rep. Bengtson wanted to know if this money could help replace the LSCA funding. He said it was his understanding that this was what was done in the last Legislative session, but he had a philosophical problem with that because the money was originally to do with the public libraries in the State, and the amounts of money the Federation people see has been gradually decreasing.

Rep. Bengtson wanted to know how reviewing the library laws would provide more effective service to the public. Mr. McClernan said that there was a frustration in dealing with these laws and some of the administrative rules were simply being ignored. The process the Commission would go through would be to develop in the grassroots and ultimately go to the Attorney General. They want the laws to come from the grassroots level.

Rep. Bengtson wanted to know what the internal problems were that Mr. McClernan had referred to and he replied that he was referring to the looseness in the organization before Ms. Parker came on the board.

Rep. Bengtson wanted to know how increased appropriations to the State Library would help out in the federations and their budgetary problems. Ms. Parker said that the appropriations would enable them to create the machinery for self-help in problem solving. For example, with the federation review they are bringing together a top-level committee, which can be a catalyst by which the library community can come together.

Regarding the upgrading of positions, Ms. Parker said that people were working side by side but not receiving the same pay. Probably if they didn't get the increase, she would have to relieve them of some of their duties. Rep. Peck said he didn't understand how they got into the positions originally and Ms. Parker said that sometimes there was a misclassification in the beginning. Sometimes duties gravitate to the more competent people.

In response to Rep. Peck, Mr. McClernan stated that the members of the program review committee represented staff, users, Commission members, and people from the public library community. The Commission members are representatives of the general public.

EDUCATION SUBCOMMITTEE MINUTES

January 20, 1983

Page 4

Rep. Haffey wanted to know, if the upgrade information had been available in time for the OBPP and the LFA to use it in their recommendations, would they have included the \$9,000 in their budgets. Mr. Olson said OBPP would have included the amounts in its budget. Ms. Joehler said she probably would have brought the matter to the Committee's attention through the issue process.

Further testimony was given. Sharon Cromeenes, representing a Friend of the State Library, spoke. Two years ago the Montana Association for the Blind brought to the Legislature's attention the need for the addition of one person in that Division to serve as coordinator of services for the blind. The purpose of this was to develop services to the blind out in the field at costs that wouldn't be covered by the State program: a coordinator of volunteer services. That position would be used to go out in the field and train local groups, etc. He reported that the position was funded and supported on a bipartisan basis, and the program was on target. It has given the Library much exposure to many more people. Also, a prison project is being worked on. He submitted that the Library wasn't trying to expand the program financially; they are just trying to hold the line. In addition, within the communications budget is a provision for continuance of the WATS line so that it is available to all of the blind and physically handicapped people in the State. He rose in support of continuing the funding.

Martha Hussell, Montana Branch of the American Association of University Women, the spoke. Their first priority is education and they are in favor of approving the budget as the State Library had outlined.

Candice Lommen, representing the State employee users of the Library, testified. The Dept. of Agriculture, where she is employed, uses the Library mainly to put information together on chemicals. The Library performs literature searches for them. Also, the Dept. makes use of the interlibrary loan service, as well as their reference personnel and many other areas. She expects an increase in use now that the Library is closer to where their offices are located.

The president of the Montana Association for the Blind spoke. Montana's service is better than many other states'.

Dennis Fredrickson, Lewis and Clark Library, spoke up in support of the State leadership role of the Library which was becoming more visible. He was also in support of reviewing the statutes.

Millie Sullivan, Montana Library Association, and also a former Commission member, spoke. In 1979 she was active in trying to get the coal tax bill passed. The intent was twofold: (1) to make available to citizens interlibrary loan services, and (2) to have the State Library coordinate the network. Last year some of the coal tax money went into the State Library for networking. Libraries across the State are under pressure because of increased demands on their services and inflation.

EDUCATION SUBCOMMITTEE MINUTES

January 20, 1983

Page 5

The headquarters libraries cannot continue to serve as the federation headquarters on the current level of money. The State of Montana should not be shy about being forward about funding the State Library. Very soon there will be a new set of standards for public libraries. Leadership from the State Library is very important, especially for the rural libraries. They will need guidance in order to interpret and apply the new standards.

J.D. Holmes, representing the Montana Arts Advocacy, then spoke. They are concerned with the Reagan administration's lack of giving the arts very much importance. There is no justification for reducing the general fund appropriation for the Library. In fact, they feel there should be an increase.

Suzy Holt, Helena Area Health Science Libraries Consortium, said that the goal of the Consortium is to make the maximum amount of information resources in Helena readily available. Thus far they have been very successful. The State Library has been very helpful as a backup for them. This kind of effort needs to take place Statewide.

Questions were then asked. Rep. Bengtson wanted to know what the breakdown was on the State's use of the Library. Ms. Parker replied that in terms of the reference use, in 1982 52% was State government use, 81% of the books were circulated to State government, and 42% of the interlibrary loan was to State government. Ms. Parker added that a survey taken shows that there should be about a 50% increase in Library use due to the move.

