

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION  
March 4, 1983

A meeting of the House Appropriations Subcommittee on Education was held on Friday, March 4, 1983 at 7:00 a.m. in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present. The University System unit modified requests were addressed.

The Chairman brought the Committee's attention to Exhibit "A," which listed what the Committee had done thus far regarding total general fund expenditures.

Chairman Bengtson directed the question to the unit Presidents: "Are there some adjustments that could be made before applying percentages to the total figure?" She referred the Committee members to Exhibit "B," of March 3, 1983. She submitted that readjusting was necessary on the percentages, to get to the amount of available revenue.

Neil Bucklew, President of the University of Montana, spoke. UM would be affected substantially by the recommendation to fund Instruction at 97% and Support at 95%. Each of the earlier recommendations of the LFA and the OBPP put UM into a situation whereby they would be involved in retrenchment and layoffs of faculty and staff. With an all-time record enrollment, they felt this was inappropriate to have to deal with. The current status of UM, as far as the bottom line figures go, would enable them to avoid retrenchment in 1984, but in 1985, they would be between \$600,000 - \$750,000 short. UM alone would be affected in this way; i.e., with a lay-off budget. In spite of the increased enrollment, they would be faced with the loss of positions from their current base. The enrollment estimates adopted put UM 200 students below where they currently are. He suggested that enrollment be held constant at the 1983-4 level of 8,283 rather than being reduced to 8,175 in 1985, as had been proposed. This would enable them to avoid any retrenchment.

The Chairman pointed out that when what actually happened at UM was compared to the rest of the units, the dollars were not there. She said that if any adjusting was going to be done, it should be recognized that the figures from which the Committee was working might cause even further hardship to UM if the lower percentage was adopted. She added that Dr. Bucklew's suggested enrollment change would result in increased funding in 1985 of \$362,419 and no change in 1984.

Rep. Donaldson moved to retain a constant enrollment figure for the two years of the biennium, at UM. He submitted that this would be maintaining current level. The Chairman said it wasn't the intent of the Committee to cause retrenchment.

Tom Crosser, OBPP, said his approach treated all of the units equally. Because UM's enrollment currently and in the past year was closer to their budgeted enrollment than was the case with the rest of the units, any reduction in the current level; i.e., a reduction from 100% (to 95% on instruction and 95% on support, as the OBPP had recommended) would have a negative effect for UM, and UM was the only unit that was taken well below the current level.

Mr. Curt Nichols, LFA, agreed that the enrollment aspect mentioned by Mr. Crosser did come into play when percentages of the full instructional level are adopted. He pointed out that even at 100%, UM was very close and if inflation was taken into consideration, they would be above the 100%, in FY 1984. This would mean that their student/faculty ratio was lower than the guideline rates, their salaries are higher, or their instructional support costs are higher.

The question was called for on Rep. Donaldson's motion; motion carried unanimously.

Discussion took place regarding utility adjustments at the units. Mr. Nichols said electricity had been treated equitably Statewide. They discussed the individual problems that related to local situations. There were adjustments which resulted; he referred the Committee to the Commissioner of Higher Education's handout which related to this. (Exhibit "D," March 2, 1983) For UM, there are two adjustments: utilities and custodial. The utilities change relates to a doubling of the Missoula water rate, and a substantial increase in sewage and garbage rates. The figures they came up with were: \$124,608 instead of \$150,000 and \$132,085 instead of \$165,000. The custodial recommendation is as shown on the Exhibit. The other adjustment is for MSU. The figure of \$165,000 is adjusted to \$127,033, and \$200,652 is adjusted to \$134,740.

Rep. Donaldson moved acceptance of the figures for MSU and UM which Mr. Nichols had provided, for utilities base adjustments. Motion carried unanimously.

Mr. Nichols said that currently there were no recommendations for vacancy savings for the units of the University System. There was general agreement not to address vacancy savings in the University System.

