

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
March 16, 1983

A meeting of the House Appropriations Subcommittee on Education was at 1:30 p.m. on Wednesday, March 16, 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 response from the Board of Regents regarding the impact of the Subcommittee's reduction of the funding of the support and instruction part of the formula budget for the University System was heard. No Executive Action was taken.

Mr. Jeff Morrison, Chairman of the Board of Regents, said they had met with the unit Presidents two times. He reviewed the effects of funding Support at 97 percent of the peers and Instruction at 95 percent, campus by campus:

Northern Montana College. Going from instruction and support levels of 100 percent and 97 percent to 97 percent and 95 percent, the reduction in their budget is slightly more than \$300,000. The results would be that enrollment limits would be raised in some classes. The formula student/faculty ratio was 14.6:1; this would raise it to about 16.1:1. Presently they are about 380 students over the formula. Even with the cut, NMC will be substantially better off than they were in the 1983 biennium. They will be able to add about 12 more FTE in instruction, and about 4 in support.

Western Montana College. WMC would lose about \$80,000. They will be unable to add about one FTE in instruction and one or two support personnel as a result. They will still be able to add about one FTE in instruction, and one in support, however. WMC was about 64 students over what the formula called for in 1983. The main result will be higher class loads.

Montana Tech. About \$200,000 will be reduced from their budget. About four faculty and four support will not be hired as a result. They will, however, be able to hire 29 new faculty and about 20 support. Most of the new faculty will go into chemistry, physics, geology and math. They have about 450 more students than the formula projected. The reduction will cause the student, faculty ratio to be about 18:1 instead of 17.5:1, as the formula had proposed. He didn't see any serious dislocations at Tech.; the class sizes will still remain high.

Montana State University. In the first year, the reduction would be about \$1 million. He pointed out that the figures he had presented regarding reductions were for the first year, because that is where most of the impact will be. MSU will not be able to hire about 25 additional faculty and 5-10 support staff as a result of the cuts. However, they will still be able to hire 18 faculty and 10-12 graduate teaching assistants and 7-10 others with the remainder of the increase over 1983. Most of the faculty increases

will be in engineering and computer science. MSU had more than 400 classes capped off or closed due to over-enrollments or the inability to staff them. This will be reduced substantially. However, there will still be problems in the engineering, math, and science areas, although not as bad as in 1983. MSU is 776 over the formula enrollment for 1983. The student/faculty ratio will be about 19:1 as opposed to the formula generated ratio of 18.3:1. The big problem at MSU will be continued class over-loading.

Eastern Montana College. The result of the cuts is \$280,000 out of their budget. This includes about seven faculty and some support staff which they will not be able to hire, but they will still be able to add about 14 faculty and 14 support staff. The additions will be made in the areas of math, business, and english. EMC is 457 students over the formula budget for 1983. Their student/faculty ratio will be approximately 21:1, vs. 18.8:1, as generated by the formula. Continued class overloads will be the primary effect of the cuts.

University of Montana. UM has more of a problem, mainly because it is more staffed to capacity than the rest of the campuses. He pointed out that historically this had been the pattern. They have reduced their faculty and staff substantially in the past several years as a result of that. Their enrollments have gone up, but in relation to the other campuses they still remain at a very high rate of staffing. Whenever there is a reduction in the formula, UM is the first to feel it. UM is presently 372 students over the formula estimate. The cuts reduced the UM budget by \$734,000. It also reduced them \$443,000 below the current level, and they are the only campus to be reduced below their current budget. For the other campuses, the result of the cuts was that they were unable to hire new faculty, but for UM, faculty will have to be laid off. Fourteen faculty and eight staff positions will have to be cut. He pointed out that it was very difficult for a campus to make these kinds of cuts in one year, due to tenure, collective bargaining, etc. In some of the high-demand courses, such as business and computer science, where overloading is already taking place, the cuts will have to be made. If the cuts are not made in instruction, operations and capital are the categories where the cuts could be transferred. However, UM has already expended a greater portion of their personal services budget, so they have even less to drop on in operations and capital. He said if he was to make any recommendation to the Committee, it would be to try to make some sort of accommodation for UM, particularly in the first year, to give them some lead time to make the reductions and get on the same basis as the other campuses by the second year of the biennium.

