

MINUTES OF THE MEETING  
JOINT SUBCOMMITTEE  
ON EDUCATION APPROPRIATIONS  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

January 24, 1985

Tape 22 Side A

The meeting of the Education Subcommittee was called to order by Chairman Gene Donaldson on Thursday, January 24, 1985, at 7:30 A.M. in Room 104 of the State Capitol.

All members were present.

The purpose of the meeting was hearing the Budget of the Montana Forest and Conservation Experiment Station.

The day's first presentation was made by Sib Clack (22:A:019), Office of Budget and Program Planning. The Forest and Conservation Experiment Station studies the relationship between forests and the environment, attempts to discover ways to improve forest products, and publishes reports about forestry research. The Executive budget for the 1987 biennium represents 71 percent of what the agency requested. The Executive's personal services budget includes the agency's request minus a 4 percent cut in personal services. The recommendation for operating expenses is 89 percent of the agency's request; the equipment recommendation is 63 percent of the agency's request. The Executive's recommendation on the additional 2 percent cut in funding amounts to a decrease in General Fund support in the amount of \$13,142 in FY 86 and \$13,465 in FY 87, Ms. Clack said.

Ms. Clack distributed a handout which details the 2 percent reduction in expenditures, General Fund and State Special funds for the 1987 biennium (EXHIBIT 1). She gave a brief explanation of the handout (22:A:055).

A question and answer session regarding Exhibit 1 followed between Ms. Clack and the Subcommittee members (22:A:105).

A presentation was made by Bill Sykes (22:A:244) of the Legislative Fiscal Analyst's office (EXHIBIT 2). For personal services for the Forest and Conservation Experiment Station, the Executive is higher than the LFA primarily because of salaries budgeted for part-time employees. Both

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the Executive and LFA applied 4 percent vacancy savings. In the area of operating expenses, the LFA is higher primarily in the area of supplies and materials. In the equipment category, the LFA is higher in FY 86 and is lower than the Executive in FY 87. The LFA budget for FY 86 provides for the purchase of fire suppression equipment to be used at the Lubrecht Experimental Forest, a programmable freezer, and an autoclave, plus miscellaneous scientific equipment. For FY 87 the LFA's equipment budget provides for the purchase of field measuring equipment, two micro-computers and associated hardware and miscellaneous equipment, Mr. Sykes said.

The sole source of funding for the Forestry Experiment Station is the General Fund, Mr. Sykes said. The LFA is higher in FY 86 by \$15,780 and in FY 87 by \$4,512. The difference is reduced in the second year mainly because the Executive budget has included more money for equipment, he said.

A question and answer session followed between the Subcommittee members, Mr. Sykes and Ms. Clack (22:A:279).

Leading off in behalf of the Forestry Experiment Station was Dr. Neil Bucklew, President, University of Montana (EXHIBIT 3). Dr. Bucklew said the University of Montana, through the Forestry Experiment Station, carries out applied research related to forestry. In recent years there has been a great deal of discussion regarding the state's ability to stimulate economic development. Many of the items which will be discussed in this meeting will focus on this ability and the part which should be played by the University System, he said. Dr. Bucklew said the work being done in applied forestry research is not only a commitment of the University, it also represents a partnership with various federal agencies as well as private enterprise.

Dr. Bucklew introduced Dr. Ben Stout (22:A:403), Director, Montana Forest and Conservation Experiment Station (EXHIBIT 4). Dr. Stout said the Experiment Station has four objectives: (1) gathering of inventory information; (2) the putting together of information on productivity; (3) management of the second-growth forest; (4) and continuation of the on-going program.

Dr. Stout discussed the Experiment Station's efforts in the field of inventory. He said the foresters collect data in myriad ways, and the Experiment Station assembles all of the various reports, so that everything is measured in the same way. Dr. Stout said this is important because the state's industries need to know what's out there.

