

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION  
March 2, 1983

The House Appropriations Subcommittee on Education met at 8:00 a.m. on Wednesday, March 2, 1983 in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present except Sen. Tveit, who was excused. The Committee recessed at 10:00 a.m. and reconvened from 6:30 p.m. until 7:45 p.m. Several items in the incremental areas of the University System budget were worked on: Research, Public Service, and Physical Plant.

Curt Nichols, LFA, distributed revenue projections on tuition and fees, millage, indirect costs, and other revenues; see Exhibit "A." The Exhibit reflected the Committee's action of the previous day. The LFA current level figures had been adjusted downward by \$2,184,333 in 1984 and \$2,562,232 in 1985. The Chairman stated that the enrollment adjustments the Committee had made would have an impact on instruction at 100% of the formula and support at 97% of the formula in 1984 of \$843,227 on instruction and \$491,574 on support. The general fund impact would be about \$3,500,000, taking into consideration the reduction in revenues and the increases in the cost of instruction and support. In 1985, the impact on instruction would be \$1,624,503 and on support \$965,347. The total general fund impact in 1985 would be \$5,152,082, for a total biennial impact of some \$8.7 million. Tom Crosser, OBPP, said that in the Executive budget, there would be an increase in the overall cost, due to the enrollment estimate changes. With the tuition increase offset, the new figures would be within the range of the OBPP's original general fund projection.

The Committee then worked on the incrementally generated areas of the budget. The first area addressed was Research. See Exhibit "B." Mr. Nichols explained the worksheet. The Regents' and OBPP's estimates reflect actual 1982 expenditures, with inflation added. The current level LFA estimates reduced the base to the appropriated level for FY 1982. This was done because it is an incremental budget; budget amendments and other revenues that are added during the year are taken out of the base; if the agency wants them reinserted, the proper approach is by way of a modified request. In 1981, 15% of the indirect cost revenues were allowed to each unit, to allocate as they wished. Much of the indirect cost money was allocated to the MONTS Program. That Program was not included in the 1981 or 1982 bases, but the money was spent in FY 1982. The expenses were picked up in the Regents' and the OBPP figures, but they were not in the Current Level. The OBPP has included indirect costs in the base, and has not separated them. No separate adjustment for the revenues was recommended, however. The Regents have the numbers in the base and are requesting an adjustment in the revenues, of 30% rather

than 15%.

The Chairman wanted to know if it had been the understanding in 1981 that the indirect costs were not to be included in the base. Mr. Nichols said there was a choice with indirect costs: (1) The indirect cost money can be put into research, as MSU did. If the incremental approach is used as the OBPP and the Regents used, the research is already included in the base budget. The Regents' approach is not consistent, however, because they re-allocate 30%, in addition to keeping it in the base budget. (2) In keeping with the intent of the Interim Study Committee, the LFA pulled the 15% indirect costs out of the base. He referred the Committee to the next to last page of Exhibit "B." Because it was the policy of the Study Committee to allocate 15%, when the indirect cost revenues fall, the 15% that the unit keeps falls. There is a problem if this is kept in the base, as it would be increased with inflation, instead of decreased.

Mr. Crosser explained that the OBPP budget included the expenditures and then allocated 100% of the indirect cost revenues to fund those expenditures. He admitted that the inflation factors applied to the base year wouldn't necessarily match the 15% in indirect cost revenue.

The Chairman pointed out that by the Committee's actions of March 1, the use of 15% indirect costs had been approved. Although a specific motion may not have been made, the 15% was part of the reversion clause. Mr. Nichols pointed out that Montana Tech. showed up with no research program if the current level approach was used; in FY 1982 the indirect costs were used to establish a research program. Because they had a dramatic fall in indirect costs, their revenue, if the LFA approach is taken, would be considerably below what had been spent in 1982. The Chairman wanted to know if it was possible to use other monies for those programs. Mr. Nichols said the units had been given the authority to move funds from program to program.

Mr. Nichols said he could not track where the money for research, etc., came from; i.e., whether or not it was indirect cost money, budget amendment money, or a transfer from another program.

Mr. Jack Noble, Deputy Commissioner for Management and Fiscal Affairs, University System, said that the LFA worksheets were imputed calculations; i.e., the 15% indirect costs were appropriated along with all other current unrestricted funds, and there is nothing in the accounting records to identify where the indirect costs were expended. In order to avoid this type of confusion in the future, he suggested two alternatives: (1) create

a separate program for the 15% indirect cost money, or (2) put the 15% indirect cost money into a designated account. He said that the LFA worksheets assumed that anything that deviated from the originally appropriated amounts for programs were indirect costs. He said that there was no way to prove such an assumption.

Dr. Fred DeMoney, President of Montana Tech., spoke up regarding organized research. He disagreed that there was no appropriation for research in the 1982 base for Montana Tech. He pointed out that in 1981 House Bill 500 appropriated for slightly more than \$40,000 in 1982, plus the pay plan. Montana Tech. had prepared a document in 1981 saying what they would do with the indirect cost money and in that book they stated that \$48,150 in indirect cost revenues would be designated to an organized research program. He added that they had had to reallocate monies from other programs for the budget for 1983. He submitted that since there had been an appropriation in HB 500 for organized research, this was a legitimate reason to continue the program.

Mr. Nichols explained that the approach in 1981 had been to appropriate the 15% to the units and then have them come back and say how they would spend it. Montana Tech. said they would spend their indirect costs to establish a research program. The Legislature then adopted that allocation in the appropriation bill, HB 500. The appropriation in HB 500 was the indirect cost money. There are two questions: (1) Had Montana Tech. not allocated that discretionary money to organized research, would the Legislature have given them a research program. (2) If the 15% indirect costs are going to be left in the base, is there any cause to allocate an additional 15%. If this is done, there will be growth in the budget.