He submitted it was not fair to hold one campus out for special treatment over the others, unless there were special circumstances. If UM could get lead time to reduce their staff, it could be done, but if they were asked to do it all at once, there would be some serious problems caused. The fact that the reduction put UM \$443,000 under their current budget does not take into consideration any of the inflationary items that will be in their budget, which will further erode the budget. He asked that the Committee consider phasing out the faculty positions over two years, and that an appropriation be made to UM to do this. He stressed that the campuses that hadn't hired faculty in the face of over-enrollments should not be penalized. He submitted that the Legislature didn't want to encourage them to fully staff their faculties as the only way to save their budgets in the next biennium. However, he added, he did not feel UM's over-staffing was calculated. Because of their staffing patterns, high tenure, and past patterns, this was simply the result.

Regarding the Community Colleges being reduced to 95 percent and the question of whether this was comparable to what was being done in the University System, Mr. Morrison said that Mr. Bill Lannan had calculated that 96.6 percent would be more comparable. Mr. Morrison asked that the Committee's staff be charged to look into the matter, and treat the Community Colleges on the same basis as the University System.

Rep. Bengtson wanted to know if Mr. Morrison had calculated what it would cost to fund UM at 100 percent on instruction in the first year. Mr. Morrison said an additional 3 percent in instruction would amount to about \$500,000 more in UM's budget. Rep. Bengtson pointed out that this had been UM President Dr. Bucklew's recommendation.

Mr. Curt Nichols, LFA, reviewed for the Committee the amounts of new money which the units would be receiving with funding at 97 percent and 95 percent. Mr. Morrison stressed that individual impacts had to be calculated in relation to enrollments. He added that the Regents also were concerned about the possibility of vacancy savings being applied to the pay plan. If the rate was 3.5 percent, it would cost the University System about 60 faculty. The Chairman said it had been suggested that no vacancy savings be applied and that salaries be frozen, for faculty.

Dr. Irving Dayton, Commissioner of Higher Education, talked about the problem of closed class sections, and this causing students to take longer to get through college. This is a serious problem at NMC and MSU. By not staffing fully, the System is running up its enrollments and as a result its costs.

Mr. Nichols then gave his figures on new money the campuses would be getting over the 1983 appropriated level: MSU: \$2,432,300; Montana Tech.: \$1,835,440; UM: \$222,836; EMC: \$1,234,999; WMC: \$195,156, and NMC: \$944,804.

The Chairman announced that no Executive action would be taken on any of the recommendations contained on the document prepared for Rep. Frances Bardanouye, in order to give the Committee members time to study the contents; see Exhibit "A."

Rep. Peck pointed out that 74 positions were being added throughout the system, while UM was cutting 14, and he suggested that transfers might be arranged for some of the positions. Dr. Dayton said a big problem with this was that the discipline areas probably weren't complimentary. Rep. Peck said that if this could be done with even four or five positions, it would be a worthwhile move. In addition, possibly there could be some staff transfers.

In response to Rep. Bardanouye, Mr. Morrison pointed out that the cuts previously made at UM brought them to below what the formula called for. The problem comes when cuts are made off this level. UM is not overstaffed for its present student load, he pointed out; they only are if the budget is cut back, because they are the closest unit to being 100 percent of what the formula calls for.

Rep. Bardanouye questioned what incentive there was for the other units to live within their budgets if one unit got special fiscal consideration to get back in line with the staffing level. Mr. Morrison agreed that there was no incentive if this approach was used, but he stressed that UM needed some relief in 1984.