He said the Forest Experiment Station's research takes a long time. Much of the research is based on the basic law of elementary growth. There are test plantations at the Lubrecht Forest, and there are experiments being done to see if the forage quality in the forest can be improved by manipulation of the forest.

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Dr. Stout discussed a request that was made of the agency to provide a report on the apparent disparity between federal timber prices and state prices. The report is forthcoming. He said that by manipulating the forest, they learned that the yield of water can also be manipulated.

Referring to the Experiment Station's annual report (Exhibit 4), Dr. Stout said the agency achieved an increase in productivity from its research of about 30 percent.

A question and answer session followed between Dr. Stout and the Subcommittee members (22:B:038).

Senator Haffey asked Dr. Stout to discuss the changing nature of the forest products industry. Dr. Stout said a big part of this subject is the question of what's there and what's available. Unless the wood is available, companies will not make the necessary investments in the forest industry. The real factor underlying the agency's efforts is its endeavors to find out how much wood is out there and how much can be grown on easily accessible land, so that the wood is produced economically and the state's industry can be competitive, he explained. In response to a question from Senator Haffey, Dr. Stout said the state's lumber mills will have to change because of the smaller size of timber (now available).

Representative Peck asked Dr. Stout how he reconciles the projects he discussed with the interests of recreation and wildlife. Dr. Stout said that wildlife fares better in young and newly cut stands and that old growth is often a biological desert. He said Montana's hunters don't like to walk very far, so the wildlife people say don't cut the old growth, which really means "let's not build roads", Dr. Stout said. As far as recreation is concerned, because there is so much wilderness area, if those areas with roads are managed well, there is no reason to put roads in wilderness areas, he said.

The next witness was Ken Stoltz (22:B:308), Budget Director, University of Montana (EXHIBIT 6). Mr. Stoltz discussed the funding support necessary to continue the base operations

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at the Forest Experiment Station at their current level (as proposed by the LFA). He first discussed the assumed rate of vacancy savings used in building the budget. Both the Executive budget and LFA current level analysis reduce the personal services budget by 4 percent for vacancy savings. The actual vacancy savings rate for the agency for FY 83 was 1.4 percent, and it was 1.3 percent for FY 84, he said. LFA current level did not assess vacancy savings against agencies that had less than 20 FTE employees. The Forest Experiment Station is at the point of having 20 employees. Agencies of this size will have no choice but to hold a substantial portion of their personal services budget as a contingency reserve in order to meet that kind of requirement. In fact, the Station has had to hold upwards of \$20,000 each year of the current biennium as a contingency reserve for unmet vacancy savings, Mr. Stoltz said. As the real vacancy savings was less than 4 percent for both years, the agency was cut \$30,000 because of the use of the 4 percent vacancy assumption.

A question and answer session followed between Mr. Stoltz, Mr. Sykes and the Subcommittee members, primarily in regard to vacancy savings (22:A:329).

Mr. Stoltz next discussed the base budget (22:A:388). He said the actual expenditures for the agency for FY 84 differed by less than 2 percent by major expenditure category from the budget projected during the last legislative session. In total, Mr. Stoltz said, the LFA current level analysis reduces the annual base by approximately \$8,700 in personal services and about \$7,600 in operating costs and \$10,000 in equipment. (These are annual figures.) He said the Forest Service's expenditure budgets should not be reduced because they made modest shifts between expenditure categories. He said the financial resources appropriated for the agency to carry on applied research in the last biennium were spent prudently and effectively. Mr. Stoltz suggested that the Subcommittee consider using the FY 84 expenditure base without reduction as the basis for projecting the 1986 and 1987 budgets. The numbers involved are approximately \$536,000 for personal services, \$137,000 in the operating expense category, and \$25,700 in the equipment area, he said.

A question and answer session followed between the Subcommittee, Mr. Stoltz and Mr. Sykes (22:A:449).

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Discussion continued between Mr. Stoltz, Mr. Sykes, Dr. Stout and the Subcommittee members, specifically regarding

FTE reductions made at the agency, classified and part-time employees, the shifting of faculty assignments, vacancy savings, and fee waivers.