Mr. Nichols explained what had happened to the base in the past few years. In 1981 the Committee adopted the LFA 1980 base, inflated plus any reallocations from the units with indirect costs. The 1980 actual expenditures have been inflated forward since that time to arrive at the 1984-5 estimates. Added to that base were any portions of the 15% allocated by the units. He added that most of the units allocated their indirect cost money to research. The only increase allowed was one for UM which had been built in by a previous Legislature. At present 15% of the indirect costs are kept outside of the cost part of the formula, and Mr. Noble had suggested that they be kept entirely outside of the budget.

Mr. Nichols explained some of the problems involved when formula and incremental budgets were used together.

Tom Nopper, MSU, rose in support of putting the 15% of indirect costs into a designated account.

Mr. Crosser explained that when he included the 15% of the indirect costs in the budget, that amount ended up being inflated, and if indirect cost revenues remained constant, they wouldn't match the growth in the budgeted or actual expenditure areas.

Neil Bucklew, UM President, rose in support of the LFA approach. He also was in support of using a designated account as a way of accounting for where the money was allocated.

In response to Sen. Hammond, Mr. Crosser pointed out that he had used the 15% to fund the programs which had the previous biennium's 15% built into their bases.

The Committee then turned its attention to the Research (P. 2 of Exhibit "B.") portion of the budget. The MONTIS Program was discussed. Dr. Irving Dayton, Commissioner of Higher Education, said the MONTIS Program was primarily a "seed money" program. Over \$2 million in new money has been generated from the Program. They want to continue the "seed money" function, with State money which would replace decreasing federal money. It was brought out that MONTIS stood for: Montanans on a New Track for Science. Dr. Dayton gave a history of the MONTIS Program, adding that it has had a high payoff. He submitted that it became a self-sustaining process: the research level increases the amount of indirect costs, and a fraction of that goes back to get new people going. He pointed out to Rep. Bardanouve that the research generated by the MONTIS Program was bringing in far more money than was being proposed to be spent as regarded indirect costs. He added that research equipment which the State hadn't had to appropriate for was also coming in to the State.

Rep. Bengtson wanted to know how the research generated by the MONTIS Program related to the other organized research going on within the University System, and if the latter could pick up the former. Dr. Dayton said that if they were closely related, research projects from the MONTIS Program would be combined with the existing organized research, but this wasn't always the case.

In response to Chairman Bengtson, Dr. William Tietz, MSU President, said that the research that was handled through contracts and grants and was not handled by State appropriated dollars didn't appear on Exhibit "B." He added that some \$13 million worth of grant applications had been generated from the MONTIS Program, in the current year alone. 39% of the \$13 million (if all the grants were approved) would come back to the State as indirect cost recoveries. 15% of that is being retained by the units, to fund the program, so in a sense it is self-perpetuating. He said that the MONTIS Program worked very closely with their ongoing programs. He added that the funding was particularly aimed at entirely new areas, however. In response to Rep. Bengtson, he said that ongoing faculty research

funding was an individual responsibility. The same indirect cost policies apply to private grants as do to federal. In response to Rep. Donaldson, he said that neighboring States without the MONTS Program had fared much worse than Montana in decreases in funding.

Sen. Hammond wanted to know how much of the \$13 million in grants MSU expected to be awarded. Dr. Dayton said there had been over \$2 million in acceptances, and a lot of the applications were still being processed. He added that in addition to indirect cost recoveries, the State benefits from the equipment that is purchased, and faculty and staff are attracted to the institutions who wouldn't have been, without the research, in addition to students and visiting scientists.

Mr. Jeff Morrison, Chairman of the Board of Regents, said that the State was in a no-lose situation with the money. 85% of the indirect costs go back into the budget to replace general fund money; in addition, the remaining 15% goes back into research, such as the MONTS Program. It was brought out that the sum was 85% of the 15% (or 39%, as was the case at MSU), which went into the general fund.

Dr. Tietz submitted that MSU had an additional 200 bodies on campus that wouldn't be there if it weren't for the research which was funded totally outside of the University System. Also, in the past two to three years they have pulled together over \$2.5 million worth of research equipment.

Rep. Donaldson said he was willing to accept the Regents' expenditure level for research, but he was not comfortable with the way the 15% had been tied back to it. He wanted to know if it could be designated specifically for research. Mr. Nichols said that if the Regents' recommendation was accepted, whatever had been spent in the base would remain there in the upcoming biennium. The logical thing to do would be to stop allocating 15% to the base, since it was already in there.

The Chairman said she didn't care whether the 15% was used for research or in other areas, but she wanted to be certain the bottom line was a definite amount. It needs to be kept separate or it will end up in the base.

Rep. Donaldson submitted that it couldn't be identified and pulled out of the previous biennium's figures. Mr. Nichols explained how he arrived at his figures: he reduced the areas to their original bases; although he couldn't specifically identify the dollars' origins that he removed, he submitted that they were either: indirect costs, budget amendments, or fund transfers.

Sen. Haffey wanted to know if the decision that 15% of indirect cost revenue wouldn't be included in the general fund determination had been made by the Subcommittee in 1981. Mr. Nichols said this had been their decision. He added that there had been no direct appropriation for the MONTIS Program but there had been an understanding that the indirect cost monies could be used in this area. Sen. Haffey submitted that State funding of organized research at certain levels had been deemed appropriate by the Committee in 1981. Mr. Nichols said this decision had been made for MSU, UM, and Montana Tech. Sen. Haffey said that the indirect costs issue should be considered separate from the question of whether or not to continue supporting organized research at the three units. He said that possibly, if the decision was made that organized research belonged at a certain level at the three units, the 15% should be held to cover costs that were upcoming because of the federal money that was upcoming. Mr. Nichols said the LFA approach continued the logic used in 1981 regarding funding for organized research.