Rep. Bardanouye wanted to know if there wasn't some leeway within the University of Montana whereby there could be transfers from department to department so that the overstaffed departments could transfer faculty into those departments that needed more faculty. Mr. Morrison said he was certain Dr. Bucklew wished there was some leeway: there would be no problem if the cuts could be made where they were wanted. He added that this wouldn't be the case except for about four positions, however.

Rep. Bardanouye wanted to know if support could not be trimmed so that the faculty cuts could be reduced. Mr. Morrison replied that not only was UM taking a \$400,000 reduction over the current level, but inflation was going to have to be paid in the rest of their budget. Rep. Bardanouye submitted that in a multi-million dollar budget money could be found from other areas in order to reduce the number of layoffs.

In response to Rep. Bardanouye, Mr. Morrison said that the "R.I.F." (reduction in force) was a right which could be exercised under collective bargaining, but a series of steps had to be followed in order to trigger this. Dr. Dayton pointed out that since the reductions made several years ago by UM, there have been no additional faculty hired in the Departments which made the cuts. Positions have been transferred from liberal arts into business and computer science when retirements or resignations occurred. The problem is, the people aren't leaving the faculty positions as fast as the students are leaving the disciplines. He pointed out that the R.I.F. process took a year's notice. Rep. Bardanouye pointed out that good managers could often alleviate what appeared to be a crisis.

The Chairman suggested that increases in the incremental areas of the budget might be shifted into instruction and support. Possibly the incremental areas could be reduced, and instruction and support could be left at current level. Mr. Morrison said that the results of his meetings with the units, (which he had reported at the beginning of the meeting) were the units' analysis of what would actually happen if funding was at 97 percent and 95 percent on instruction and support. He submitted that Dr. Bucklew had made a sincere attempt at analyzing where the reductions would have to be.

The Chairman said the layoffs at UM were a concern of the Committee and she felt it was incumbent on the Committee to address the issue.

Tom Crosser, OBPP, pointed out that the OBPP budget allocated substantial increases in the incremental areas of the unit budgets. These areas have been reduced by the LFA, who removed the transfers from the formula areas. He said that the dollar amounts being proposed under the 97 percent and 95 percent factors were fairly close, overall to what the OBPP originally recommended at the levels of 95 percent and 90 percent. He submitted that no further reduction would be advisable in the programs. The amounts in the incremental areas approved by the Committee were reduced from what the 1982 actual base was, because the units had transferred money from the formula areas into the incremental areas. Cuts couldn't be made in both the formula and incremental areas without hurting the institution.

The meeting was adjourned at 2:30 p.m.

Rep. Esther G. Bengtson Ch.
Rep. Esther G. Bengtson - Chairman

VISITORS' REGISTER

HOUSE APPREOFS. EDUCATION & S. S. COMMITTEE

BILL work session

Date 3/16/83

SPONSOR

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Fiscal 1984Fiscal 1985

E. OTHER EDUCATION

Agency/DescriptionBoard of Public Education

1. Board Administration - The subcommittee allowed a base adjustment in travel to provide for more meetings outside Helena. This reduction would put the agency at current level with inflation allowances. Most board meetings would continue to be in Helena.

School for the Deaf and Blind

- 1,614 32,913 30,000 5,886 11,316 15,585
1. The subcommittee approved general fund replacement of Title I funds. Removing this general fund replacement would cause the school to operate the Title I program with the available funds. Title I will fall from \$180,000 to \$150,000.
2. The subcommittee approved complete replacement of federal funds for the school's Title VI-C program. This program teaches life skills to the five multi-handicapped students served on campus. Removing the general fund support would cause the students to be placed in local school district special education programs.
3. The subcommittee approved a modified request for a .5 FTE nurses aide. The school could provide services with the 3.35 FTE nurse's aides already in current level.
4. The subcommittee replaced a .8 FTE cottage coordinator in current level with a .75 FTE cottage life attendant. Disallowing this change would cause the school to provide services with the 15.02 FTE cottage life attendants on current level. FTE would be reduced by .75.
5. The agency was provided a 1.0 FTE custodian modified request. Disallowing the modified would leave 5.75 FTE maintenance related positions in current level. In fiscal 1982, the agency fully utilized 3.0 of the 5.75 FTE; the remaining 2.75 FTE were utilized only 19 percent to 94 percent.