The Forest Experiment Station's modified requests were discussed by Dr. Stout (23:A:239) (EXHIBIT 7). He said the Council of Science and Technology examined what is being done at the agency and endorsed the agency's projects. The requested modification will allow the agency to respond to the state's needs. The agency will not initiate new programs, but the requested modification of 2.5 FTE scientists and 5 technicians will allow the speeding up of existing programs.

A question and answer session followed between Dr. Stout and the Subcommittee members (23:A:366).

The next witness was Gareth Moon (23:A:405), representing the Council of Science and Technology, the Governor's Ad Hoc Committee on Forestry, the Blackfoot Forest Protective Association, and the Northern Montana Forestry Association. He said that for all practical purposes, the forest has been cut over, and we are now facing the problems of the second growth forest. Not a lot is known about second growth management, he said. Mr. Moon said prior to the time the Forest Experiment Station began its research, the credibility of the forestry school was such that no scholarship money was spent there. Since Dr. Stout assumed leadership of the program, thousands of dollars in scholarships have been spent with the school. He said somebody has to develop the techniques to produce lumber from the small logs which come out of the second growth forest. He said the four groups he represents support the recommendations of the Board of Regents regarding the Forest Experiment Station's budget. These groups are not interested in stopping the axe; they are interested in directing the axe in the way that timber is cut in the state of Montana.

The next witness was Tony Liane (23:A:561) of Champion International Corporation. He said he is a District Land Manager responsible for resource management of 95,000 acres of privately owned land in western Montana. He reiterated the problems in management of the second growth forest and said better management knowledge is necessary. He said the Forest Experiment Station's research has helped his company understand how to manage the new forest, and there is still much research to be done. Industry needs ideas on new products that can be made from the resources that will be available in the future, he said, and once they have the ideas they need to know the best and cheapest ways to manufacture the products.

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A productive forest is vital to the forest industry of the state, Mr. Liane said, and his company is cooperating in many ways with the agency on a variety of projects, and they fully support the work being done by the agency.

A question and answer session followed between Mr. Liane and the Subcommittee members (22:A:659).

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In response to a question from Senator Haffey, Mr. Liane said that what will help his company in overcoming transportation costs is reducing the costs of using the forests and making forest growth more profitable and efficient. Research technology will reduce operating costs and make Montana's forest industry competitive in the marketplace, he said.

Additional discussion, relative to transportation costs, new product development, and the forest industry in general followed between the Subcommittee members and Mr. Mcon.

The next witness was Gary Brown (23:B:110), State Forester, Department of State Lands. Mr. Brown said in the past the Department of State Lands harvested old growth timber off state-owned forest lands. That was a simpler situation than what exists today, he said. His agency needs information on how to deal with new problems. The research done by the Forest Experiment Station helps his agency deal with these new problems. The Department of State Lands supports the budget and the program of the the Forest Experiment Station. Mr. Brown said he also represents the Forestry School Alumni Association of the University of Montana. This organization also supports the budget request of the Forest Experiment Station, he said.

The next witness was Jim Richard (23:B:158), President, Montana Wildlife Federation. Mr. Richard said his organization endorses the program of the Forest Experiment Station for several reasons. First, its wildlife research contributes to a better understanding of how timber and its harvesting affect wildlife. Also, his organization endorses that part of the research which contributes to better watershed management. He said the conservation community is genuinely concerned about the future of the forest industry in the state, and that whatever contribution the Forest Experiment Station can make regarding research and better utilization of timber and of already developed lands will contribute to conservationists' goals of maintaining wildlife and roadless wild areas.


Dr. Bucklew (23:B:200) summarized in behalf of the Forest Experiment Station. He said he hopes the day's discussion illustrates that the investment already made in the agency

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is highly worthwhile. He said he hopes the importance of the agency's research and its importance to the future of the forest industry is realized. Dr. Bucklew said the requested program modification is an investment in speeding up the pace of the agency's work.