Dr. William Tietz, MSU President, asked Mr. Nichols if he had looked at the head count adjustment for MSU. Mr. Nichols said he had: MSU is projecting they would have had a head count adjustment, had 1983 been used as the base year. Dr. Tietz said

the adjustment would amount to about a \$100,000 difference in funding. No motion was made to adjust the head count at MSU.

The Chairman brought up the suggestion that the formula for the University System should be reviewed regularly. She entertained input from those present regarding any changes they felt should be made. Mr. Crosser said that the formula concept would probably become more complicated in the future, as Dr. Bucklew had suggested. He felt it was a workable system, although it would need to be reviewed and adjusted regularly. Mr. Nichols said that the mix between the incremental and the formula areas had created a good deal of problems for the Committee.

Jeff Morrison, Chairman of the Board of Regents, commented. He suggested that the formula might be worked on, by the LFA, OBPP, and the Regents. Recommendations could be presented to the Committee for the next biennium. This would not be an official study.

Dr. Tietz pointed out that the formula was really only a mechanism for generating dollars. The quality and management issues were a matter of campus interpretation. He cautioned the Committee not to get involved with individual quality determinations.

Dr. Bucklew said what the units shared far exceeded what they differed on. The formula was a helpful tool. It was important to learn how to use the tool, without it making the decisions. He was in support of the Regents addressing the question of how the formula was helping fund higher education and understand higher education.

The Chairman pointed out that the formula could also be manipulated, and this should be stopped. She entertained a motion to recommend that the Board of Regents and the LFA and any interested parties reexamine the formula. Rep. Donaldson wanted to know if a letter could be directed to the next Interim Finance Committee, to carry the responsibility for this. He so moved. The Chairman added that she would also like to see OBPP involved in the study. Motion carried unanimously.

The Unit Modifieds were then considered. The Chairman referred the Committee members to a list of the modifieds; see Exhibit "B." She expressed uncertainty regarding whether any of the modifieds could be addressed at the time, because of the lack of funding available. She expressed desire to examine the requests, however, and stressed that they were important to help the University System work better.

Mr. Nichols brought out that there were two modifieds which

came in late and were not on the list, regarding the Law and Pharmacy schools at UM. (They had been submitted after the Regents' book was completed.)

Jeff Morrison said he had discussed the computer modifieds with the units the previous afternoon. They tried to isolate the needs into mainframe requests. As far as this area went, Northern Montana College was in the most need. Although they may not have the capacity the Regents desire, the rest of the campuses all have mainframes. After this priority would be expanding the capacities at MSU, UM, Montana Tech., and WMC. There was discussion regarding leasing and how that would affect NMC's ability to finance a mainframe purchase. Mr. Morrison pointed out that lease expenses would have to be added into the base, due to the pay-off period if such an approach was adopted. The price of the computer was \$321,000, for strictly the mainframe.

Regarding the Law and Pharmacy modified requests for UM, Dr. Bucklew said they were willing to generate approximately \$123,000 in income from a new special fee. In addition, they are requesting an appropriation over the biennium of \$38,920 in 1984 and \$154,835 in 1985. The Pharmacy modified was generated because of requirements on the national level for the implementation of clinical experience. The State appropriation being requested is \$222,000 for the biennium. They were prepared to implement a clinical fee that would generate \$27,000 over the biennium. The Board of Regents endorsed the recommendations, and were prepared to make the fee changes, he added. He stressed that if the modifieds were approved, moves needed to be made to ensure that the fees wouldn't be lost within the total budget. Whatever help the State would be able to provide would not affect their decision to implement the special fees; the projects would just be implemented at a slower rate. He requested that the Committee at least provide language in the appropriations bill to preserve the special fees for the purposes they were intended. The language would reflect that fees generated for the legal education program should be excluded from tuition and fee estimates for the purposes of calculating general fund support.

The Chairman brought up the concern that had been expressed regarding getting a computer network in place on a system-wide basis.

