

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION  
March 13, 1983

The House Appropriations Subcommittee on Education met at 7:00 p.m. on Sunday, March 13, 1983 in room 108 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present. The Subcommittee reconsidered its Executive Actions in several areas: Community College and University System funding levels.

Chairman Bengtson stated that the Subcommittee had been asked to reconsider some of its actions. She said that if any of the Subcommittee's actions were going to cause hardships in any areas, possibly something could be worked out to remedy the situation. She presented a number of options for the funding level of Instruction and Support within the University System. Funding Instruction at 97% of the peer average and Support at 95% would cut \$4,951,958 from the University System budget; with Instruction funded at 95% and Support at 90%, the cut would be \$10,851,634.

Sen. Jacobson wanted to know if funding at 97% and 95% would be pulling the University of Montana to a point below current level. Mr. Curt Nichols, LFA, replied that at current level, UM had about \$956,687 additional money in support and instruction to cover inflation on non-personal service items as well as enrollment increases. In 1984, at 97% and 95%, they would have \$733,851 less, \$222,836 more than was allocated in 1983. This would be the amount of money available to accomodate inflation and enrollment increases on \$27 million worth of expenditures. The other units would have the following additional monies in 1984: MSU - \$2,432,300; Mont. Tech. - \$1,835,440; EMC - \$1,234,999; NMC - \$944,804; and WMC - \$195,156.

The Committee members turned to Exhibit "A," which listed some funding options for the Community Colleges, and had been prepared by Mr. Bill Sykes, LFA. Mr. Sykes pointed out the projected enrollment increase was 24.4% for the 1985 biennium, based on the appropriated FTE in 1983.

The Chairman asked Neil Bucklew, President of UM, what sort of adjustment would be necessary if the percentage figures of 97% for Instruction and 95% for Support were adopted, in order for UM to maintain. Dr. Bucklew replied that if the reduction was adopted at 97% and 95%, UM would have to eliminate 22-25 faculty and staff positions. At 100% and 97%, UM is even in the first year of the biennium, and lacking several hundred thousand dollars in 1985, but they felt the problem would be manageable without necessitating layoffs.

Sen. Haffey wanted to know what the per student general fund increase was from unit to unit, based on 1983 appropriated levels. Mr. Jack Noble, Deputy Commissioner for Management and

Fiscal Affairs, University System, presented Sen. Haffey and others with a list showing the increases based on actual students and actual expenditures. (See Exhibit "B.") He pointed out that the percentage increase would be much lower if appropriated amounts per student were used. \$4,126 would have been the per student level of support for the base year had the actual enrollment been what was projected; in reality the level of support was \$4,047. This would have caused a 1.9% decline in the percentage of increase in per student support from 1983-4. This is if the levels of support were 100% on Instruction and 97% on Support. The Chairman said that if the Committee went to 97% and 95%, the actual increase per student would be 4.7% in 1983-4, and 3.4% in 1984-5.

Mr. Sykes said that with the current Subcommittee budget, the appropriation per student at the Community Colleges would increase approximately 2%.

Sen. Jacobson asked Glenn Leavitt, Director of Fiscal Affairs, Western Montana College, what the reduction in funding to 97% and 95% would do to WMC. He replied that there would probably not have to be any reductions in staff or faculty, but they would have to rearrange their priorities.

Sen. Haffey stated that if no faculty was laid off and if actual enrollments were closer to what the Regents had predicted, UM would end up having student/faculty ratios higher than the target anyway. This would be complicated by a budget that would cause the actual FTE reduction to occur.

The Chairman entertained comments from the other units regarding the effects of the reduction to 97% and 95%. Mr. Ken Heikes, Administrative Vice President, Eastern Montana College, commented. They would probably not fill some of the faculty positions currently being advertised for, and priorities would have to be shifted.

Dr. William Tietz, President of MSU, spoke. His concern was that schools such as MSU and Montana Tech. had already taken their discount: MSU is down by 690 students, and Tech. is down by 450-60. They are already under the appropriated amount they should have for their students. They have a current student/faculty ratio of close to 19:1. When 100% and 97% was adopted and enrollment adjusted, MSU was put at a fully funded point for the first time in 10 years. He submitted that MSU was already operating short by 30 faculty members, because they are being funded at 9,972 students, and their enrollment is calculated to be 10,658. The increase by \$2.1 million is making up for the students they currently have but are not funded. When this is cut back, they are being cut back in real faculty that are not

there for the students currently on campus. He submitted that the same problem prevailed at Montana Tech.

In response to Sen. Haffey, Jeff Morrison, Chairman of the Board of Regents, said that the Subcommittee was the best place to make budget cutting decisions, but he expressed concern that cuts might be made both in Subcommittee and in the Appropriations Committee. He said that funding at 100% in 1981 represented a big step forward for the University System, and funding at 97% and 95% would represent a small step backward.