Chairman Donaldson (23:B:229) said that regarding vacancy savings, some standards had been set, and that 20 FTE employees is a sort of breaking point. He said maybe the agency's personnel should be listed by occupation groups and perhaps addressed a little differently. He said current level budgets will be presented to the Appropriations Committee first, and then modifieds will be presented later and separately.

The meeting adjourned at 9:55 A.M.



Gene Donaldson, Chairman

DAILY ROLL CALL

EDUCATION      SUB    COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date January 24, 1985

[illegible]



HOUSE Education Sub COMMITTEE

DATE Jan. 24, 1985

[illegible]

FORM CS-33

M E M O R A N D U M

To: Senator Pat Regan  
Representative Francis Bardanouve

From: David L. Hunter, Director  
Office of Budget and Program Planning

Re: 2% BUDGET REDUCTIONS

Date: January 24, 1985

The attached list reflects our recommended revisions to the expenditure levels in the Governor's Budget. Expenditures for state programs are reduced \$22,227,997 over the 86-87 biennium. The proposed General Fund expenditures are reduced \$13,457,237 while state special and proprietary fund expenditures are cut \$8,770,760. In some instances, because of matching requirements, federal fund reductions will occur. The attached table does not reflect these changes in federal program requests.

Where possible, other funds were maximized to allow additional General Fund reductions beyond the 2% level. In determining the proposed reductions, we have excluded the following budget items: Foundation Program, Statutory Pass-Through Funds, Benefits and Claims, Pay Plan and Highway Construction.

The new agency bottom line budgets should be used as a general guideline. We believe that in order to maintain an adequate fund balance, these guidelines are necessary.

Attachment

TC2:H:ea

# TWO PERCENT REDUCTION

	<u>FY 86</u> <u>General</u> <u>Fund</u>	<u>FY 86</u> <u>Other</u> <u>Funds</u>	<u>FY 87</u> <u>General</u> <u>Fund</u>	<u>FY 87</u> <u>Other</u> <u>Funds</u>
Legislative Auditor				
Current	1,370,944	883,318	1,335,845	922,732
2% Reduction	27,419	17,666	26,717	18,455
Revised Total	<u>1,343,525</u>	<u>865,652</u>	<u>1,309,128</u>	<u>904,277</u>
Legislative Fiscal Analyst				
Current	679,906	-0-	718,568	-0-
2% Reduction	13,598	-0-	14,371	-0-
Revised Total	<u>666,308</u>	<u>-0-</u>	<u>704,197</u>	<u>-0-</u>
Legislative Council				
Current	2,124,317	981,000	2,358,620	-0-
2% Reduction	42,486	19,620	47,172	-0-
Revised Total	<u>2,081,831</u>	<u>961,380</u>	<u>2,311,448</u>	<u>-0-</u>
Environmental Quality Council				
Current	244,446	-0-	244,668	-0-
2% Reduction	4,889	-0-	4,893	-0-
Revised Total	<u>239,557</u>	<u>-0-</u>	<u>239,775</u>	<u>-0-</u>
Consumer Counsel				
Current	-0-	862,848	-0-	885,248
2% Reduction	-0-	17,257	-0-	17,705
Revised Total	<u>-0-</u>	<u>845,591</u>	<u>-0-</u>	<u>867,543</u>
Judiciary				
Current	4,256,684	566,559	4,233,949	582,112
2% Reduction	85,134	11,331	84,679	11,642
Revised Total	<u>4,171,550</u>	<u>555,228</u>	<u>4,149,270</u>	<u>570,470</u>
Governor's Office				
Current	2,363,814	-0-	2,375,809	-0-
2% Reduction	47,276	-0-	47,516	-0-
Revised Total	<u>2,316,538</u>	<u>-0-</u>	<u>2,328,293</u>	<u>-0-</u>
Secretary of State				
Current	893,561	159,487	917,998	157,732
2% Reduction	17,891	3,190	18,359	3,155
Revised Total	<u>875,670</u>	<u>156,297</u>	<u>899,639</u>	<u>154,577</u>
Comm of Political Practices				
Current	147,131	1,000	141,218	1,000
2% Reduction	2,942	20	2,824	20
Revised Total	<u>144,189</u>	<u>980</u>	<u>138,394</u>	<u>980</u>

