

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
March 7, 1983--Meeting No. two of two meetings.

The House Appropriations Subcommittee on Education met at 7:30 p.m. on Monday, March 7, 1983 in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present.

The Chairman said the Committee had been asked to re-examine the Education budget to see if there were areas which could be cut. She pointed out that when the funding at 100% of the peer average had been approved for the Community Colleges and the University System, it had been done with the knowledge that the level might have to be reduced. She added that there were some other areas within the budget which could also be re-examined, where smaller amounts of money were involved. She cautioned the Committee members that if cuts were made in the Appropriations Committee, this would be less desirable than making them within the Subcommittee. The Education Subcommittee had appropriated \$276 million of the estimated \$693 million in revenue, which was the LFA's latest prediction.

In response to Sen. Jacobson, Mr. Curt Nichols, LFA, said that actual enrollments in the 1983 biennium exceeded the projections by about 7%. Therefore, although the University System was funded at 100% of their peers on Instruction and 97% on Support, the actual levels had been lower. The levels varied, with the schools with the largest enrollment increases (Northern Montana College and Montana Tech.) operating at a lesser percentage, and the ones with the smallest increase (University of Montana) operating at closer to 100% and 97%. The System as a whole ended up operating at about 90% on Support and 92% on Instruction.

Mr. Nichols said that due to revised enrollment projection techniques, he felt the enrollment estimates would be much closer this time. Sen. Haffey said he felt the projected enrollment would be on the low side of what enrollments would actually be, in terms of probabilities.

Rep. Donaldson said he realized cuts had to be made, but he submitted that there was no commitment on anyone's part as to where the money was going to go, in the final analysis. He said he didn't feel comfortable taking support out of Education until he could be more certain where the money was being transferred to.

Discussion took place regarding revenue projections, priorities, and etc., including the resolution before the House which proposed to examine the OBPP and LFA latest revenue estimates and their components, with possible revisions to be considered. Sen. Haffey was opposed to cutting the Education budget, to a "moving revenue

target."

Sen. Tveit expressed concern regarding the level of money being proposed for the local government block grant program. He expressed hesitance to cutting the Education budget.

Sen. Jacobson wanted to know, if the University System had been able to function at less than the percentage they had been granted in 1981, would they be able to function in a similar fashion in 1984-5. She stressed the importance of having realistic enrollment projections. Mr. Nichols said that if 97% of Instruction and 95% of Support was adopted, it would be an improvement from the current situation. System-wide, it would mean an increase in faculty, and in Support. However, the effects would be different from campus to campus. Notably, UM, because they had such a small enrollment increase over the projected levels in the 1983 biennium and were thus operating very close to their appropriated levels, would get a reduction in funding.

Sen. Hammond submitted that he felt the Subcommittee had done a good job in making budgetary decisions and he didn't feel it was justified to make any cuts. It was brought out that historically Education had been allocated about 39% of the budget, not including the Foundation Program. Rep. Donaldson said that currently, Education was 4% over the LFA current level in 1984 and 6% in 1985; Natural Resources was 10% and 7% over; Legislative Administration was 30% and 25% over; Human Services was 8% and 9% over; and Institutions was 3% over for both years.

Discussion took place regarding the economic situation in 1981.

Sen. Haffey wanted to know what the dollar amounts would have been if in the 1983 biennium Instruction had been funded at 97% and Support at 95%. (See "Six Units" line; Exhibit "A.")

In response to Rep. Bengtson, Mr. Nichols said that currently, the Education budget had used 40.2% of the total budget for 1984 and 40.5% for 1985. Mr. Tom Crosser, OBPP, said that in the 1983 biennium the Education budget was 41.6% of the total general fund budget. Fluctuations occurred because of the large carry-over in the equalization account of the Foundation Program.

Mr. Nichols gave the figures in response to Sen. Haffey's earlier question: \$4,950,958 less would have been provided for funding in the 1983 biennium. Sen. Haffey said this would reduce the "Six Units" line on Exhibit "A" by about \$5 million for the biennium. He added that this would leave the units at an actual

level at or greater than the level they operated at in FY's 1982 and 1983, if the enrollment projections for the upcoming biennium were accurate. However, UM may need an adjustment. Regarding the enrollment adjustment the Committee had granted UM for 1985, Mr. Nichols said he didn't believe it would be sufficient to make up the shortage.

Rep. Peck pointed out that the increase in enrollment which had been incorporated into the formula would generate more funding. He submitted that the units should be able to operate on higher enrollments more efficiently, because a lot of base costs such as utilities, etc., wouldn't be increasing. Mr. Crosser pointed out that the formula only drove the Instruction and Support part of the budget and therefore, utilities weren't included in adjustments generated by enrollment increases.