Sen. Jacobson moved to cut the funding levels to 97% on Instruction and 95% on Support. She submitted that her motion was in response to budget constraints and not because she didn't feel funding should be at 100% and 97%.

Rep. Donaldson said there was no doubt that cuts had to be made if the budget was to stay within the level of revenues estimated. However, he was opposed to funding new programs with the monies cut from the Education budget. He stated that he would like Mr. Noble to make a critical analysis of the effects on the units of funding at 97% and 95%. If there were severe problems created, they should be remedied.

Dr. Bucklew said he was confident the University would have to face the impacts on UM which he told the Committee about. He urged the Committee to consider an amendment to Sen. Jacobson's motion: In Instruction the motion should be amended so that UM would not be involved in retrenchment of faculty. He said UM would be willing to take what it had to in the Support area. He stressed that in no case would he urge support of the amendment at the cost of any other institution. As regarded the enrollment adjustment for 1985 for UM which the Committee had approved, Dr. Bucklew said this would be enabling UM to "hold steady" in 1985; nevertheless, UM was predicted to have more of an enrollment decline than the rest of the units, and he didn't believe this would be the case. He submitted that the adjustment was a reasonable one. It put them in 1985 in a position where they could have found ways to handle the budget reductions by not dealing with inflation in a series of areas, rather than laying off faculty. However, the additional reduction involved with reducing funding to 97% and 95% would cost UM 14-15 faculty positions. He said a possible way of avoiding this would be to hold UM at 100% on Instruction and 95% on Support; this would enable them to maintain their faculty.

Rep. Donaldson was in opposition to such an amendment: the impact of 97% and 95% on each unit needed to be considered. He suggested that the impact on all the units be studied by the Regents, and the Committee could respond according to that.

In response to Sen. Tveit, the Chairman stated that the Education budget was 1% over the OBPP and 3-4% over the LFA, and 10% under the Regents, on general fund. Mr. Tom Crosser, OBPP, said the big difference in the Governor's budget was the Foundation Program. Rep. Donaldson pointed out that revenue estimates ranged from \$693 million to \$749 million. He submitted that the revenue estimates made two months previous were lower now.

Rep. Ernst said he preferred making the cuts in Subcommittee rather than in the Appropriations Committee.

The question was called for on Rep. Jacobson's motion; motion carried with Sen. Haffey opposed.

Several modified requests were then addressed; see "Exhibit C."

Rep. Ernst brought up the subject of the Weed Research modified requests. He said he would like this and the Masters in Business Administration for Billings modified considered. The Agriculture Experiment Station and Cooperative Extension Service modifieds for weed research combined totaled \$395,855, and the MBA Program modified would cost \$.5 million.

Rep. Ernst directed the question to Dr. J. R. Welsh, Agriculture Experiment Station, "Could any portion of the modified for weed research be implemented without the entire amount being appropriated?" Dr. Welsh said that the modified amount represented the "best shot" of a lot of people who had considered the issue. As far as the Experiment Station was concerned, the area they have the most difficulty with is technical help. They have scientists but no technicians or graduate students or support staff to work with them. They would need \$170,000-\$180,000 for the biennium to meet their bottom line needs; this would basically fund their technicians.

Dr. Carl J. Hoffman, Cooperative Experiment Service, said the minimum amount they could forego would be funding for an extension technician. If they were going to be involved at all in a weed management program, they would need a specialist. \$39,000 would be the reduction from the \$123,000 amount, if the technician were deleted.

Rep. Ernst explained that he was sponsoring a bill which would be the third phase of the Rural Area Development package. It would put a coordinator in the Dept. of Agriculture, for the weed program. The total cost would be \$80,000-\$90,000 for the biennium. He said he didn't hold much hope for this proposal being funded, however.

Discussion took place regarding the Agricultural Department budget. Dr. Welsh said the programs at the Ag. Experiment Station Research Centers currently on line were designed to address the evaluation of current or potential new chemicals, cultural practices, etc. The kind of research which would be generated with the modified would, for example, include further research on a disease mechanism to control Canadian Thistle. At present, this research is being "bootlegged" with other funds, weekend research, etc. In response to Rep. Bengtson, Dr. Welsh said that generally what they contracted to do with the Chemical companies was to generate an impartial data base which could be used in the licensing and approval of new chemicals the industry may be bringing on board. The problem with funding from outside sources is unpredictability from year to year.

Rep. Ernst moved that the Agricultural Experiment Station be granted a \$175,000 biennial appropriation for weed research and the Cooperative Extension Service be granted \$84,000 for the biennium for a weed management program. Motion carried with Reps. Bengtson and Peck and Sen. Haffey opposed.