Rep. Bengtson wanted to know how the Library monitored the use of the WATS line used by handicapped people. A tally of the calls is kept, and the number is only given out to the people they serve. They have not had any abuse of the line.

The hearing on the State Library Commission budget was closed.

The Committee took a ten-minute recess.

University Supplemental language was then discussed. Curt Nichols (LFA) distributed some information; see Exhibit "C". The language puts a cap on the units requesting enrollment supplementals. The second page includes U of M and Western Montana College with caps. This supplemental is in regards to the enrollment and the millage shortfall. Rep. Peck wanted the reason for the caps explained. Mr. Nichols said that there were a number of revenue sources appropriated for the Universities. Last session the Committee set estimates for each revenue source. The nongeneral fund revenue available for the enrollment supplemental doesn't just reflect the added tuition that they will collect. It's actually less than the added tuition, because the units believe they are not going to get as much from other sources as the Legislature originally appropriated. Schools have lowered their indirect cost estimates and their land grant estimates and some of the other estimates. The reason for the caps is, if the revenues come in higher than the revised estimates, then those monies will revert to the general fund. Otherwise the campus that underestimates its revenues will be rewarded. He felt that some of the revised estimates have been too conservative. Rep. Donaldson

EDUCATION SUBCOMMITTEE MINUTES

January 20, 1983

Page 6

said he felt that possibly all six units should be capped. This option was presented on the handout. Rep. Bengtson said that the other two units didn't come in for an enrollment supplemental and they should therefore be rewarded for not asking for money by not getting capped. Rep. Bengtson submitted that capping UM and WMC would penalize them for being frugal. Mr. Nichols explained that there was not a cap in HB 500. In FY 1982 each one of the units spent more than they were appropriated. This is the standard procedure; the only time a cap is put on is when additional money is requested. In response to Rep. Donaldson, he explained that last session there was a supplemental request because of additional enrollment and also another one because utilities were expected to be higher than anticipated the previous session. Supplementals were granted and caps were used. All of the units had reversions as a result of those caps. Revenues at MSU fell short of their cap. In addition, their utilities were less than estimated so they had to revert the excess utility money. MSU felt they should have a chance to offset the reversion because they had underestimated revenues.

Rep. Ernst moved to approve the caps for all units, as per the language contained in the second alternative on Exhibit "C". Motion carried with Rep. Bengtson opposed.

Mr. Nichols then explained the MSU problem. In 1981 MSU had a shortfall in revenue and subsequently had to revert utilities because the cost wasn't as much as originally estimated. Their unrestricted account has a negative balance. Jack Noble wanted to talk about some language to allow the negative fund balance to be made up in the current year. The negative balance is \$189,000, at the end of FY 1982. Rep. Bengtson felt that they should be able to absorb this amount someplace. Possibly this negative balance is due to poor management. She didn't feel they should have to use 1983 funds to cover this.

Mr. Nichols explained that the shortfall related to the land grant income, MSU estimated that they would get quite a bit more revenue than they did. When the money actually came in, they were about \$300,000 short. Then they had to revert the utility money because their utility estimates were too high. They owed the State \$250,000, but they didn't have the money to give back.

Rep. Donaldson wanted to know who was to blame for the bad estimate on land grant revenues. Sen. Haffey said that line-iteming of utility costs and calling for reversions if expenditures were less than in the line-items had been on target. The land grant problem was unrelated to this. He suggested that the approval process used by the Legislature is one that mandates that when the other sources of funds exceed the spending authority given, a like amount of general fund appropriation that was given reverts. The converse of this situation occurs when the authority given to spend land grant funds exceeds what they actually receive. If the estimate would have been accurate, the Legislature would have appropriated more general fund.

EDUCATION SUBCOMMITTEE MINUTES

Janaury 20, 1983

Page 7

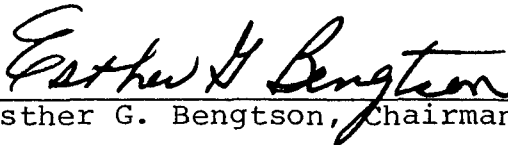
Rep. Peck questioned whether the Legislature might not be setting up a situation where the units may be able to anticipate this and overspend other funds. Rep. Donaldson said this was why the capping machanism was used, and why he felt all six units needed capping.

Sen. Tveit rose in support of having MSU President Tietz come before the Committee and present his side of the story. The Chairman said she didn't know when this could be scheduled, and the decision regarding whether this would be allowed would be up to the Committee. She asked Tom Crosser (OBPP) for his analysis of the situation. He said Glenn Leavitt, Director of Fiscal Affairs, WMC, felt the issue of the millage collections could be handled with a reduction of the millage authority, for this year, and increase a like amount of general fund. How that relates to the overall cap of the unit he is not positive. A cap on Western Montana College would affect the ability to use any additional tuition money.

