

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
February 12, 1983

The House Appropriations Subcommittee on Education met at 7:00 a.m. on Saturday, February 12, 1983 in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present. Executive Action was taken on the Commissioner of Higher Education budget; including the WICHE Program.

Commissioner of Higher Education. Program 01 - Administration. Personal Services. The difference between OBPP and the LFA is due to the LFA's deletion of one position, for the bargaining agent. This position had been left open in the past biennium. Mr. Bill Sykes, LFA, added that part of the difference also resulted from the Commissioner's office budgeting 1983 salaries \$4,059 above what had been authorized by the pay plan; see Exhibit "A." Part of the reason for this is because when Neil Bucklew became President of the University of Montana in Missoula, the policy of paying the Commissioner \$1,000 higher than the highest paid University President came into play. He added that most of the overages came in the administrative category. Mr. Sykes said that the person hired as chief legal counsel also performed the function of the Labor Relations Agent and so the office didn't fill the latter position.

Mr. Tom Crosser, OBPP, stated that adding the facilities planner to the office would be maintaining current level rather than adding a position.

Rep. Donaldson questioned the Commissioner's salary over two years going from \$50,800 to \$66,000.

Dr. Irving Dayton, Commissioner of Higher Education, gave a short chronology: In June 1980 the Board of Regents adopted 1980-81 salaries of \$49,750 for the two University Presidents, and \$50,800 for the Commissioner. In June 1981, 1981-82 salaries were adopted, setting the University Presidents at \$56,000 and the Commissioner at \$57,000. Agreements when UM President Bucklew was hired resulted in a salary of \$59,000. (Which would have been his salary had he stayed at Ohio University.) The Board of Regents, to maintain equity, raised MSU President Tietz' salary to \$59,000, also. Five months later, in March 1982, Dr. Dayton was named Commissioner and his salary was raised to \$60,000. In April 1982 the current levels of \$65,000 for the University Presidents and \$66,000 for the Commissioner were adopted.

Rep. Bengtson wanted to know if the large salary increases were part of the reason the facilities planner position hadn't been filled. Dr. Dayton said this was not related. The facilities planner "got devoured" by a combination of a drop in federal funding and vacancy savings. More than \$40,000 was lost due to these two factors. Therefore, in fact they absorbed an additional

\$10,000, in addition to not hiring the facilities planner.

Rep. Bengtson wanted to know where the Commissioner's salary increase had been absorbed. Dr. Dayton replied that corners were cut elsewhere. Travel had been reduced.

Mr. Jack Noble, Deputy Commissioner of Financial Affairs, spoke. Position No. 3 had a merit increase the first year of the biennium and Position No. 29 (Labor Relations Officer) also received a merit adjustment the first year of the biennium. The Deputy's salary was slightly adjusted also. Therefore, the salary adjustments were related to more than one position. Because salaries are performance-based, there are deviations from the standard pay plan rates. He added that the Commissioner made recommendations to the Board of Regents regarding pay increases, and they concur.

The Chairman submitted that the Legislature had no control over the salaries in these offices, and they were free to grant pay raises with the money appropriated to them. Mr. Noble said this was correct, but it was also true of the State Pay Plan. He said they were not part of the step and grade system of the pay plan.

Discussion took place regarding the Commissioner's 30% pay increase vs. the State Pay plan pay increase of 10.87% during the same time period. Mr. Tom Crosser, OBPP, pointed out that the former percentage included longevity increments while the latter did not.

Dr. Dayton said he was opposed to the approach of uniform pay plan increases, and he preferred to pay people on merit. He also pointed out that the Commissioner's office had to compete in a national market.

Mr. Noble pointed out that in 1982, salaries in the Commissioner's office were totaling \$432,000, and what was being discussed was a \$4,000 differential. He added that the Committee was looking at a piece of an issue and not the salary policy of the entire System.

Sen. Haffey moved the OBPP figures for Personal Services for both years. This provides for 16.6 positions. Vacancy savings aren't in this estimate. Rep. Peck questioned whether 15.6 positions or 16.6 positions were going to be staffed. Mr. Crosser said that when the OBPP budget was formulated, it was based on the positions authorized by the last session of the Legislature, and this didn't include a facilities planner. Using one of their existing positions, they have covered the need in their office

in labor relations, so they now want to use that position to fund the facilities planner. Mr. Noble said that if 16.6 positions were authorized, and no large vacancy savings factor was applied, the Commissioner's office would hire a facilities planner. If at the end of the Legislature a fairly large vacancy savings factor is required, they will probably have to leave the position vacant to meet the vacancy savings. Discussion.