Sen. Haffey wanted to know if Montana Tech. had been appropriated \$98,000 in 1983 for organized research because of the Subcommittee's decision, independent of the indirect cost issue. Mr. Nichols said they had gotten it through the Subcommittee's action on indirect costs. The appropriated amount from the Legislature was \$43,000, and the total of \$98,000 was reached by adjustments made subsequent to the Legislative session.

Mr. Nichols said that if the base were to be properly inflated, the formula rate should be lowered. The Chairman submitted that if the LFA approach were taken, Montana Tech. could make the same kind of adjustments it had made in the past to reach the level of appropriation for organized research that they wanted to maintain.

Mr. Nichols said that the proper way to adjust the base in an incremental formula was by way of modified requests. This had not been done in the case of the MONTIS Program. Discussion took place regarding how the units had spent their 15% indirect cost revenues in the past biennium. In MSU's case, part of the 15% probably went towards the payment of utility bills.

Tom Nopper, MSU Administration Director, was opposed to designating the 15% entirely to research because it took away the flexibility needed to accommodate increases in actual costs in other areas, where the appropriations had been exceeded. He was in support of putting the 15% in a designated fund.

Mr. Jack Noble wanted to know if it would be possible to go through each campus to find how much in indirect costs ended up in the incremental programs. The Chairman suggested that Mr. Nichols get together with Mr. Noble and Tom Nopper and reconcile

the indirect costs. Mr. Nichols said he would be willing to work with them, but he didn't understand what could be accomplished by this. He submitted that the dollars couldn't be identified.

Discussion took place regarding the problems with the individual units as regarded indirect costs and where they were needed/had been allocated.

Jim Erickson, President of Northern Montana College, spoke. He said that their utility base was taken from a year that had a mild winter, and Havre needed an adjustment in their utilities base as a result.

The Chairman said she didn't feel that indirect cost money could be separated out from all the areas it had been used in in the past biennium. Mr. Nichols agreed that if there was a problem on any of the campuses that was not taken care of in the incremental approach, then a modified request should be made use of to take care of the adjustment needed.

Discussion took place regarding how the utilities base at NMC had been handled. FY 1982 actual heating costs were not normalized for weather before the inflation increases were added. However, the 1980 base, which 1982 was driven off of, had been normalized. Mr. Erickson pointed out that from 1980 to 1982, there was a 24% increase in heating costs.

No motion was made regarding Research.

In response to Sen. Jacobson, Dr. DeMoney, Montana Tech., said that their research had been funded by money from other support areas, in addition to using indirect cost revenues. He added that research had been going on under the category of contracts and grants, until the last biennium, when it was classified officially as organized research. He rose in support of the research Montana Tech. had been involved in, and stressed that the "seed corn" approach was valid.

Dr. Tietz, MSU, suggested that the Committee adopt the 1982 expenditure level as a base, and it be normalized. Also, a designated account should be established, so that in the future the 15% can be tracked to each individual account.

The Chairman stated that there was an issue which Eastern Montana College's Handicapped Center Director, Michael Hagen, wished to address.

Mr. Hagen explained that there had been over the past several years a reduction in the amount of money available to the Montana Center for Handicapped Children. The Office of Public Instruction

has suggested that money from OPI which had been allocated to Billings School District No. 2 be directly allocated to EMC. In the past, the School District had contracted with the Center, and the monies had ended up with the Center anyway. The appropriation they wanted transferred was: for FY 1984 \$164,157, and for FY 1985, \$166,620.

Rep. Jerry Driscoll, Billings, presented documentation that this transfer was acceptable to both the OPI and School District No. 2; see Exhibit "C." He said that originally the Department of SRS was considered, but EMC was the final decision as the agency to receive the transfer in funding.

The Chairman said she saw no problem with doing this, and the matter would be addressed at the time the budget for EMC was addressed.

The Committee recessed at 10:00 a.m.

Upon reconvening, at 6:30 p.m., all members were present. The Committee addressed the issue of what kind of approach to take towards incremental programs. Mr. Noble had met with the University Presidents, and they presented the Committee members with the results of that meeting; see Exhibit "D."

Rep. Donaldson moved to accept Recommendation No. 1 regarding Organized Research Programs on Exhibit "D;" i.e., to accept the LFA's current level recommendations. Motion carried unanimously.

Sen. Jacobson moved that Recommendation No. 2 be accepted, to adjust Montana Tech.'s expenditure base upward by \$40,000. The Chairman pointed out that this would put Montana Tech. into the research business, and she was opposed to the motion. She submitted that in 1981, no consideration was made that Montana Tech. should have a research program on board unless it was funded by indirect costs.

Dr. Dayton pointed out that Montana Tech. had had research programs going on outside the Bureau of Mines for years. As far as the Regents are concerned, Montana Tech. has a mandate to do research. The Chairman asked Dr. Dayton, if \$40,000 was put into current level funding for Montana Tech. for research, what would happen in two years. He replied that a research base for Montana Tech. would be in place. He submitted that a research program had been in place for some time, although it hadn't been identified.

Sen. Haffey pointed out that Montana Tech. was impacted proportionately more than MSU or UM in terms of indirect cost revenue. Also, their research is not duplicated at UM or MSU.



He rose in opposition to putting a halt to research which was good for the entire State. Rep. Bengtson said her concern was based on principal and not the worth of programs. She was in support of maintaining current level.

Rep. Donaldson submitted that the research Montana Tech. did was very fundamental to the State. He said he saw the \$40,000 as current level. The Chairman said that if indirect costs were being taken out of the other bases, then it would make sense to take them out of Montana Tech.'s base.