Rep. Ernst wanted to know what the funding level would be if 97% of the cost factor was used instead of 100%, for the Community Colleges. Mr. Bill Sykes, LFA, said that at 95%, the savings to the State would be \$332,970 for the biennium. 95% would provide a 23.2% increase in their budget over the 1983 biennium, and 90% would provide a 16.7% increase. However, there is a 24.4% increase in enrollment projected for the 1985 biennium, over what had been projected for the 1983 biennium. Mr. Crosser pointed out that, like the University System, the Community Colleges operated at a considerably lower cost per student than was actually appropriated for in 1981, because of the large enrollment increases.

Rep. Donaldson pointed out that the Community Colleges had the voted levy as an additional funding source, which the University System did not.

Sen. Jacobson submitted that if \$4.9 million was cut from the University System budget, and enrollment projections proved accurate, then no positions would have to be cut. She would prefer making the cuts in Subcommittee rather than having cuts be made by anyone else. Sen. Haffey said he would prefer advising the Appropriations Committee of where cuts could be made rather than actually making the cuts in the Subcommittee.

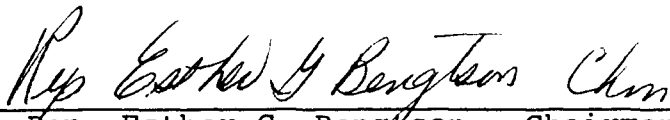
Rep. Peck submitted that the Instruction and Support cost budgets the Subcommittee had established for the University System were very healthy budgets. (1) Enrollment problems experienced in the 1983 biennium had been taken into account in the supplemental process. (2) Living in a University town, he did not see or hear of a lot of problems. (3) He felt the Subcommittee did a good job of financing the projected enrollment for the 1985 biennium.

He felt the Subcommittee could reasonably cut back from the 100% of Instruction and 97% of Support level, to at least 97% of Instruction and 95% of Support.

Discussion took place regarding the percentage increases in funding for the University System: 35% for the 1983 biennium and 24% for the 1985 biennium. Sen. Haffey pointed out that the University System had been coming from a low percentage relative to the peer average, and the increases were part of a catch-up process.

Rep. Peck moved that the Instruction budget be reduced to 97% in 1974 and 1985, and the Support budget to 95% in 1984 and 1985. \$4,950,958 would be the amount of the reduction in funding. The question was called for; motion failed on a tie vote, with Sens. Tveit, Haffey, Hammond, and Rep. Donaldson opposed; see Roll Call Vote.

Sen. Jacobson moved that the meeting be adjourned; the meeting was adjourned at 8:30 p.m.



Rep. Esther G. Bengtson - Chairman

Table 1-A
Education Subcommittee General Fund Worksheet
As of March 5, 1983

	-----FY 1984-----		-----FY 1985-----	
	Executive	LFA Current Level	Executive	LFA Current Level
	\$	\$	\$	\$
Board of Public Education	129,293	97,344	124,473	96,952
Office of Supt. Public Instruction				
Operation	3,123,216	2,327,178	3,232,654	2,216,033
School Foundation Program				
Special Education				
(incl. contingency)	26,861,779	26,559,600	27,916,249	28,123,200
Audiological Services	795,624	718,640	843,362	761,760
School Lunch	1,119,371	659,787	1,164,382	659,787
Transportation	5,541,252	5,623,000	6,117,542	5,955,000
Secondary Vo-Ed	750,000	750,000	750,000	750,000
Adult Basic Ed.	140,822	140,820	149,271	149,271
Gifted & Talented	100,000	100,000	100,000	100,000
Vo-Tech Centers	5,054,492	5,048,809	5,136,236	5,210,106
Library Commission	625,013	445,953	655,948	422,372
Historical Society	1,085,440	852,034	1,084,565	850,734
Montana Arts Council	159,300	118,546	116,767	117,662
School for the Deaf & Blind				
Operations	2,046,322	1,821,624	2,085,106	1,822,890
Audiological Services	-0-	-0-	-0-	-0-
Community Colleges	2,998,607	3,265,103	3,123,714	3,461,494
Commissioner of Higher Ed.	3,422,101	3,049,643	3,265,994	2,961,917
Bureau of Mines	1,446,048	1,402,477	1,479,116	1,436,715
Agricultural Experiment Station	5,733,068	5,592,194	5,837,194	5,744,653
Cooperative Extension Service	2,288,669	2,150,822	2,265,525	2,134,578
Board of Regents	24,994	24,976	26,090	26,064
Six Units	71,076,247	69,070,472	73,099,423	69,434,320
Forestry Experiment Station	706,301	668,841	721,780	677,347
Fire Services Training School	283,099	218,467	272,646	210,921
Total	\$135,511,058	\$130,706,330	\$139,568,037	\$133,323,775
	=====	=====	=====	=====
				\$140,629,248
				=====

Education Subcommittee
3/7/83 P.M.
Exhibit A

The subcommittee is less than 1 percent over the executive recommendation for general fund in fiscal 1984 and 1 percent over in fiscal 1985.
The subcommittee is 4 percent over the LFA current level general fund in fiscal 1984 and 5 percent over in fiscal 1985.