Sen. Tveit brought up MSU's modified request for funding for the Water Resources Research Center. Dr. Tietz said the Research Center for a number of years has been funded at Montana Tech. and MSU and UM by institution funds as well as federal dollars. They had proposed a modification in an effort to promote the surface water data base, and coordinate with the work being done in ground water. This was in anticipation of federal funding being terminated. However, the federal money for 1984 was not terminated, and the modified request had been changed to reflect this. There was no certainty that federal funding would continue in 1985.

Sen. Tveit moved that \$15,858 in 1984 and \$128,979 in 1985 in general fund money be allocated towards the program: (1) federal funds are in jeopardy, and (2) water research is for the good of the entire State. Any federal dollars received in 1985 would revert to the general fund. It was brought out that federal dollars needed to be appropriated as well. Dr. Tietz said the language would provide for \$138,058, with \$15,858 in general fund, and \$115,000 from other sources, in 1984, and \$128,979 in general funds in 1985, with a reversion clause for any federal funds which may come in 1985.

The Chairman rose in opposition to the motion because she felt the Subcommittee needed to maintain current level as much as possible. Sen. Tveit said that the programs important to Montana should be considered on an equal basis initially, even if they could not be afforded in the final analysis.

The question was called for; motion carried, with Rep. Bengtson and two others opposed.

Rep. Ernst asked Dr. Neil Bucklew, UM President, if there was a bottom line amount which could be appropriated in order to get the MBA in Billings modified request implemented. Dr. Bucklew replied that the budget was a tight one, and could not be reduced. He said he could not in good conscience recommend the option of this modified in the face of the current judgement the Committee had made regarding base operating budgets for the University System. If it was not a question of priorities, and there was a separate pool of money for the request, he said the program was a fine one, and one for which the need had been quite evident.

In response to Dr. Bucklew, Chairman Bengtson said that it was the intent of the Committee that Dr. Bucklew and the rest of the units would work with the Board of Regents, and if undue hardships would be caused by the Subcommittee's adoption of funding levels of 97% on Instruction and 95% in Support in the University System, the Committee wanted to be made aware of what they were. The Committee would be "amenable to adjustments." This would take place before the Subcommittee went before the full Appropriations Committee.

Sen. Jacobson moved that \$144,000 for the biennium be appropriated to fund the Ground Water and Mineral Resources modification request of the Bureau of Mines. Dr. Ed Bingler, Bureau of Mines and Geology Director, responded. This modification is asking for the Bureau to go beyond the point they have been operating at in the past, to build a ground water data base. He cut down the request for 6 FTE to a minimum: a data base manager, plus the computer software needed to accomodate the job.

Sen. Haffey was opposed to the motion because there was not enough room in the budget to add any modified requests back in. Rep. Ernst pointed out that the modifieds would be before the full Appropriations Committee, and he would rather go before that committee with a bottom line figure. Sen. Jacobson said the modifieds being talked about dealt with economic problems in the State, and she was able to justify that kind of research as important to the entire State. Sen. Tveit said he felt the modifieds should be addressed in the Subcommittee.

The question was called for; motion failed 5-3, with Rep. Ernst and Sens Jacobson and Tveit voting "yes;" see roll call vote.

The Community Colleges budget was considered. Rep. Donaldson said it appeared to him that 95% of the cost factor compared about equally with what had been done with the Universities. He moved that 95% of the cost factor be adopted.

Dr. Don Kettner, President of Dawson Community College, spoke. All three colleges have been overenrolled and underfunded for the past three years. For the 53% the State pays for the Community Colleges, they are getting the "best bang for the buck" the State would get for post-secondary and higher education. He asked that the Subcommittee freeze the Community Colleges at a cost factor of \$3,435 per student, the 1983 level. This would be 98% of the cost factor for 1984 and 96% for 1985. This would cause a considerable impact on the local taxpayers as it is, without going to 95%. Dawson would have a 6 mill impact, but freezing them at the 1983 cost factor would be liveable.

Sen. Tveit made a substitute motion that the Community Colleges' funding level be frozen at the 1983 level of \$3,435 per student cost factor.

Rep. Donaldson said he would like the LFA to study the funding level of the Community Colleges vs. that of the University System to see if 95% wasn't comparable to what was being recommended for the University System.

The question was called for on the substitute motion; motion failed, with Sen. Tveit voting "yes."

The question was called for on the original motion; motion carried with Sens. Tveit and Haffey opposing.

Dr. Kettner submitted that 95% had been put on both support and instruction for the Community Colleges with the motion, while the Universities were being funded at 95% on support and 97% on instruction; therefore, what was being done was not comparable. The Chairman pointed out that the two systems weren't funded the same, and it was hard to compare them. Mr. Sykes pointed out that the physical plant for the University System was budgeted incrementally, while the Community Colleges drive it by enrollment; thus, the two are hard to compare.