3/16/83
EXHIBIT A

\$ 3,896	\$ 3,888	5a. Allow only .75 FTE of the above modified request.
7,850	2,400	6. Reduce equipment purchases in the general services and education programs. Deleted are refunds for miscellaneous shop equipment and most of the request for grounds maintenance equipment. A braille terminal is also deleted.
		<u>Office of Public Instruction</u>
2,643	2,802	1. The subcommittee approved the Governor's recommendation for the chief state school officer program which included funds for contracted legal services. The subcommittee disallowed funding for contracted legal services (\$40,000 for the 1985 biennium) in the administrative services program on March 13, 1983. Removal of this funding would leave no funds for contracted legal services in OPI's budget. This would not affect the legal staff (1.0 FTE) in current level.
5,000	7,000	2. The subcommittee approved supplemental general fund support for the ABE specialist in the basic skills program. Removing the supplemental general fund would cause the program to operate at approximately the same level as fiscal 1982.
11,715	12,209	3. Reduce out-of-state travel by 25 percent. In the past five years, out-of-state travel per FTE has nearly doubled. This reduction still allows for inflationary increases.
25,000	25,000	4. <u>Audio Visual Library</u> - The agency requested \$40,000 general fund each year for new and replacement films; the subcommittee provided \$25,000 each year. Supplemental funding was provided in the 1977 and 1983 bienniums. Disallowing this supplemental general fund support would require the agency to purchase new or replacement films from revenue generated by user fees. In fiscal 1982, \$13,000 of user fees was used to purchase films in addition to the supplemental general fund.
342,800	877,711	5. <u>Special Education</u> - The subcommittee approved a 4 percent increase each year from the fiscal 1983 appropriated level. No adjustment was made for enrollment increases. Included here is the savings from the budget approved by the subcommittee that would result if the increase were set at 2 percent per year (or some portion).

\$398,995 \$566,962
6. School Transportation - This would set the reimbursement schedules at 65 cents and 70 cents with 2.5 cents per mile for rated capacity over 45. This differs from the subcommittee approved schedule of 72 cents and 80 cents with 2.5 cents per mile for rated capacity over 45. The reduced price of gasoline may justify the lower level. This is essentially a one year freeze in fiscal 1984 then a 5 cent increase in fiscal 1985.

Vo-Tech Centers

1. Increase tuition to \$180 per quarter in fiscal 1985. This would be a 9 percent increase in the tuition rate from fiscal 1984.
 2. Replace general fund with coal tax used to expand ABE - This would use funds from coal tax (HB 105) to fund ABE at current level with the remainder going to the vo-tech centers to replace general fund.

F. HIGHER EDUCATION

Agency/Description Commissioner of Higher Education

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| \$ 29,515 | \$ 29,580 | 1. This option would remove funding of a bargaining agent position (1FTE) authorized by the 1981 Legislature. The position was left vacant for all of fiscal 1982 and 1983. |
| 290,790 | 290,790 | 2. Work Study - This option would remove funding of a modified request for a state funded work-study program. |
| 42,000 | 42,000 | 3. Minnesota Rural Dentistry - This option would remove funding for four beginning dentistry students in fiscal 1985. |
| 45,900 | 95,600 | 4. WICHE - Enrollment increased to the 1985 biennium from fiscal 1982 by 17 students. This option would remove funding for seven beginning students in fiscal 1984, and three beginning and seven continuing students in fiscal 1985 returning WICHE to the 1982 enrollment. |