	FY 86 General Fund	FY 86 Other Funds	FY 87 General Fund	FY 87 Other Funds
State Auditor				
Current	1,971,845	7,471,517	1,935,316	7,865,517
2% Reduction	45,437	-0-	44,706	-0-
Revised Total	<u>1,926,408</u>	<u>7,471,517</u>	<u>1,890,610</u>	<u>7,865,517</u>
Office of Public Instruc				
Current (less Found Prog)	38,545,695	864,393	39,199,691	871,524
2% Reduction	761,068	17,288	774,482	17,430
Revised Total	<u>37,784,627</u>	<u>847,105</u>	<u>38,425,209</u>	<u>854,094</u>
Billings Vo Tech				
Current	830,394	915,288	784,575	941,635
2% Reduction	34,913	-0-	34,524	-0-
Revised Total	<u>795,481</u>	<u>915,288</u>	<u>750,051</u>	<u>941,635</u>
Butte Vo Tech				
Current	816,166	642,881	783,037	656,889
2% Reduction	29,180	-0-	28,798	-0-
Revised Total	<u>786,986</u>	<u>642,881</u>	<u>754,239</u>	<u>656,889</u>
Great Falls Vo Tech				
Current	791,689	822,281	745,392	849,122
2% Reduction	32,279	-0-	31,890	-0-
Revised Total	<u>759,410</u>	<u>822,281</u>	<u>713,502</u>	<u>849,122</u>
Helena Vo Tech				
Current	1,283,372	922,253	1,251,319	935,029
2% Reduction	44,112	-0-	43,727	-0-
Revised Total	<u>1,239,260</u>	<u>922,253</u>	<u>1,207,592</u>	<u>935,029</u>
Missoula Vo Tech				
Current	1,093,948	962,468	1,043,194	995,580
2% Reduction	41,128	-0-	40,775	-0-
Revised Total	<u>1,052,820</u>	<u>962,468</u>	<u>1,002,419</u>	<u>995,580</u>
Crime Control				
Current	424,367	-0-	440,666	-0-
2% Reduction	8,813	-0-	8,556	-0-
Revised Total	<u>415,554</u>	<u>-0-</u>	<u>432,110</u>	<u>-0-</u>
Highway Traffic Safety				
Current	-0-	70,500	-0-	70,500
2% Reduction	-0-	1,410	-0-	1,410
Revised Total	<u>-0-</u>	<u>69,090</u>	<u>-0-</u>	<u>69,090</u>