Rep. Donaldson said he was willing to take another look at the matter, but input was needed from the LFA. He rose in support of having a day after the hearings in the Appropriations Committee were concluded, to re-examine the Subcommittee decisions.

A listing of possible options for reduction from all areas of the education budget was then turned to; see Exhibit "D." The Committee members reviewed the items therein:

Northern Montana College Computer. Mr. Jeff Morrison said that if he had to make a choice between the computer at NMC and the computer network, he would say the NMC computer was more important. No motion was made to reconsider the Committee's action.

Ag. Experiment Station - Travel. Dr. Welsh explained the issue. In the 1981 biennium they had a depressed out-of-State travel budget; thus the 49% increase in the 1983 biennium. If 1983 figures are compared with 1984, there is about a \$7,000 reduction in their budget. Mr. Sykes said the out-of-State travel budget for 1984 was about \$89,898, and for 1985, \$95,291, driving off 1982 actual dollars. The reduction on Exhibit "D" would remove \$65,461 from the biennial budget of \$110,168 for out-of-State travel. Dr. Welsh said 150-160 scientists would travel on the \$110,168. No motion was made to reconsider the Committee's recommendation regarding out-of-State travel.

Equipment. Mr. Sykes said he had taken a five-year average (1979-83) of actual expenditures, and the Committee's recommendation would be reduced by \$192,369 if this approach had been adopted. The Committee had adopted the OBPP figures, which inflated 1982 expenditures by 6% and then reduced the inflated figures by 10%. Mr. Sykes added that the five-year average did not consider inflation. Rep. Donaldson submitted that if inflation wasn't considered, equipment purchases would be cut in half. The Chairman said a good effort had been made to develop a replacement schedule, and she didn't feel comfortable with making a reduction in the appropriation for equipment. No motion was made.

Buildings. Tom Nopper, MSU Administration Director, said this expense was probably in the maintenance and repair part of the budget. He suspected that the work done on the buildings had been classified as capital improvement rather than repair and maintenance. It probably should have been charged to the repair and maintenance budget rather than being added into the capital improvement base for 1982; basically it was an accounting problem. One of the reasons this situation didn't show up in any of the other units of the University System was because they were being driven off of a formula base, vs. this being related to the Ag. Experiment Station. Mr. Crosser said the reason it showed up in this category was because the Experiment Station made the expenditures in that category in the base year. No motion was made to reconsider the Committee's original action.



Commissioner of Higher Education. Bargaining Agent Position. The increase in FTE in the Commissioner's Office had to do with the Computer network modified; the Bargaining Agent position was in the current FTE count. No motion was made to reconsider the Committee's action.

Work Study. No motion was made to reconsider the Committee's original action.

Computer Network. Rep. Donaldson moved that \$247,608 be removed from the budget. Sen. Haffey observed that reducing this part of the budget would be in effect putting a ceiling on the productivity increase as regarded the demand presently being put on computer access at the units. Dr. Tietz said the immediate impact would be minimal as far as freeing up space. It would principally be making available the memory capacity in Helena as opposed to that on the campuses. The immediate impact would not materially affect access to computers. The Chairman pointed out that the removal of this modification would also reduce the FTE by one in the Commissioner's Office. The question was called for; motion carried with Sen. Haffey opposed.

Cooperative Extension Service. AGNET modified. The AGNET modified would raise the State contribution to 68%, from 50%. Rep. Donaldson pointed out that in 1981 the Committee resolved to support AGNET with 10% general fund, and the 50% level came out of conference committee. He didn't feel this decision had been based on whether or not AGNET could function at this level. He submitted that the Committee had to decide how much was needed to keep AGNET functioning.

Rep. Ernst rose in support of AGNET getting in on the base-line budget. No motion was made regarding AGNET funding.

OPI. Vo-Tech. Centers tuition. Ms. Pam Joehler, LFA, stated that tuition was scheduled to go from \$150 to \$165, a 10% increase. The proposal would further increase tuition by just over 9%, to \$180. This was comparable percentage-wise to what would be occurring in the University System. Sen. Jacobson pointed out that the 1981 tuition had been increased from \$100 to \$150. Ms. Joehler pointed out that OPI had recommended the 10% increase, and Mr. Gene Christiaansen had proposed that tuition be raised to \$180, although it had never come up in Subcommittee. No motion was made to increase tuition further.

OPI Operations. Audio-Visual Library. The Chairman pointed out that this budget had been reduced by one-half already. No motion was made.

Adult Basic Education. This reduction would make OPI operate the ABE Program on the State administration level at

the amount of funding available: approximately \$55,000 per year. OPI had requested that the additional money be provided, because operational costs had been going up while the federal funding had remained stable. No motion was made.