The modification request for the computer upgrade at Northern Montana College was discussed. In response to Rep. Peck, Dr. James Erickson, President of NMC, explained that \$321,000 would cover hardware only; they need an additional \$100,000 for a minimum level of software. Mr. Morrison said his primary concern was to get mainframes into place on the campuses. The level of funding on software is a Committee decision. If the mainframe were leased the cost would probably be about \$100,000 per year on a five-year lease, for mainframe and software.

Rep. Peck moved to adopt \$421,000 for the computer program at NMC, biennium total. Motion carried unanimously.

The Committee then addressed the language Dr. Bucklew wanted inserted in the appropriations bill regarding the Law and Pharmacy special fees. Dr. Irving Dayton, Commissioner of Higher Education, commented. He pointed out that if the Legislature wanted the University System to start making use of differential fees, an incentive needed to be provided; otherwise, the feeling is that the general fund was only being offset. A way is needed to retain the money for that program specifically. There are two alternatives: (1) earmark the fees; or (2) change the productivity ratio so more appropriation is generated back to the desired programs. He recommended the first alternative.

Sen. Haffey rose in support of Dr. Bucklew's request. He wanted to know, however, if the changes could be implemented without State funding. Dr. Bucklew said it would be a beginning.

Sen. Haffey moved that the language suggested by Dr. Bucklew be adopted. Mr. Nichols said he knew what Dr. Bucklew wanted to accomplish but he was unsure whether it would be effective beyond the 1985 biennium. Sen. Haffey stressed that his intent was to enable the Law and Pharmacy Programs to start the programs to the extent they could with the fees.

The Chairman was in support of the idea, but expressed concern that a policy of earmarking fees would be started. She was in favor of differential fees but not earmarking them. Rep. Peck submitted there was no advantage to having the special fees if they couldn't be set aside, however. Discussion took place regarding the possible results in two years of action taken by the Committee. Mr. Crosser said he didn't see a problem with separating out the special fee. Dr. Dayton said the problem they saw was not in the first biennium. However, in the next biennium, the special fee would be in the income base, and would then be simply part of the general institutional support, and it would disappear in the budgeting process. He submitted that rather than having designated funds, the formula should be adjusted so that subsequently it would generate back to the program the amount being collected by the higher fee.

Dr. Bucklew said it seemed fairly simple to him: currently they could institute the fee, but if there was no assurance from the Legislature that the special fee would not be counted when tuition and fees were calculated, there was no motivation for them to institute the fee. He felt that this would be fairly easy to handle. He acknowledged that the next Legislature might change how the fee was handled, and this was his burden. However, with no language protecting the fee for the 1985 biennium,

he would not be willing to take the risk, and the program wouldn't be implemented.

In response to Rep. Peck, Dr. Jack Mudd, Dean of the UM Law School, said there was student support for the proposal, and the students were willing to pay the additional money. They picked an amount they felt they could support by private scholarship funds for the students who could not pay the fee. He submitted that the fee (\$400 for the first year students) was not out of line with other State institutions. The fee would be an additional \$150 for students currently enrolled.

The Chairman said she was more in support of designating the fees rather than adjusting the formula.

The question was called for; motion carried unanimously.

The Chairman said she felt the Subcommittee couldn't look at the rest of the modifieds, because of the budget constraints the Committee was operating under.

Sen. Tveit asked Dr. Jim Erickson, NMC, if there was any possibility of leasing an automotive dynamometer. He replied that he saw no reason why this couldn't be done, and he would check into it.

Dr. Fred DeMoney, President of Montana Tech., stated that Jim Michelotti, Director of the Montana Tech. Computer Center, wished to speak to their computer modified. He submitted there should be some way for the LFA to take a look at who was really at capacity as regarded computers in the University System. Montana Tech. will have considerable burdens put on it if the modified is not addressed. He felt the Committee should initiate a study.