	<u>FY 86</u> <u>General</u> <u>Fund</u>	<u>FY 86</u> <u>Other</u> <u>Funds</u>	<u>FY 87</u> <u>General</u> <u>Fund</u>	<u>FY 87</u> <u>Other</u> <u>Funds</u>
Justice				
Current	8,786,233	10,679,468	8,380,222	10,673,794
2% Reduction	<u>258,936</u>	<u>122,441</u>	<u>250,522</u>	<u>122,688</u>
Revised Total	8,527,297	10,557,027	8,129,700	10,551,106
Public Service Comm.				
Current	1,640,419	-0-	1,654,024	-0-
2% Reduction	<u>32,808</u>	<u>-0-</u>	<u>33,080</u>	<u>-0-</u>
Revised Total	1,607,611	-0-	1,620,944	-0-
Board of Public Educ.				
Current	184,772	-0-	177,821	-0-
2% Reduction	<u>3,696</u>	<u>-0-</u>	<u>3,557</u>	<u>-0-</u>
Revised Total	181,076	-0-	174,264	- 0-
School for Deaf & Blind				
Current	3,541,045	-0-	1,989,379	-0-
2% Reduction	<u>80,670</u>	<u>-0-</u>	<u>49,518</u>	<u>-0-</u>
Revised Total	3,460,375	-0-	1,939,861	-0-
Mont Arts Council				
Current	177,575	349,286	167,185	347,726
2% Reduction	<u>3,552</u>	<u>6,986</u>	<u>3,344</u>	<u>6,955</u>
Revised Total	174,023	342,300	163,841	340,771
Library Commission				
Current	650,721	518,000	600,428	484,000
2% Reduction	<u>13,014</u>	<u>1,140</u>	<u>12,009</u>	<u>1,155</u>
Revised Total	637,707	516,860	588,419	482,845
Historical Society				
Current	1,092,025	356,993	1,112,500	370,375
2% Reduction	<u>21,841</u>	<u>7,140</u>	<u>22,250</u>	<u>7,408</u>
Revised Total	1,070,184	349,853	1,090,250	362,967
Fire Services Train Sch				
Current	285,802	-0-	273,729	-0-
2% Reduction	<u>5,716</u>	<u>-0-</u>	<u>5,475</u>	<u>-0-</u>
Revised Total	280,086	-0-	268,254	-0-
Commissioner of Higher Ed				
Current	4,251,455	-0-	4,382,714	-0-
2% Reduction	<u>85,029</u>	<u>-0-</u>	<u>87,654</u>	<u>-0-</u>
Revised Total	4,166,426	-0-	4,295,060	-0-
University of Montana				
Current	23,396,929	4,400,066	22,587,727	4,542,755
2% Reduction	<u>644,918</u>	<u>88,001</u>	<u>641,647</u>	<u>90,855</u>
Revised Total	22,752,011	4,312,065	21,946,080	4,451,900

	<u>FY 86 General Fund</u>	<u>FY 86 Other Funds</u>	<u>FY 87 General Fund</u>	<u>FY 87 Other Funds</u>
Montana State University				
Current	30,293,903	5,630,638	29,352,522	5,813,235
2% Reduction	826,268	112,613	824,043	116,265
Revised Total	<u>29,467,635</u>	<u>5,518,025</u>	<u>28,528,479</u>	<u>5,696,970</u>
Eastern Montana College				
Current	9,337,191	1,846,576	9,009,942	1,906,459
2% Reduction	246,391	36,932	245,271	38,129
Revised Total	<u>9,090,800</u>	<u>1,809,644</u>	<u>8,764,671</u>	<u>1,868,330</u>
Northern Montana College				
Current	5,801,409	910,670	5,636,383	940,202
2% Reduction	142,257	18,213	141,232	18,804
Revised Total	<u>5,659,152</u>	<u>892,457</u>	<u>5,495,151</u>	<u>921,398</u>
Western Montana College				
Current	2,820,502	460,282	2,700,673	475,209
2% Reduction	71,308	9,206	70,246	9,504
Revised Total	<u>2,749,194</u>	<u>451,076</u>	<u>2,630,427</u>	<u>465,705</u>
Montana Tech				
Current	5,926,460	1,090,768	5,876,384	1,126,140
2% Reduction	163,320	21,815	165,626	22,523
Revised Total	<u>5,763,140</u>	<u>1,068,953</u>	<u>5,710,758</u>	<u>1,103,617</u>
Agricultural Exp Station				
Current	6,367,559	2,907,090	6,319,150	2,922,431
2% Reduction	127,351	-0-	126,383	-0-
Revised Total	<u>6,240,208</u>	<u>2,907,090</u>	<u>6,192,767</u>	<u>2,922,431</u>
Cooperative Exp Station				
Current	2,143,911	1,974,293	2,087,385	2,033,522
2% Reduction	42,878	-0-	41,748	-0-
Revised Total	<u>2,101,033</u>	<u>1,974,293</u>	<u>2,045,637</u>	<u>2,033,522</u>
Bureau of Mines				
Current	1,398,735	60,000	1,396,402	65,000
2% Reduction	27,975	-0-	27,928	-0-
Revised Total	<u>1,370,760</u>	<u>60,000</u>	<u>1,368,474</u>	<u>65,000</u>
Forestry Exp Station				
Current	657,153	-0-	673,227	-0-
2% Reduction	13,143	-0-	13,465	-0-
Revised Total	<u>644,010</u>	<u>-0-</u>	<u>659,762</u>	<u>-0-</u>