Contracted Legal Services. Rep. Peck moved to delete the Committee's approval of general fund expenditures for contracted legal services. It was brought out that this would not affect the funding of OPI's staff lawyer. The question was called for; motion carried with Sen. Haffey opposed.

No motions were made regarding the budget for the School for the Deaf and Blind.

Library Commission. Ms. Joehler said the estimate used was a sizeable drop from the one used in 1982. After discussions with Ms. Sara Parker, State Librarian, in December, Ms. Joehler felt that federal revenue would be remaining at the 1982 level. The increase in the federal estimate which would be affected by the adoption of the \$45,000 increase would bring the estimate to between the 1982 actual level and the originally estimated lower level. She added that in the past several years the Commission had been receiving slightly more than had been estimated.

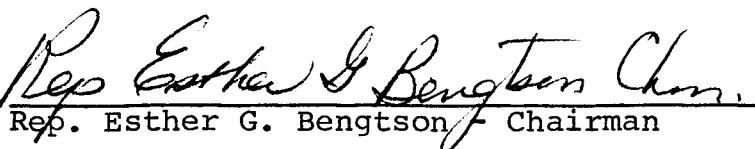
Rep. Donaldson moved that the \$45,000 increase in federal revenue estimate be adopted. Motion carried, with Sen. Haffey opposed.

Board of Public Education Management Analyst modified. Rep. Donaldson moved that the FTE be removed; motion carried with Sens. Haffey and Jacobson and Rep. Peck opposed; see roll call vote.

Rep. Donaldson said he felt the Adult Basic Education budget should be reviewed, in light of the fact that the bill related to this budget had been modified. The Chairman suggested that a "red flag" be put on the ABE budget, and the Vo-Tech. budget, and when the dollar amounts for these budgets were arrived at as pertained to Rep. Winslow's House Bill 105, possibly they could be adjusted.

Sen. Tveit brought up an issue which had been brought to his attention; see Exhibit "E."

The meeting was adjourned at 9:30 p.m.

  
Rep. Esther G. Bengtson, Chairman

## VISITORS' REGISTER

HOUSE Approps. Subcom. on Educ. COMMITTEE

BILL \_\_\_\_\_

Date 3/13/83

SPONSOR \_\_\_\_\_

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Joe DeMoney	Butte	Observer		
Fred DeMoney	"	Mont. Tech		
Ed Buigler	"	Mont Tech		
Tom Hopper	Bozeman	MSU		
Bill Tiedt	Bozeman	MSU		
Bruce Shumley	Bozeman	MSU		
Ken Stolz	Missoula	U of M		
Bobby Peck	Helena	Observer		
John Kuh	MILES CITY	MILES COMMUNITY COLLEGE		
DON KETTNER	DAWSON Com College	Glenview, MT.		
Joe Weller	<del>MISSOULA</del>	U of M		
Clark -	Missoula	UTM - U of M		
Joel Hardy	Helena	Mont Colleges		
NORDTVEIT	Bozeman	District 77		
Pat Fairbanks	Helena	mt Federation of Teachers		
Ken Leavitt	Dillon	WMC		
Ken Heikes	Billings	EMC		
Neil Bucklin	Missoula	U of M		
Dean Switzer	Dist 54	Legislature		
Carl Hoffman	Bozeman	MSU		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE Approp. Subcommittee on Educ. COMMITTEE

BILL \_\_\_\_\_

Date 03/13/83

SPONSOR \_\_\_\_\_

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
<del>Dennis Jones</del>	Bozeman	Students of MSU		
Jim Welsh	" "	MSU		
Brad Diehl	Bozeman	MSU students	X	
MIKE STOECKIG	"	MSU Students	✓	
George Luther	Bozeman	MSU Students		
John Stampfel	BOZEMAN	MSU STUDENTS.		
James H. Hensens	Bozeman	MSU Students		
Theresa Monroe	Bozeman	MSU student		
Lee Purdy	BOZEMAN	ASMSU		
<del>Jim Hogue</del>	Bozeman	MSU Student		
<del>John Noble</del>	Helena	UNIVERSITY SYSTEM	✓	
John R. Jackson	Butte	Mont Tech	✓	
Wendy Lee	Bozeman	Dist 39	✓	
Hugo Tellez	"	MSU Prof. Emeritus	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

3-11-83

- 1985 -							
Dawson	400	X	3435	=	1374000	X	53 = 728220
Flathead	827	X	3435	=	2840745	X	53 = 1505594
Miller	580	X	3435	=	1992300	X	53 = 1055919
Total	1807				6207045		3289733

2.95% of Appropriated Cost Factors (3500; 3564)\*

- 1985 -							
Dawson	400	x	3388	=	1355200	x	53 = 718256
Flathead	827	x	3388	=	2801876	x	53 = 1484994
Miles	<u>580</u>	x	3388	=	<u>1965040</u>	x	53 = <u>1041471</u>
Total	1807				6122116		3244721