Mr. Jeff Morrison gave the Committee a run-down on the three unit modifieds for computers: Montana Tech. needed \$180,000; MSU needed \$600,000; and UM needed \$340,000 to upgrade existing computers. These are mainframe modifications to increase capacity. The Chairman wanted to know what kind of evaluation the Board of Regents did of computer needs. He replied that a study had been done of the System needs, and the unit modifieds were the result of what the Regents felt were their priorities; he pointed out that the requests had originally been for much more.

Sen. Haffey wanted to know if the Regents had considered a computer pool. He submitted that a ceiling was being placed on the primary productivity tool of the University System. Mr. Morrison suggested that possibly some sort of matching pool could be established. Sen. Haffey wanted to know if there was

a dollar amount of pool commitment the Committee could make that would be matched by the Regents as suggested by Mr. Morrison. The unit needs could be taken care of through the Regents' decisions, beyond what the Committee had already covered. The Chairman submitted that there were no dollars to do this.

Mr. Morrison said that if a matching pool was created, the Regents' contribution would be by way of user fees within the System. Studies have shown that computer access was going to be costing students about \$100 per year. He said he had no hesitancy about having the users pay a portion of that cost. He suggested that \$500,000 - \$750,000 wouldn't be an unrealizable figure for the System to raise from user fees.

The Chairman suggested that the pool idea could be refined in two years, and the subject could be addressed at that time.

There was general agreement that establishing a pool would not be addressed at the present time. No motion was made.

Sen. Tveit said he would also like to address the weed issue. He stressed that the noxious weeds problem was becoming greater by the year. He felt this should be addressed, even with the money shortages the Committee was facing.

The Chairman said the unit modifications would not be considered dead. There were many options that still had to be considered. She was opposed to taking any action on the modifications for the present, however.

In response to Sen. Jacobson, Dr. J. R. Welsh, Agricultural Experiment Station, said that the Agricultural Experiment Station currently had a Weed research program on line, and approximately \$350,000 had been allocated in FY 1982. The modification request represents the amount of funding and the type of personnel necessary to completely implement the research team as it currently existed. Any additional funds that could be made available for the program would make a significant impact. He explained that the modification package had been put together with the Dept. of Agriculture, the Agricultural Experiment Station, and the Cooperative Extension Service, as a three-pronged approach. Each component has an area of responsibility.

Dr. Carl J. Hoffman, Cooperative Extension Service, said that they needed a weed specialist, who would help apply research findings in the field. The Chairman said it was disappointing not to be able to adequately address this issue. Sen. Tveit said the problem was serious enough that it needed to be addressed, regardless of budget constraints. Sen. Jacobson said that the problem might cost the State even more money to deal

with in two years, if it was not addressed now. Dr. Welsh stressed that the problem was not exclusively an agricultural community problem: it was Statewide.

Rep. Donaldson pointed out that the budget was approximately \$50 million out of balance, and constitutionally, it had to be balanced. He felt no more modifieds could be included unless cuts were going to be made elsewhere. Discussion took place regarding the wish to address the modifieds vs. the lack of money needed to do this.


Dr. DeMoney, Montana Tech., commented that he was glad UM had been granted a change in their enrollment forecast for 1985, but he expressed the hope that when this was done the Committee would also take into account those institutions that experienced dramatic increases in their enrollment, so they weren't suffering proportionately worse off. He submitted that while UM was trying to maintain their faculty, Montana Tech. was trying to fund their students. He felt that the students enrolled in colleges or universities with rapidly increasing enrollments were being short-changed. He also added that, regarding the computer issue, Montana Tech. was getting "zapped" for good management because of the formula funding approach.

Rep. Bengtson said the Subcommittee didn't want to put any unit of the University System into a hardship case.

Mr. Morrison pointed out that the Committee had granted an 8% increase in the University System budget in 1984, and about a 3.5% increase in 1985. The enrollment increase they are operating at is about 10%, on the other hand.

Rep. Ernst submitted that a general tax increase would be the only way to fund the total State government adequately.