	FY 86 General Fund	FY 86 Other Funds	FY 87 General Fund	FY 87 Other Funds
Fish, Wildlife & Parks				
Current	624,730	19,037,885	624,730	18,472,277
2% Reduction	12,495	335,974	12,495	323,613
Revised Total	612,235	18,701,911	612,235	18,148,664
Health & Environmental Sc				
Current	3,761,154	1,999,200	3,685,258	2,093,724
2% Reduction	82,223	32,072	80,705	33,962
Revised Total	3,678,931	1,967,128	3,604,553	2,059,762
Highways				
Current	-0-	208,657,588	-0-	185,551,898
2% Reduction	-0-	1,663,417	-0-	1,667,897
Revised Total	-0-	206,994,171	-0-	183,884,001
State Lands				
Current	7,338,817	3,663,385	7,234,818	3,660,844
2% Reduction	171,772	46,142	173,852	46,192
Revised Total	7,167,045	3,617,243	7,060,966	3,614,652
Livestock				
Current	664,101	3,520,603	663,014	3,533,498
2% Reduction	27,540	56,412	27,518	56,154
Revised Total	636,561	3,464,191	635,496	3,477,336
Natural Resources				
Current	5,938,603	7,975,909	5,706,439	5,872,170
2% Reduction	212,452	65,839	207,808	23,764
Revised Total	5,726,151	7,910,070	5,498,631	5,848,406
Revenue				
Current	19,940,521	65,691,348	18,942,802	66,659,841
2% Reduction	397,395	795,817	375,709	780,860
Revised Total	19,543,126	64,895,531	18,567,093	65,878,981
Administration				
Current	16,088,860	29,963,289	16,091,639	30,902,532
2% Reduction	80,378	563,471	79,221	582,106
Revised Total	16,008,482	29,399,818	16,012,438	30,320,426
Agriculture				
Current	1,723,172	779,451	1,600,132	758,703
2% Reduction	45,651	4,401	43,191	3,987
Revised Total	1,677,521	775,050	1,556,991	754,716
Institutions Cent Office				
Current	10,728,321	2,068,793	10,797,256	2,173,658
2% Reduction	214,566	15,005	215,945	16,689
Revised Total	10,513,755	2,053,788	10,581,311	2,156,968