3. 90% of Appropriated Cost Factors (3500; 3566)\*

				- 1985 -			
Dawson	400	X	3209	=	1283600	X	53 = 680308
Filathead	827	X	3209	=	2653843	X	53 = 1406537
Miles	<u>580</u>	X	3209	=	<u>1861220</u>	X	53 = <u>986447</u>
Total	1807				5798663		3073292

\* General Fund Savings for 1985 biennium = \$666,897

# Community Colleges

3-11-83

1	2	3	4	5	6	7
		% General Fund Increase 1983-1985 Biennium				
		<u>Dawson Flathead Miles</u>		<u>Total</u>		
Subcomm. Hec	19%	31.1%	35.9%	29.7%		
FY 83-FY 84	10.1	23.9	31.3			
Freeze at '83 Level	15.7	27.5	32.1	26.1		
FY 83-FY 84	8.1	21.7	28.9			
95% of Cost Factor	13.1	24.6	29.1	23.2		
FY 83-FY 84	4.6	17.8	24.8			
- 90% of Cost Factor	7.1	18.0	22.3	16.7		
FY 83-FY 84	- .8	11.6	18.2			



THE MONTANA UNIVERSITY SYSTEM

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HELENA, MONTANA 59620-2602

(406) 449-3024

*Educ. Sub comm.  
3/13/83  
EXHIBIT "B"*

COMMISSIONER OF HIGHER EDUCATION

March 10, 1983

TO: Irving E. Dayton  
Commissioner of Higher Education

FROM: Jack Noble *JHN*  
Deputy Commissioner

SUBJECT: Analysis of Sub-Committee Budget Recommendations

I feel that stating only the general fund increase from last biennium to this biennium as was done in the material prepared for the Appropriations Committee does not properly reflect the true budget impact for each campus. The attached sheet shows the total budget for each year of the current biennium. I also calculated the budget recommendations on a per student basis.

The problem of using a biennium to biennium calculation is that, it includes a portion of the percentage increase that each campus is receiving for the current year. The percentage increase from last year to this year is over 13%. This is due to a phasing-in of the formula on top of 11-12% increases in compensation under the pay plan.

Notice the difference in relationship to the analyst's worksheets. Tech's, for instance, was described as a 53.7% increase in the analyst's budget sheets. The increase is only 11.6% for next year on a per student basis--followed by a 1.0% in 1985. This is a more realistic presentation.

The increase for all six campuses on a per student basis is 7.2% in 1984, and 3.3% in 1985. This hardly seems extravagant.

JHN/jw

Attachment

MONTANA UNIVERSITY SYSTEM  
Evaluation of Sub-Committee Recommendation  
For 1985 Biennium

	MSU	U of M	EMC	NMC	WMC	TECH	TOTAL
<u>1981 - 82</u>							
Total Budget	\$ 35,956,377	\$ 29,318,638	\$ 10,572,619	\$ 5,002,802	\$ 2,909,253	\$ 6,104,744	\$ 89,864,513
FY FTE Student	10,645	8,141	3,284	1,542	820	1,791	26,223
Support Per Student	\$ 3,378	\$ 3,601	\$ 3,219	\$ 3,244	\$ 3,548	\$ 3,408	\$ 3,427
<u>1982 - 83</u>							
Total Budget	\$ 40,647,582	\$ 33,196,957	\$ 11,464,976	\$ 5,049,355	\$ 3,272,002	\$ 7,520,321	\$ 101,951,093
FY FTE Students	10,733	8,379	3,434	1,613	875	1,964	26,998
Support Per Student	\$ 3,787	\$ 3,962	\$ 3,339	\$ 3,626	\$ 3,739	\$ 3,829	\$ 3,776
<u>1983 - 84</u>							
Total Budget	\$ 43,701,144	\$ 33,853,776	\$ 13,051,441	\$ 6,733,948	\$ 3,601,701	\$ 9,180,587	\$ 110,122,597
FY FTE Students	10,738	8,283	3,551	1,623	867	2,148	27,210
Support Per Student	\$ 4,070	\$ 4,087	\$ 3,675	\$ 4,149	\$ 4,154	\$ 4,274	\$ 4,047
<u>1984 - 85</u>							
Total Budget	\$ 44,807,883	\$ 35,017,037	\$ 13,599,263	\$ 7,404,207	\$ 3,696,064	\$ 10,245,221	\$ 114,769,675
FY FTE Student	10,693	8,283	3,597	1,641	864	2,373	27,451
Support Per Student	\$ 4,190	\$ 4,228	\$ 3,781	\$ 4,512	\$ 4,278	\$ 4,317	\$ 4,181
<u>A) Percentage Increase in Total Budget Over Prior Year</u>							
1982 - 83 Current Year	13.1%	13.2%	6.6%	16.9%	12.5%	23.2%	13.4%
1983 - 84 1st Year	7.5%	2.0%	10.1%	15.1%	11.1%	22.1%	8.0%
1984 - 85 2nd Year	2.5%	3.4%	4.2%	9.9%	3.0%	1.0%	4.2%
<u>B) Percentage Increase in Per Student Support Over Prior Year</u>							
1982 - 83 Current Year	12.1%	10.0%	3.7%	11.8%	5.4%	12.3%	10.2%
1983 - 84 1st Year	7.5%	3.2%	10.1%	14.4%	11.1%	11.6%	7.2%
1984 - 85 2nd Year	2.9%	3.5%	2.9%	8.8%	3.0%	1.0%	3.3%