The question was called for on Sen. Jacobson's motion; motion carried, with Reps. Bengtson and Peck and Sen. Tveit opposed; see roll call vote.

Rep. Donaldson then moved that Recommendation No. 3 be accepted, to place 15% of indirect cost revenue in a designated fund; motion carried unanimously.

Public Service Programs were then addressed; see Exhibit "D." Sen. Haffey moved that the LFA current level figures be accepted; motion carried unanimously.

Physical Plant. (Exhibit "D.") Northern Montana College was addressed. Rep. Donaldson moved that the LFA current level be accepted in the amounts of \$808,026 in 1984 and \$883,626 in 1985. Motion carried unanimously.

Mr. Nichols pointed out that there had been some changes made in the New Space figures in the current level. The Changes are acceptable to the LFA as belonging in current level. Sen. Haffey moved the New Space adjustment of \$8,344 in 1984 and \$15,750 in 1985 for NMC; motion carried unanimously.

Mr. Nichols said it was correct that NMC's utilities were higher than the budgeted amount, and the figures on Exhibit "D" were within the realm of taking care of the difference. He pointed out that there were units that underspent their utilities, and there were no reversions made.

Rep. Donaldson moved that the base adjustment on utilities as presented on Exhibit "D" be accepted; motion carried unanimously.

Eastern Montana College. Regarding the New Space adjustment, Mr. Nichols said he recommended the amount on Exhibit "D." However, there was a question that the Long Range Building Subcommittee might have to act on before the Education Subcommittee should act on the adjustment. More funding is needed from the Long Range Building Subcommittee in order to complete construction on the new space. Sen. Jacobson moved that the New Space appropriation of \$35,160 be approved; motion carried unanimously.

Western Montana College. Mr. Nichols said the LFA was not recommending acceptance of a New Space adjustment, because it was not new space, it was converted space. The old gymnasium was being converted into shop facilities.

Sen. Haffey moved approval of the New Space adjustment. It was brought out that .5 FTE was included in the New Space cost. Motion carried unanimously.

Sen. Haffey moved the current level recommendation; motion carried unanimously.

University of Montana. Rep. Donaldson moved the current level recommendation; motion carried unanimously.

UM President Neil Bucklew said that a summary was provided to the LFA regarding the New Space and Base Adjustments referred to on Exhibit "D." Their most substantial problem in the utility area didn't reflect the assumptions the LFA made regarding the 1985 biennium. Using current year factors, the increases UM experienced didn't agree with the assumptions the LFA made. To get the base accurate would require \$150,175 in 1984 and \$165,215 in 1985. The water rate changed because the new owner of the water system raised the rates.

Rep. Donaldson wanted to know if the electricity increase UM presented was above and beyond what the LFA had already granted. Mr. Nichols said he didn't think it was above and beyond it. When the LFA made its projections it didn't know the exact timing of the increase in electrical rates, and they are estimating that the electrical rate will be 33% higher in 1984 than 1982. Sen. Haffey suggested that in the spring of 1984 there would be a substantial increase in utility rates, when Colstrip III came on line. In response to Rep. Donaldson, Mr. Nichols said it was correct that utility rates would be going up everywhere that Montana Power provided service.

It was brought out that there was a utilities adjustment requested by MSU which the LFA hadn't addressed, either. Mr. Nichols said that the increases suggested by the LFA for electricity were the same in all budgets, and the OBPP had recommended the same increase for all budgets.

Dr. Dayton pointed out that although usage of energy had decreased over the past several years, the increase in the rates had driven the total cost up.

Rep. Donaldson moved that Mr. Nichols and Mr. Crosser study the utility requests and compare them with the rest of the budgets being handled by the Subcommittee to see what would make

them consistent. This would also include Montana Tech. and MSU.

Regarding UM's custodial base adjustment request, Mr. Noble said that when House Bill 79 was passed, UM's ability to contract for cheaper custodial work was lost. Sen Haffey moved that the custodial base adjustment also be included in the study by the LFA and the OBPP. Dr. Bucklew said that the amount of the utilities adjustment would be \$108,915 in 1984 and \$112,815 in 1985 if the electricity was removed.

The question was called for on the motion to direct the LFA and OBPP to review the Utilities and Custodial base adjustments for UM and the other units. Motion carried unanimously.

Sen. Jacobson moved approval of the New Space adjustment. Mr. Nichols said the LFA hadn't addressed this issue because they had different completion dates for the new Fine Arts Building. They now have a revised completion date, and the revised figure is \$80,746 higher, for 1985. The Chairman asked Dr. Bucklew why UM's figure of \$88,857 was higher than the LFA's revised figure. He said they got their figure by talking to the contractor. He said that the difference in estimates had to do with the small size of the new building, which made it hard to compare to the Helena rates used in the Capitol Complex.

Sen. Jacobson stated that her motion was to adopt the LFA figures of no additional money above the present \$15,045 in 1984, and \$80,746 more, above the \$138,252 in 1985. Motion carried unanimously.

Montana Tech. Sen. Jacobson moved the current level; motion carried unanimously.

Regarding the Utilities adjustment, Victor Burt, Director of Fiscal Affairs, Montana Tech., said that the adjustment referred to the negative adjustment the LFA made in the physical plant budget. Montana Tech. didn't exceed their 1982 appropriated level. He couldn't justify the LFA taking \$31,000 off of the base. Because of their enrollment growth, they had to use some of their physical plant money in other support areas.

Mr. Nichols said that the LFA took the \$31,000 off the base to avoid the problems involved with shifting monies from formula areas of the budget to incremental areas. Instead, he re-based the area. He said he wasn't arguing that the expenditures weren't made, but Montana Tech. spent \$31,000 more in this area. About \$270,000 had been appropriated for Montana Tech., and they only spent about \$266,000, for utilities. Mr. Nichols said that Montana Tech. had taken some of their support money and put it into physical plant. Possibly the proper adjustment would be to

reduce their support rate to reflect the shift. If the support rate was adjusted, then the figures provided on Exhibit "D" would be accurate. Rep. Donaldson so moved. Motion carried unanimously.