Mr. Nichols said that Jack Noble wanted to come before the Committee and propose to handle the problem without a supplemental. He wanted to put in some language that would simply allow them to keep the cash. The reversion is based on all the income and revenue each unit receives. Mr. Noble wants to include language regarding all of the revenue received, minus any short-fall in cash balance, which could be made up before any reversions had to be made.

Rep. Donaldson pointed out that during Special Session I there was discussion that the University wasn't going to revert because of this problem. He said he felt that what Dr. Tietz was requesting was fair. The Chairman submitted that the proper approach would be by way of a supplemental.

The meeting was adjourned at 10:30 a.m.



Rep. Esther G. Bengtson, Chairman

VISITORS' REGISTER

HOUSE Education Sub-COMMITTEE

BILL STATE LIBRARY

Date 1/20/83

SPONSOR Budget

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Sharon Brummer	Helena	friend of Library	X	
Martin Hussar	Helena	AAUW	X	
J. D. Holmes	Helena	MT Arts Advocacy	X	
Henry McGowan	Butte	Library Commission	X	
Lara Parker	Helena	State Librarian	X	
Candice Lammert	Helena	State Endemic Users		
Darleen Townsend	Helena	Library (MSL)	X	
Virginia Lutich	Great Falls	Montana Assoc. - Clinical	X	
Ted Robins	Simms	Montana Assoc. - Clinical	X	
Lizald Merritt	Great Falls	Montana Assoc. - Clinical	X	
Jean Falking	Helena	MSL	X	
Mrs. Ted Robins	Simms	MSL	X	
Mollie Sullivan	Helena	Madura Library Association	X	
Suzzy Holt	Helena	Helena Area Health Science Librarians Consortium	X	
Cher Bergson	Helena	Office of Public Instruction	X	
Dennis Fredrickson	Helena	row + clock group	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EXHIBIT 'A'
1/20/83

Needs of Montana State Library to
Accomplish Goals During Next Biennium

	<u>FY 1984</u>	<u>FY 1985</u>
I. <u>Coverage of increased costs for new building:</u>		
Rent, based on 37,883 s.f. 1984 @ \$3.43 s.f.; 1985 @ \$3.78 s.f.	\$ 129,939	\$ 143,198
II. <u>Adequate money for communications costs:</u>	51,815	56,815
Telephone, new Horizon system, - 16,265 based on January invoice		
Postage, based on actual 1982, - 8,539 plus 9% increase library rate		
Online Reference Service, - 22,800 based on 1983 costs plus 14% increase		
Interdepartmental mail, based - 4,211 on 1983 cost plus 10% increase		
III. <u>Upgrade of personnel (5 positions) to avoid legal difficulties and provide proper super- visory coverage:</u>		
5 positions in 4 programs	9,016	9,016
IV. <u>Two FTE's at clerical level to reduce back- log of work and free professional staff for increased services:</u>	24,315	24,315
1 - grade 8, step 2 - 12,589		
1 - grade 7, step 2 - 11,726		
V. <u>Operating funds for Montana State Library Commission to fulfill its statutory and governance role:</u>	1,480	1,480
2 additional meetings per year @ \$400 each meeting; annual Library Associ- ation meeting @ \$136 each Commission member.		
VI. <u>Funds necessary to revise library laws and administrative rules:</u>	1,750	3,500
Revision of administrative rules, \$1,750 each year of biennium; revision of library laws \$1,750 in FY 1985. Agency Legal Services @ \$35.00/hr.		

Educ. Subcomm.,
 1/20/83
 EXHIBIT "C"

SUBCOMMITTEE ACTION

Subcommittee Education

Agency Colleges & Universities

<u>Supplemental</u>	<u>-----Fiscal 1983-----</u>	
	<u>Gen. Fund</u>	<u>Other Funds</u>
1. Montana State University	\$ 781,213	\$180,635
2. University of Montana	233,767	509,000
3. Eastern Montana College	179,178	277,415
4. Northern Montana College	284,375	106,620
5. Western Montana College	21,078	95,000
6. Montana College of Mineral Science and Technology	<u>399,171</u>	<u>37,308</u>
Total	<u>\$1,898,782</u>	<u>\$1,205,975</u>

Language in Bill

The fiscal 1983 expenditures from the current unrestricted subfund at each of the units of the Montana University system listed below shall not exceed: Montana State University - \$40,647,582, Eastern Montana College - \$11,464,876, Northern Montana College - \$5,849,355, Montana College of Mineral Science and Technology - \$7,520,321, except by any amount granted from the vacancy savings contingency fund appropriated to the Governor's Office in HB 500 of the 47th Legislature. To the extent revenue and income to the current unrestricted subfund at the unit exceeds these amounts, general fund shall revert. To the extent revenues generated under provisions of Section 20-25-423, MCA, exceed \$13,079,452 in fiscal 1983 general fund shall revert.

 Chairman Date