The question was called for; motion failed, with Sen. Haffey voting "yes."

Dr. Dayton said the facilities planner position would be filled if they could be sure the money would be there for the entire biennium.

Mr. Sykes said that the Committee might want to include benefits in the \$4,059 figure; if so, they would amount to \$4,636 in 1984 and \$4,647 in 1985.

Rep. Donaldson moved the LFA figures for Personal Services, of \$561,617 in 1984 and \$562,860 in 1985. Mr. Sykes said this would be enough funding for 15.6 employees, with the bargaining agent position removed, and also with the amount the Commissioner budgeted over what was authorized by the pay plan removed. Rep. Donaldson said he didn't want to be on record as supporting a philosophy of pay increases, when other agencies had pay freezes. He said he wanted to maintain the current level of 16.6 FTE. Mr. Sykes said that the total for Personal Services would be \$591,132 in 1984 and \$592,440 in 1985 if the full 16.6 FTE were funded. Rep. Donaldson changed his motion to reflect the adjusted figures; motion carried with Sen. Hammond opposed.

Operating Expenses. Sen. Jacobson moved Mr. Noble's figures of \$205,500 in 1984 and \$208,500 in 1985. Motion carried unanimously.

Equipment. Rep. Donaldson moved the LFA figures for both years; motion carried unanimously.

Program 02 - Student Assistance. Sen. Hammond moved to accept the OBPP figures for the total program, excepting the WICHE funding; motion carried unanimously.

The WICHE issue was then taken up. The Committee was referred to P. 657 of the LFA narrative. The Chairman said that one of the issues was whether the WICHE students should be required to return to the State to fulfill some sort of residency requirement, or pay the money back if this was not done. The other issue was whether the State would cut back on its participation in the program by five students each year of the biennium. Mr.

Sykes said that in his original option, five students would be removed each year; however, the program has already accepted eight students of the ten positions, so this would have to be reduced to a reduction of two in 1984. The figures of \$45,900 and \$95,600 do not reflect a reduction.

Mr. Sykes had researched what the difference was between Montana's and Wyoming's approach to WICHE; the result was Exhibit "B." Dr. Dayton pointed out that Wyoming's pay-back program didn't apply to WICHE students. Mr. Sykes explained the handout. It is basically an extension of the sheet that the Commissioner had prepared for the hearing the preceding day. He said it was true that Wyoming supported almost twice as many students as other states, but in terms of the practicing physicians in their state, they are way below the other states.

Dr. Dayton pointed out that the proportions of entering students in the various areas covered by WICHE was continuously adjusted in relation to the needs of the State, and the equitability of opportunity between States was also considered. He went over the philosophical approaches of the other states involved in the WICHE Program. Alaska funds every student that gets accepted. Wyoming in all fields has in philosophy provided a great deal more student access than Montana has. Montana has tried to maintain a balance between maintaining some student access in all the fields and adjusting the access in view of what the apparent opportunities in the job market are.

Chairman Bengtson said that the Committee did not want to disrupt the plans for the future of the students who have been accepted in the WICHE Program, or who are in the process of being accepted. However, she submitted that limitations could be set on the number of students they were going to support. Whether the Committee wants to put language in the bill providing for the students to either return to the State or pay WICHE back is another option.

Dr. Dayton pointed out the "pipeline" effect as regarded cutting back WICHE funding. He said that the people who applied in the fall of 1982 had been told that the program had been funded at a specific level. The acceptances are just now beginning to come in for those students. He submitted that it would be unfair to tell these people the funding was now at a lower level.

Rep. Peck rose in support of dividing WICHE funds among all successful applicants, rather than qualifying them on a first come-first serve basis. At present, the students are at the mercy of the speed of the processing of the medical institutions. In response to Rep. Peck, Dr. Dayton said that over the course of the past six years, about 40-45 Montanans have gone to medical school somewhere. 20 have been funded through WAMI and 10 through WICHE; the remainder are attending schools outside the WICHE re-

gion.

Rep. Peck wanted to know how many students were funded using the LFA figures. Mr. Sykes said it would pay for seven less beginning students in 1984 than the OBPP and the Regents' budgets. In 1985, it would fund three beginning students less, in addition to the seven deleted the previous year.

Sen Jacobson moved the OBPP figures for 1984-5. This would provide for no reduction in the total number of students funded in 1982. Mr. Sykes said the motion would provide for 138.5 students in 1984 and 144 in 1985.