MSU. The current level was moved; motion carried unanimously.

Utility Adjustment. Mr. Nopper said that this was basically the same case as had happened at Northern Montana College. In 1982, \$1,527,000 was in the appropriations bill, but MSU's actual utilities came to \$1,655,000. Therefore, there was a base adjustment of \$127,000. If this were to be projected forward, they would be justified in arguing for even more than is included on Exhibit "D." The Chairman instructed Mr. Nichols to include the utility adjustment at MSU at the same time he studied UM's request. There was general agreement with the suggestion.

New Space. The figures for both years were moved; motion carried unanimously.

Sen. Jacobson brought up the change requested by EMC regarding the Montana Center for Handicapped Children. OPI didn't care to administer the program any longer because they didn't feel it fit into what their other programs were doing. They were looking at putting the money into SRS. Sen. Jacobson felt a more direct method would be to give the money directly to EMC, and let them line-item the money into the Center. This is agreeable to EMC and OPI. She pointed out that if the change was approved, a like amount of money would have to be taken out of the Special Education budget. She moved that \$164,158 in 1984 and \$166,620 in 1985 be line-itemed into EMC's budget for the School for Handicapped Children. Motion carried unanimously.

Sen. Jacobson then moved that like amounts be removed from the Special Education budget; motion carried unanimously.

The meeting was adjourned at 7:40 p.m.

  
Rep. Esther G. Bengtson - Chairman

## VISITORS' REGISTER

HOUSE Approps. Education Sub COMMITTEEBILL WORK SESSIONDate 3/2/83SPONSOR UNIV. SYSTEM

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Frgd W De Monx	Butte	Montana Tech		
Vic Bunt	Butte	MT. Tech		
Tom Napper	Bozeman	M.S.N.		
Bill Tietz	Bozeman	Nash		
Neil Bucklew	Missoula	UM		
Ken Stolz	Missoula	UofM		
Wally				
Jim Erickson	Helena	NMC		
Bill Ryan	Helena	NMC		
John Cherry	Helena	OP		
Monte Koch	Helena	UofM		
Steve Benninghoff	Helena	MUS		
Pat Fairbank	Helena	Montana Federation of Teachers		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Revenues

EDUCATION SUPERVISOR  
3/2/83  
EXHIBIT "A"

	1	2	3	4	5	6	7	8	9	10
		MSU	UM	EMC	NMC	WMC	MCNST		Total	
<u>FY84</u>										
Tuition and Fees		8310000	6936000	2272000	948000	532000	1691000		20689000	
Millage		5159000	3980000	1706000	780000	417000	1032000		13074000	
Indirect Cost		1200000	550000	100000	113000	17500	125000		2005500	
Other		615000	310000	157000	3000	131000	255000		1470000	
<u>TOTAL</u>		<u>15284000</u>	<u>11776000</u>	<u>4235000</u>	<u>1743000</u>	<u>1097500</u>	<u>3103000</u>		<u>37238500</u>	
 <u>FY85</u>										
Tuition and Fees		9036000	7397000	2550000	1069000	582000	2043000		22677000	
Millage		4985000	3811000	1677000	765000	403000	1105000		12746000	
Indirect Cost		1200000	550000	100000	10000	17500	125000		2002500	
Other		615000	310000	152000	3000	131000	270000		1480000	
<u>TOTAL</u>		<u>15836000</u>	<u>12068000</u>	<u>4479000</u>	<u>1846000</u>	<u>1133500</u>	<u>3543000</u>		<u>38905500</u>	

# Research Worksheet

Montana State University  
Personal Services  
Operating Expenses  
Equipment  
TOTAL

University of Montana  
Personal Services  
Operating Expenses  
Equipment  
TOTAL

Montana College of Mineral Science  
and Technology  
Personal Services  
Operating Expenses  
Equipment  
TOTAL

	Fiscal 1984		Fiscal 1985		
	Governor	Requsts	Current Level	Subcommittee	
Montana State University	566339	566339	522499		
	58577	58577	10009		
	36000	36000	—		
	660916	660916	532508		
University of Montana	262182	262182	279119		
	100444	100444	103191		
	74000	74000	32797		
	436626	436626	415107		
Montana College of Mineral Science and Technology	68810	68810	68888		
	20282	20282	21667		
	9500	9500	8400		
	98592	98592	—		

EDUCATION SUBCOMMITTEE  
3/2/83  
EXHIBIT B

# Research

	Fiscal 1980	Fiscal 1981	Fiscal 1982	Increase FY81 - FY82	Percent Increase FY81 - FY82
University of Montana					
Bureau of Business and Economic Res.	128027	158077	184448	26371	16.7
Grant and Contract Match	26016	59546	29182	(30364)	(51.0)
Research Development	47536	48129	68277	20149	41.9
Wild Life Research	25443	21345	22671	1326	6.2
MOBTS			56862	56862	NMF
Radio Active Waste Disposal	960	991	1488	497	50.1
Wood Chemistry Lab		19946	25531	5585	28.0
Stella Duncan Memorial	54540	18767	22638	3871	20.6
Institute For Human Resources		16302	70	(16232)	(99.6)
Earthquake Research Lab		10984	27253	16269	148.1
Bureau of Government Research	4590	30		(30)	NMF
TOTAL	282095	358117	438418		
Montana State University					
Institute of Applied Research	81333	78821	130601	51780	65.7
Engineering Experiment Station	284146	309421	326886	17465	5.6
MOBTS			119157	119157	NMF
Benefit Pool	39424	43781	57573	13792	31.5
TOTAL	404903	432023	634217		
Montana College of Min. Sci. and Tech.					
Earthquake Studies			5421	5421	NMF
Title III Seed Money			6670	6670	NMF
FMA			16386	16386	NMF
Other			11941	11941	NMF
TOTAL	-0-	-0-	40418		