The meeting was adjourned at 8:55 a.m.

  
Rep. Esther G. Bengtson - Chairman



VISITORS' REGISTER

HOUSE Approp. Educ. Sub-COMMITTEE

BILL Work session

Date 3/4/83

SPONSOR Unit modification requests  
UNISYS

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
James Sourignou	Missoula	ASUM		
Edeyard Binford	Butte	MT Bureau of Mines		
Vic Burt	Butte	MT Tech.		
Fred De Monez	Butte	" "		
Jim Michelott	"	" "	✓	
LAURIE BANCROFT	HAVRE	ASNMC		
Les Morse	Havre	ASNMC		
Clara Haly	Missoula	Home of Markon		
Neil Buchler	Missoula	U of M	✓	
Ken Stolz	Missoula	U of M	✓	
Jim Welsh	Bozeman	MSU		
Carl Hoffman	Bozeman	MSU	✓	
Nancy Cheatham	Bozeman	MSU		
W. Michael	Missoula	UM	✓	
Brod Dieder	BZN.	ASMSU	X	
Dave Keel	Havre		X	
Jim Erickson	Havre	NMC	✓	
Bill Bryan	Havre	NMC	✓	
Bill				

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



2/4/83

EXHIBIT "A"

To: Judy

From: Curt

RE: Current status of general fund for colleges

	General Fund	
	— 1985 BIAENNium —	
	Over (Under)	Over (Under)
	Current Level	Executive
Lower Tuition	\$ 1,925,565	*(2,288,343)
Lower Indirect Cost Revenues	832,000	( 117,000)
Lower Millage	1,888,000	1,808,122
Lower Other Revenues	101,000	455,348
Total Revenue Replaced	\$ 4,746,565	(141,873)
Instruction	\$ 2,511,092	3,922,064
Support	1,515,377	3,155,888
Scholarships	(237,221)	(561)
Research	80,000	(446,299)
Public Service	—	(286,967)
Indirect Cost Retention (15%)	(124,800)	601,200
Total Expenditure Increases	3,744,448	6,945,325
Total Gen Fund Impact	8,491,013	6,803,452

## MODIFIEDS

WORK STUDY	581,580	581,580
Computer Network	247,607	247,608
GF. Impact Including Modifieds	\$ 9,320,200	\$ 7,632,640

3/4/83  
EXHIBIT 'B'

MODIFIED REQUESTS

<u>Agency</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>Total Biennium</u>
<u>Universities/Colleges</u>			
EMC:			
System Analyst	\$ 32,910	\$ 32,910	\$ 65,820
MCMST:			
Computer Center Academic Needs	94,800	238,800	333,600
Instructional Scientific Equipment	192,000	140,000	332,000
MSU:			
Instructional Computing System	400,000	350,000	750,000
Writing Skills Center	114,000	120,000	234,000
Water Resources Research Center	113,078	106,903	219,981
UM:			
MBA in Billings	254,009	194,007	448,016
Computer Equipment	418,500	248,100	666,600
Public Radio (KUFM)	15,000	15,000	30,000
NMC:			
Computer Upgrade	-0-	550,000	550,000
Automotive Dynamometer	80,100	500	80,600
WMC:			
Rural Education Center	64,280	67,240	131,520
Computer Equipment	32,650	-0-	32,650
Miles Community College:			
Power Plant Tech. Prog. Coordinator	31,271	31,091	62,362
<u>Experiment Stations</u>			
Agricultural Experiment Station:			
Weed Research	\$129,390	\$142,869	\$272,259
Cooperative Extension Service:			
Weed Management	59,700	63,896	123,596
Forestry Experiment Station:			
Renovation of Lubrecht Buildings	16,125	9,157	25,282
Bureau of Mines:			
Resource Data Management System	132,500	68,000	200,500
Ground Water and Mineral Resources	70,000	74,000	144,000
Cooperative Programs with U.S.G.S.	65,000	65,000	130,000