Sen. Jacobson made a substitute motion to include the figures from the original motion, for a total funding level of \$4,104,649 in 1984 and \$4,351,090 in 1985. Discussion took place regarding how to encourage the students to come back to Montana after their schooling. Sen. Jacobson asked the question, "Are we or are we not going to give Montana kids an opportunity to attend medical school?" She rose in support of using incentives to get the students to come back, such as residencies in Montana.

In response to Rep. Peck, Dr. Dayton said that WICHE qualification wasn't entirely a lottery. He submitted that WICHE and WAMI students differed in their qualifications.

Sen. Hammond rose in support of students paying WICHE back if they didn't come back to the State.

The question was called for on Sen. Jacobson's substitute motion; motion carried unanimously.

Discussion continued concerning the WICHE program. The Chairman entertained a motion to provide for a payback mechanism. Sen. Hammond said he felt the students who didn't return to the State should try to pay back a majority of their WICHE money. This money would help the students of the future.

Rep. Donaldson requested that Dr. Dayton provide the Committee with information relevant to what other states were doing. Sen. Haffey said he would like to see Dr. Dayton formulate some approaches to the payback issue.

Dr. Dayton said he would do this but it was a complicated situation. He pointed out that only three of thirteen states required any form of payback on WICHE. There are two complications with a payback: (1) some states have constitutional or statutory language regarding indentured service; (2) some states have

similar restrictions regarding using State money as loans to private individuals. He rose in support of combining Legislators, professionals, and educators to address the problem. The Chairman said she would like Dr. Dayton to draw some people together in an informal situation to meet with the Committee members regarding the matter. Dr. Dayton said he would try to provide the Committee with more information after the bill transmittal deadline.

Mr. Jack Noble made some comments. In his experience with WICHE students, all of them want to come back to Montana, and see no problem with indentured service or payback. But as a practical aspect, when they get through school and still want to come back, one of the problems with coming back to the State is they face indebtedness of up to \$80,000 - \$85,000 just to set up practice. Therefore, as they come out of school wanting to come back, there is a financial barrier. In 1973 there was a report regarding these issues.

The Committee took a fifteen-minute recess.

The Guaranteed Student Loan Program, Talent Search, and the Montana Learning Services programs were taken up. These programs are private/federally funded, and they need budget amendments in order to use the funds. There is currently a bill before the Legislature which would change the process so that the issue would have to be addressed during the Legislature. If the Committee accepted the federal funds in the Programs now, there will be no need for budget amendments.

Sen. Haffey moved that the three programs be authorized to use all federal funds that became available. It was brought out that the funds were earmarked for these programs. The question was called for; motion carried unanimously.

The meeting was adjourned at 9:00 a.m.



Rep. Esther G. Bengtson - Chairman

Table 1
Professional & Administrative Salaries Budgeted by
the Commissioner's Office Versus Salaries
Authorized by the State Pay Plan
Fiscal 1983

2/12

-----Professional-----				
Position	Salary FY '81	Pay Plan Salary FY '83	C.H.E. Budgeted Salary FY '83	Diff.
4	\$ 34,500	\$ 42,408	\$ 44,200	\$ 1,792
10	28,700	35,279	36,500	1,221
11	21,156	26,005	23,200	(2,805)
12	15,250	18,745	20,100	1,355
17	14,240	17,504	15,920	(1,584)
25	<u>28,800</u>	<u>35,401</u>	<u>33,300</u>	<u>(2,101)</u>
Total	<u>\$142,646</u>	<u>\$175,342</u>	<u>\$173,220</u>	<u>\$(2,122)</u>
-----Administrative-----				
2	\$ 39,000	\$ 47,939	\$ 48,000	\$ 61
3	17,200	21,143	21,600	457
21	45,600	56,052	57,000	948
29	28,100	34,541	35,700	1,159
50	<u>50,800</u>	<u>62,444</u>	<u>66,000</u>	<u>3,556</u>
Total	<u>\$180,700</u>	<u>\$222,119</u>	<u>\$228,300</u>	<u>\$ 6,181</u>
Total Professional/ Administrative	<u>\$323,346</u>	<u>\$397,461</u>	<u>\$401,520</u>	<u>\$ 4,059</u>

Table 1
 Number of State Supported Medical Students
 and Practicing Physicians per 100,000 Population - 1983

	State Supported Medical Students Per 100,000 Pop. <u>1983</u>	Practicing Physicians Per 100,000 Population <u>1983*</u>
Montana	15.1	137.3
Idaho	10.6	127.1
Wyoming	25.3	106.2
Alaska	<u>12.5</u>	<u>125.3</u>
Three-State Avg. (ID; WY; AK)	14.8 ====	121.3 =====

*Private Practice, Non-Federal