# Public Service Worksheet

	1	2	3	4	5	6	7	8	9	10
	FISCAL 1984			Subcommittee	FISCAL 1985					
	Governor	Requests	Current Level		Governor	Requests	Current Level	Subcommittee		
Montana State University										
Personnel Services	8048	8048	5100		8048	8048	5100			
Operating Expenses	10351	10351	5022		11502	11502	5321			
Equipment	-0-	-0-	-0-		-0-	-0-	-0-			
TOTAL	18899	18899	10122		19550	19550	10421			
University of Montana										
Personnel Services	139511	139511	134683		139701	139701	134683			
Operating Expenses	172626	172626	57779		183438	183438	61048			
Equipment	955	955	-0-		1012	1012	-0-			
TOTAL	313092	313092	191862		324151	324151	195731			
Eastern Montana College										
Personnel Services	19571	19571	20494		19571	19571	20494			
Operating Expenses	21494	21494	18809		23231	23231	20300			
Equipment	6200	6200	520		6200	6200	550			
TOTAL	47265	47265	39823		49002	49002	41344			
Northern Montana College										
Personnel Services	9769	9769	7639		9784	9784	7639			
Operating Expenses	2727	2727	2714		2916	2916	2893			
Equipment	-0-	-0-	-0-		-0-	-0-	-0-			
TOTAL	12496	12496	10353		12700	12700	10532			

# Public Service

	Fiscal 1980	Fiscal 1981	Fiscal 1982	Insurance FY81-FY82	Percent Insurance FY81-82
1 Montana State University					
2 Community Service	32518	4340	7588	3248	74.8
3 Theatre of Silence			669	669	NMF
4 <u>TOTAL</u>	<u>32518</u>	<u>4340</u>	<u>8257</u>		
5					
6 University of Montana					
7 Summer Theatre		26308	8800	(17508)	(66.6)
8 Montana Repertory Theatre	17247	15129	55069	39940	264.0
9 KUFM	101780	94465	104157	9692	10.3
10 Public Relations	22285	31229	87651	56422	180.7
11 Western Montana Health Education	13756	13801	17992	4191	30.4
12 Speakers Bureau		2075	4496	2421	116.7
13 Community Visitation Program			5016	5016	NMF
14 Social Linguistics Newsletter				164	10.8
15 <u>TOTAL</u>	<u>2442</u>	<u>1515</u>	<u>1679</u>		
16	<u>157522</u>	<u>184522</u>	<u>284860</u>		
17 Eastern Montana College					
18 Campus School	13091	652	1555	903	138.5
19 EMU RADIO	16656	2117	34284	6670	24.2
20 Employee Benefit Pool	2668	2684	2758	74	2.8
21 <u>TOTAL</u>	<u>32415</u>	<u>30950</u>	<u>38597</u>		
22					
23 Northern Montana College					
24 Public Service	7500	6773	9716	2943	43.5
25					
26					
27					
28					
29					
30					
31					
32					

# Physical Plant Worksheet

	1	2	3	4	5	6	7	8	9	10
	Fiscal 1984		Fiscal 1985							
	Governor	Requests	Current Level	Subcommittee		Governor	Requests	Current Level	Subcommittee	
Montana State University										
Personal Services	1501365	1501365	1485145			1503977	1503977	1485145		
Operating Expenses	3159948	3159948	3032915			3687572	3687572	3552832		
Equipment and Other	50000	50000	100409			60000	60000	106431		
New Space	390534	393479	142485			408227	411244	218776		
TOTAL	5101847	5104792	4760954			5659776	5662793	5363184		
University of Montana										
Personal Services	1163173	1163173	1097791			1164814	1164814	1097791		
Operating Expenses	3597950	3597950	3251767			4049988	4049988	3686673		
Equipment and Other	243644	243644	261430			260000	260000	277112		
New Space	22844	20828	15045			225557	192993	138252		
TOTAL	5027611	5025595	4626033			5700359	5667795	5199828		
Western Montana College										
Personal Services	530806	530806	491090			531514	531514	491090		
Operating Expenses	1198462	1198462	1200741			1356222	1356222	1358552		
Equipment and Other	26100	26100	33604			11100	11100	35618		
New Space	55775	57375	42075			81458	83505	48345		
TOTAL	1811143	1812743	1767510			1980294	1982341	1933605		
Northern Montana College										
Personal Services	372468	372468	362351			372989	372989	362351		
Operating Expenses	483258	483258	438330			561130	561130	513471		
Equipment and Other	8500	8500	7345			9800	9800	7784		
New Space	14053	13755	-0-			14812	14505	-0-		
TOTAL	878279	877791	808026			958731	958424	883626		

	1	2	3	4	5	6	7	8	9	10
	Fiscal 1984			Fiscal 1985			Fiscal 1986			
	Governor	Regents	Current Level	Subcommittee		Governor	Regents	Current Level	Subcommittee	
Western Mountain College										
Personal Services	292934	292934	286524			293375	293375	286524		
Operating Expenses	309811	309811	307927			368486	368486	366109		
Equipment and Other	19830	19830	23209			16938	16938	24599		
New Space	13676	11877	-0-			14866	12367	-0-		
Total	636251	634452	617660			693665	691166	677232		
Montana College of Mineral Science and Technology										
Personal Services	617250	617250	652495			618073	618073	652495		
Operating Expenses	516009	516009	457338			600669	600669	535193		
Equipment and Other	29000	29000	9569			20050	20050	10142		
New Space	-0-	-0-	-0-			-0-	-0-	-0-		
Total	1162259	1162259	1119402			1238792	1238792	1198630		