97/95

4.7 10.2%  
3.4 7.2%  
3.4 3.3%



MODIFIED REQUESTS

Agency	FY 1984	FY 1985	Total Biennium
<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	143,078	106,903	249,981
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

Experiment Stations

Agricultural Experiment Station:			\$ 175,000
Weed Research	\$129,390	\$142,869	\$272,259
Cooperative Extension Service:			\$ 84,000
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

\$ 138,058 total approp.

\$15,858 gen fund } in 84

\$ 115,000 other sources

\$128,979 gen. fund }  
w/reversion clause } in 85

INTEREST AND INCOME (I & I) MONIES\_\_WESTERN MONTANA COLLEGE

1968-1973 Trust Lands provided income from leases and interest  
Legislative action divided the money 50/50 between  
Western and Eastern Montana Colleges  
  
The money was designated to be used for capital improvements

1973 Western Montana College's indebtedness was beginning to  
decrease in amount as bonds were being paid off

In a suspect move by the Legislature, the extra I & I  
money was moved from Western's I&I Capital Fund into  
the State General Fund and then reallocated back to  
Western's General Fund. The Budget Office attached  
certain requirements as to the spending of the  
returned funds--in other words they couldn't be used  
by the College for whatever took it's fancy at the time.

1981 The Legislature set up the equal allocations to every  
branch of the University according to enrollment. Once  
again, Western's I & I income was in excess of the  
capital debts, when added to the amount budgeted for  
the College under the new system. Western returned  
approximately \$20,000 to the State General Fund which  
was not reallocated to the College because it had  
already received the proper amount under the new  
allocation-by-student-number system.

The law which shifts Western's I & I money into the State General  
Fund should be changed back so that Western is once again receiving  
their original 50% of the money (which could then be used for  
capital improvements).



*The Big Sky Country*

## MONTANA STATE HOUSE OF REPRESENTATIVES

REPRESENTATIVE KEN NORDTVEDT  
HOUSE DISTRICT 77

HELENA ADDRESS:  
CAPITOL STATION  
HELENA, MONTANA 59620

HOME ADDRESS:  
118 SOURDOUGH RIDGE  
BOZEMAN, MONTANA 59715  
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### COMMITTEES:

TAXATION  
NATURAL RESOURCES  
REVENUE OVERSIGHT

Ester Bengston, Chairperson  
Education Subcommittee, Appropriations Committee

Dear Ester:

Since your committee must make recommendations on both university system and public school system funding, I thought the comparisons below on cost trends would be of interest. The 10 year change in per student costs for both these educational systems are given with inflation adjustments made to the 1972-73 dollar costs so that you can compare real, purchasing power costs between 1972-73 and 1982-83.

Adjusting 1972 dollar amounts to 1982 using the consumer price index:

	<u>72-73</u>	<u>82-83</u>	<u>Percent Change</u>
Public School Costs per Student	\$1780	\$2660	+ 49.4%
University Costs per Student	\$3645	\$3776	+ 3.6%

or adjusting 1972 dollar amounts to 1982 using the GNP deflator index:

	<u>72-73</u>	<u>82-83</u>	<u>Percent Change</u>
Public School Costs per Student	\$1610	\$2660	+ 65.2%
University Costs per Student	\$3297	\$3776	+ 14.5%

In my view this clearly indicates that the university system has been relatively frugal and restrained in its 10 year trend of real costs of operating and delivering services to its students.

Public school costs above include general fund budgets plus retirement benefit costs but exclude transportation and special education costs so as to most accurately compare with items in the university budgets. Inclusion of those excluded items would widen the disparity between the systems' costs trends.

I hope this data is of assistance in your consideration of the various very difficult education funding decisions facing you in the days to come.