Community Colleges

\$162,498	\$171,429	1. Lower the cost factor used in the community college funding formula from \$3,325 per FTE in fiscal 1984 to \$3,150, and from \$3,388 per FTE in fiscal 1985 to \$3,209. This would provide increases at Flathead and Miles at 18.0 percent and 22.3 percent respectively in the 1985 biennium. Dawson Community College would realize a 1 percent decrease in their general fund budget from fiscal 1983 to fiscal 1984. Dawson had a higher cost factor than the other two community colleges in fiscal 1983. Under the subcommittee recommendation Dawson receives the same cost factor as the other two colleges.
		<u>Bureau of Mines</u>
3,800	1,160	<ol style="list-style-type: none"> 1. Equipment - This would remove funding for two computer terminals in fiscal 1985. Two terminals were provided for in fiscal 1984. 2. This would remove funding for an abadia photographic slide center for preparation of public service information programs. 3. This would remove funding for two microfiche/microfilm readers in fiscal 1985. Two readers are still provided for in fiscal 1985.
		<u>Agricultural Experiment Station</u>
86,168	106,201	2. Equipment expenditures would be reduced to five year average developed by the LFA.
30,017	35,444	3. Out-of-state Travel increased 49 percent from fiscal 1981 to fiscal 1982. Expenditures are reduced to approximately the fiscal 1981 level, then allowing inflation to fiscal 1984 and 1985.
91,965		4. This would use a projected fiscal year-end 1983 earmarked revenue cash balance and reduce general fund. This cash balance was allowed by the subcommittee to meet fluctuations in revenue.

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5.	\$ 17,628	\$ 18,686	5. This would disallow a base adjustment to fiscal 1984 and 1985 for renovation of laboratories. The agency did not supply a justification of the expenditure in their budget.
<u>Cooperative Extension Service</u>			
1.	84,000	29,747	This would remove funding of a modified request for weed management approved by the subcommittee.
2.	30,742	2,321	This would remove funding of a modified request to replace a projected deficit in the collection of user fees. The 1981 Legislature appropriated 50 percent from general fund and 50 percent from user fees for AGNET. With approval of the modified request, general fund provides 68 percent of AGNET's support. User fees provide the remainder, or 32 percent.
3.	2,332	500	Equipment - This would remove funding for one word processor in fiscal 1985. One processor is still provided for in fiscal 1985.
4.	500	1,000	Equipment - This would remove funding for one high speed modem and user board. The equipment budget still provides for one modem and user board in fiscal 1985.
5.	500	1,111	Equipment - This would remove funding of modification for a multi-user micro computer for an additional board.
6.	1,111	2,000	Equipment - This would remove funding for five file cabinets in fiscal 1984. Five file cabinets are still provided for in fiscal 1985.
<u>Forestry Experiment Station</u>			
1.	1,177	1,177	One time expenditures - This would remove funding for non-recurring expenditures related to hiring new employees (i.e., advertising; entertainment; and job candidate expense).
2.	2,000	2,000	Equipment - This would remove funding for one microprocessor (computer) in fiscal 1984.

3. Modified Requests - This would remove funding for a .50 FTE maintenance worker. This individual would provide custodial services for a new research facility being completed at Lubrecht.

Colleges and Universities

1. Eliminate optional software from NMC computer purchase. This would allow purchase of computer at \$321,000 and minimally required software for \$53,000.

2. Reduce funding for support services at the colleges and universities to 93 percent of projected peer average. This would provide increases over 1983 levels at each of the units.

3. Apply unrestricted plant fund balances toward equipment purchases.

4. Allow inflationary adjustments to fiscal 1983 support budgets at each unit in lieu of formula generated additions. This would preserve the increases made in support at each unit in the past two years under the formula while not allowing further enrollment generated increases. Between pre-formula fiscal 1981 and fiscal 1983 support expenditures have increased 39 percent and 114.64 FTE have been added while enrollment increased 8 percent. This action would continue the 1983 level in fiscal 1984 and 1985. This holding the status quo may be advisable at a time when we are not sure of recent actions of the peers in these areas.

OPTIONAL APPROACH

If portions of the supplemental relating to support are added to the base and the general inflation factor increased from 6 percent to 8 percent per year the general fund savings would be:

<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
\$1,949,155	\$2,313,607