# Retained Indirect Cost Revenues

	1	2	3	4	5	6	7	8	9	10	11	12
		Fiscal 1984							Fiscal 1985			
	Indirect Cost Rev.	Governor	Regents	Current Level	Subcommittee		Indirect Cost Rev.	Governor	Regents	Current Level	Subcommittee	
MSU	1200000	Included	360000	180000			1200000	Included	360000	180000		
UM	550000	IN	165000	82500			550000	IN	165000	82500		
EMC	100000	Expenditure	30000	15000			100000	Expenditure	30000	15000		
NMC	13000	BASE	3900	1950			10000	BASE	3000	1500		
WMC	17500		5250	2625			17500		5250	2625		
MCMS	125000		37500	18750			125000		37500	18750		
TOTAL	2005500		601650	300825			2002500		600750	300825		
										300375		

As per subcommittee action 3/11/83  
 30%, Regents have also included amounts in the expenditure Base  
 15%

215-112

	Fiscal Year	Regent's Level	Current Level	Subcommittee
MSU	823975	224107		
UM	790000	742819		
EMC	284000	267039		
NMC	178500	167840		
WMC	59000	56476		
MCMST	290420	273076		
TOTAL	2425195	2280357		

	Fiscal Year	Regent's Level	Current Level	Subcommittee
	909803	864794		
	840000	798444		
	320000	304169		
	199000	189155		
	65000	61784		
	352000	334586		
	2685803	2552932		



OFFICE OF PUBLIC INSTRUCTION

STATE CAPITOL  
HELENA, MONTANA 59620  
(406) 449-3095

Ed Argenbright  
Superintendent

February 8, 1983

John D. LaFaver  
Director  
Department of Social and  
Rehabilitation Services  
111 North Sanders  
Helena, MT 59620

Dear Mr. LaFaver:

RE: Transfer of Office of Public Instruction and Department of Health and Environmental Sciences appropriation for Evaluation and Diagnostic services to the Department of Social and Rehabilitation Services.

This is to inform you that figures submitted to Representative Driscoll via a letter from you on January 20, need to reflect a biennium reduction of \$12,223. This is as a result of the anticipated appropriation for special education from the education subcommittee of the House Education Committee. Our department now estimates that it will be able to provide increases of 1.5 percent on 1982-83 school year special education budget to local districts for the ensuing school year. That should be the increase in appropriation transfer for the Montana Center for Handicapped Children. The following reflects our computation process in determining the amount of requested funding transfer.

\$191,732	1982-83 Montana Center for Handicapped Children-Billings District
\$ 30,000	Adjustments agreed to by Montana Center for Handicapped Children and Billings School
101.5%	Anticipated increase in special education budgets
\$164,157.98	FY '84 Funding Transfer
\$166,620.34	FY '85 Funding Transfer
\$330.777	Total Requested Funding Transfer

If you have questions, please contact me or Dal Curry at 449-3693. I will be happy to contact Representative Driscoll with these figures if you wish.

Sincerely,

GAIL GRAY  
Specialist  
Department of Special Services

GG/vv

cc: Jack Ellery  
Judith A. Johnson Affirmative Action — EEO Employer



# BILLINGS PUBLIC SCHOOLS

SCHOOL DISTRICT #2 OF YELLOWSTONE COUNTY  
101 TENTH STREET WEST  
BILLINGS, MONTANA 59102

TELEPHONE: (406) 248-7421



January 18, 1983

## BOARD OF TRUSTEES

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Assistant Superintendent

Dick D. Reich  
Clerk & Director of Accounting

Jerry L. Driscoll  
Montana State House of Representatives  
Capitol Station  
Helena, Montana 59601

Dear Representative Driscoll:

Dr. Michael Hagen, Director of the Montana Center for Handicapped Children (MCHC), has informed us that he has been in communication with you regarding the funding of MCHC. The complex manner in which MCHC is funded has been reduced over the past several years and, consequently, there has been a reduction in the various services provided by MCHC. The Operational Committee and the Board of Directors for MCHC, as well as our School District, the Department of Health and Environmental Sciences and the State Office of Public Instruction would all support a sounder base and method of funding.

Currently, the State Office of Public Instruction (OPI) money that goes to MCHC through our School District (\$191,732 for 1982-83) and the State Department of Health and Environmental Sciences (DHES) money that goes to MCHC (\$87,000 for 1982-83) are utilized for a variety of support and auxiliary services for not only handicapped children from our school district, but also for children from this region and other parts of the state. The various evaluation and assessment clinics that are both medical and educational in nature and the outreach services that are provided by a variety of trained professionals are valuable assistance to the handicapped children in need.

Our School District would support legislation that would allow MCHC to be funded in a direct manner from the state level. In order to accomplish this the money directed to MCHC through our school district would need to be transferred from OPI to whatever fund would be set up. Naturally, we would need to retain enough to pay for the auxiliary services

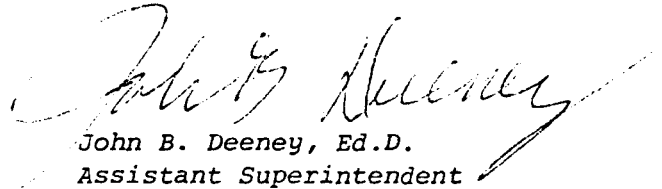


students from our school district are in need of. Dr. Hagen estimates \$30,000 would be a realistic amount needed to provide the current Occupational Therapy, Physical Therapy and Speech Therapy services for these students. We presume DHES would need to transfer their funds as well. If this could be accomplished, it would give a sounder base of funding to MCHC which serves children from the entire state. This would be of no financial benefit or detriment to the Billings Public Schools, and we would continue to provide special education teachers and aides for the handicapped children from our school district that could best be served at MCHC as determined by the Child Study Team.