University system data: C.M. Nichols, LFA  
Public School data (raw): Montax, analysis  
by K. Nordtvedt

Sincerely yours,

*Ken Nordtvedt*  
Ken Nordtvedt

3/13/83

EXHIBIT "D"

# Colleges and Universities OPTIONS FOR REDUCTION

Item	FY84	FY85 Impact	Biennium
Fund Support at 90% of PEERS System wide this would provide more for support than is budgeted for fiscal 1983 by	\$2446273	\$2691507	\$5137780
Eliminate Modifieds NMC Computer		421000	421000
Fund Instruction at 95% of PEERS Syst.	2911799	3167594	6079393
Provide Only Instructionary Adjustments To FY83 Instruction and Support (Amount shows can by further reduction below 90% support and 95% Instruction Level the Total Savings from correct subcommittee by allowing only initial adjustment to Fiscal 1983 support and Instruction is \$16.26 million	2300000	2741000	5041000
TOTAL ALL OPTIONS			\$16679173

USING ALL OPTIONS THE UNIVERSITY  
SYSTEM WOULD OPERATE AS FUND 83  
FISCAL 83 with adjustments for increased  
cost and no adjustment for Enrollments

7/4/83  
BS

# Reductions from Approved Budgets at General Fund Savings

		2	3	4	5	6
Agency/Object/Exp.		Final 1984	Final 1985	Total Biennium	Impact	
Ag. Experiment Station:						
Travel	\$	30017	\$ 35444	\$ 65461	Out-of-state travel increased by 49% from 1981 to 1982. Expenditures are reduced to '81 level after allowing for inflation	
Recharges		35023	27773	62796	This would disallow a base adjustment for recharged personal services. Recharge increased by 36% from 1981 to 1982.	
Equipment		86168	106201	192369	Equipment expenditures would be reduced to 5 year average developed by LFA.	
Buildings		17628	18686	36314	This would disallow for renovation of labs. No justification was supplied in agency's budget	
<del>Perman</del>						
Total	\$	<u>168836</u>	\$ <u>188104</u>	\$ <u>356940</u>		
Commissioner of Higher Ed:						
Negotiating Agent Pos	\$	29515	\$ 29580	\$ 59095	Position was not filled for all of fiscal 1982.	
Work Study*		290730	290750	581580	Remove funding of modifier request approved by subcommittee.	
Computer Network*		222608	25000	247608	Remove funding of modifier request approved by subcommittee.	
<del>removed from budget</del>						
Total	\$	<u>542913</u>	\$ <u>345370</u>	\$ <u>888283</u>		
Cooperative Extension Ser:						
AGNET (Modified) <del>ATB</del>	\$	29747	\$ 30742	\$ 60489	Remove funding of modifier request approved by subcommittee to replace projected deficit in collection of user fee.	
AGNET		81879	88087	169966	Remove general fund support for Agnet. It is not being utilized as intended by legislature.	
Total	\$	<u>111626</u>	\$ <u>118829</u>	\$ <u>230455</u>		





# Other "Education" Agencies

7/14/84  
693

	3	4	5	6
	Fiscal 1984	Fiscal 1985	Biennium TOTAL	Impact
Office of Public Instruction Special Services	1364210	2167883	3532093	Provide a 1% per year increase from FY83 appropriated - submit approval a 4% per year increase
Office of Public Instruction Transportation	400000	420000	800000	Direct OPI w/ legislative review to design reimbursement schedule and rate to spend only 10,919, or within 1985 biennium
2 OPI Vo Tech Centers	101	125325	125325	Reauthorization of Centers to 180/quarter with 85.
FOPI Operations				
AUL	25000	25000	50000	Remove GE support of AUL
ABE	5000	7000	12000	Remove GE support of ABE specialist - this would make OPI operate the program within the federal money available and still maintain responsibility and still maintain responsibility - approved GE expenditures for legal services - this would not affect the quality of OPI's staff knowledge
<del>Contracted Publications</del> <del>Removed from budget - Hoffer approved</del>	<del>20000</del>	<del>20000</del>	<del>40000</del>	<del>Remove GE support of this program - would make the GE to serve distinct assets to the remaining 3/4 of the total program</del>
School for the Deaf & Blind Title VI-C	30000	30000	60000	Remove GE support of this program - would make the GE to serve distinct assets to the remaining 3/4 of the total program
SDB Chapters (Title I)	16114	32913	34527	Remove GE support of this program - would make the GE to serve distinct assets to the remaining 3/4 of the total program
SDB Nurse's Aide	5886	5863	11749	Inclusion approved modified
SDB Cottage Life Allowance	11316	11534	22850	Inclusion approved change to current level

	3	4	5	6
	Fixed 1984	Fixed 1985	Beginning Total	Inventory
9. Board of Directors	20000	20000	45000	Use higher fixed cost instead of DEPPS; for use in the last of but not as low as DEPPS
10. Board of Directors	20826	20176	41004	Discretionary commitment approved modified
Total Savings	1908854	2866094	4774942	