Sincerely,



Virgil R. Poore, Ed.D.  
Superintendent



John B. Deeney, Ed.D.  
Assistant Superintendent



E. R. Laird, Director  
Special Education Department

ERL:es

cc: Michael Hagen, Ph.D.  
Judy Johnson  
John J. Dryman, M.D.

SUGGESTED APPROACH ON INCREMENTAL PROGRAMS

I. Organized Research Programs

- 1) Accept Analyst's current level numbers.
- 2) Adjust expenditure base for Tech - \$40,000.
- 3) Recommend 15% of indirect cost be placed in designated fund so that a separate accounting can be maintained.

Montana Tech did not realize the amount of indirect cost revenues appropriated in H. B. 500. Thus, Tech only had 6% of the 15% discretionary indirect cost revenue available in 1981-82. The amount in 1981-82 that was available was \$26,874. Since Tech will only realize 44% of the indirect cost revenue appropriated in H. B. 500 for the current year, none of the discretionary indirect cost funds will be available for expenditure. The cost of the research was covered by revenues generated by fees.

II. Public Service Programs

- 1) Accept Analyst's current level numbers.

### III. Physical Plant

#### NORTHERN MONTANA COLLEGE

	<u>1983-84</u>	<u>1984-85</u>
Current Level (Analyst's)	\$808,026	\$883,626
ADD:		
Base Adjustment - Utilities	52,450	52,450
New Space	8,344	15,750
TOTAL	<u>\$868,820</u>	<u>\$951,826</u>

*was carried over added into current year.*

#### Explanation:

The revised base is necessary for utilities. NMC expended \$229,223 last year when approximately \$176,000 was appropriated. The year used as a base year for generating the utilities appropriation was a mild year.

#### Heating Degree Days

FY 1980 - 7,442 Base Year  
FY 1982 - 9,251 Actual (24.3% Colder)

#### EASTERN MONTANA COLLEGE

	<u>1983-84</u>	<u>1984-85</u>
Current Level (Analyst's)	\$1,767,510	\$1,933,605
ADD:		
New Space - Cisel Hall	0	35,160
TOTAL	<u>\$1,767,510</u>	<u>\$1,968,765</u>

*carried over*

#### Explanation:

New space for Cisel Hall for fiscal year '85 was not included in worksheet.

WESTERN MONTANA COLLEGE

	<u>1983-84</u>	<u>1984-85</u>	
Current Level (Analyst's)	<u>\$617,660</u>	<u>\$677,232</u>	<i>carried over</i>
ADD:			
New Space	<u>10,877</u>	<u>11,930</u>	<i>carried over</i>
TOTAL	<u>\$628,537</u>	<u>\$689,162</u>	

Explanation:

New Space provides for increased cost due to conversion of gym 7,000 sq. ft. to industrial arts classroom use. Estimate energy costs will go up 25% and need .5 FTE custodial.

UNIVERSITY OF MONTANA

	<u>1983-84</u>	<u>1984-85</u>	
Current Level (Analyst's)	<u>\$4,626,033</u>	<u>\$5,199,828</u>	<i>carried over</i>
ADD:			
Base Adjustments - Utilities	150,175	165,215	
Base Adjustments - Custodial	<u>85,429</u>	<u>90,554</u>	
New Space	<u>10,497</u>	<u>88,857</u>	<i>carried over</i>
TOTAL	<u>\$4,872,134</u>	<u>\$5,544,454</u>	

Explanation: <sup>1</sup>

- Review carried over*
1. Substantial utility increases in the current year 1982-83:
    - a. Electricity - 20%
    - b. Water - 131%
    - c. Sewer - 27%
    - d. Waste Disposal 87%
  2. Contract custodial services increased 74% due to "prevailing wage" requirements of H. B. 79.
  3. Performing Arts/Radio TV Building available for 84-85 academic year and Clinical Psychology available for entire biennium.

<sup>1</sup> Letter to Representative Bengston February 24, 1983.  
Detailed documentation to Curt Nichols February 24, 1983.

MONTANA TECH

	<u>1983-84</u>	<u>1984-85</u>
Current Level (Analyst's)	<u>\$1,119,402</u>	<u>\$1,198,630</u> <i>carried over</i>
ADD:		
Base Adjustment - Utilities	<u>31,000</u>	<u>32,860</u> <i>carried over</i>
TOTAL	<u>\$1,150,402</u>	<u>\$1,231,490</u>

Explanation:

Both the Governor's and the Analyst's budget used the 1982 actual base expenditure and then applied uniform inflation factors. The Analyst then applied a \$31,000 negative adjustment based upon the college budget allocation in the "Blue Book". This adjustment is not correct as our "Blue Book" budget was based on a 1,565 enrollment for FY 82 and not the 1,791 actually enrolled. To meet this enrollment, funds were transferred between programs.

MONTANA STATE UNIVERSITY

	<u>1983-84</u>	<u>1984-85</u>
Current Level (Analyst's)	<u>\$4,760,954</u>	<u>\$5,363,184</u> <i>carried over</i>
ADD:		
Utility Adjustment	<del>165,350</del>	<del>200,652</del>
New Space	<u>126,921</u>	<u>99,962</u> <i>carried over</i>
TOTAL REVISED	<u>\$5,053,225</u>	<u>\$5,663,798</u>

Explanation:

The 1982 utility base in appropriation bill was \$1,527,784. Actual 1982 utilities were \$1,655,441 or \$127,657 more than the appropriation base. This amount was increased using the appropriate inflation factors.