	<u>FY 86 General Fund</u>	<u>FY 86 Other Funds</u>	<u>FY 87 General Fund</u>	<u>FY 87 Other Funds</u>
Boulder River				
Current	10,793,362	33,844	10,132,470	20,324
2% Reduction	<u>215,867</u>	<u>677</u>	<u>202,650</u>	<u>406</u>
Revised Total	10,577,495	33,167	9,929,820	19,918
Center for the Aged				
Current	2,578,448	7,186	2,566,871	7,456
2% Reduction	<u>51,569</u>	<u>144</u>	<u>51,334</u>	<u>149</u>
Revised Total	2,526,879	7,042	2,515,537	7,307
Eastmont				
Current	2,101,036	3,120	2,206,233	3,120
2% Reduction	<u>42,021</u>	<u>62</u>	<u>44,124</u>	<u>63</u>
Revised Total	2,059,015	3,058	2,162,109	3,057
Mountain View				
Current	1,604,553	-0-	1,599,386	-0-
2% Reduction	<u>32,091</u>	<u>-0-</u>	<u>31,988</u>	<u>-0-</u>
Revised Total	1,572,462	-0-	1,567,398	-0-
Pine Hills				
Current	2,708,047	27,466	2,692,663	27,466
2% Reduction	<u>54,161</u>	<u>549</u>	<u>53,853</u>	<u>549</u>
Revised Total	2,653,886	26,917	2,638,810	26,917
State Prison				
Current	10,799,467	3,124,330	11,741,354	3,170,426
2% Reduction	<u>215,989</u>	<u>62,486</u>	<u>234,827</u>	<u>63,408</u>
Revised Total	10,583,478	3,061,844	11,506,527	3,107,018
Swan River				
Current	829,938	52,238	806,271	52,738
2% Reduction	<u>16,599</u>	<u>1,045</u>	<u>16,125</u>	<u>1,055</u>
Revised Total	813,339	51,193	790,146	51,683
Veteran's Home				
Current	543,761	-0-	548,171	-0-
2% Reduction	<u>10,875</u>	<u>-0-</u>	<u>10,964</u>	<u>-0-</u>
Revised Total	532,886	-0-	537,207	-0-
Mt State Hospital				
Current	17,805,503	1,705,424	17,826,036	1,705,424
2% Reduction	<u>356,110</u>	<u>34,108</u>	<u>356,521</u>	<u>34,108</u>
Revised Total	17,449,393	1,671,316	17,469,515	1,671,316
Board of Pardons				
Current	163,642	-0-	161,863	-0-
2% Reduction	<u>3,273</u>	<u>-0-</u>	<u>3,237</u>	<u>-0-</u>
Revised Total	160,369	-0-	158,626	-0-



	<u>FY 86 General Fund</u>	<u>FY 86 Other Funds</u>	<u>FY 87 General Fund</u>	<u>FY 87 Other Funds</u>
Mt Youth Treatment				
Current	2,521,199	-0-	2,514,906	-0-
2% Reduction	50,424	-0-	50,298	-0-
Revised Total	2,470,775	-0-	2,464,608	-0-
Commerce				
Current	7,560,364	30,619,264	7,504,615	28,598,845
2% Reduction	122,546	158,080	121,431	158,178
Revised Total	7,437,818	30,461,184	7,383,184	28,440,667
Labor & Industry				
Current	1,062,768	6,750	1,072,008	6,750
2% Reduction	21,255	135	21,440	135
Revised Total	1,041,513	6,615	1,050,568	6,615
Employment Services				
Current	375,000	-0-	375,000	-0-
2% Reduction	-0-	-0-	-0-	-0-
Revised Total	375,000	-0-	375,000	-0-
Worker's Comp				
Current	716,179	6,700,870	681,194	6,774,930
2% Reduction	-0-	29,257	-0-	26,020
Revised Total	716,179	6,671,613	681,194	6,748,913
Adjutant General				
Current	1,159,965	-0-	1,183,523	-0-
2% Reduction	23,199	-0-	23,670	-0-
Revised Total	1,136,766	-0-	1,159,853	-0-
Disaster & Emergency				
Current	229,152	-0-	227,975	-0-
2% Reduction	4,583	-0-	4,559	-0-
Revised Total	224,569	-0-	223,416	-0-
Veterans Affairs				
Current	468,264	-0-	465,477	-0-
2% Reduction	9,365	-0-	9,309	-0-
Revised Total	458,899	-0-	456,163	-0-
SRS				
Current	75,984,588	6,728,192	84,007,005	6,712,452
2% Reduction	230,868	35,000	230,573	35,000
Revised Total	75,753,720	6,693,192	83,776,432	6,677,452
State Summary				
Current	373,405,593	439,676,058	376,546,841	414,194,538
2% Reduction	6,754,903	4,412,362	6,702,334	4,358,398
Revised Total	366,650,690	435,263,696	369,844,507	409,836,140

## FORESTRY EXPERIMENT STATION

<u>PERSONAL SERVICES</u>	<u>1986</u>	<u>1987</u>
Executive FTE	20.14	20.14
LFA Current Level FTE	<u>20.14</u>	<u>20.14</u>
Difference	<u><u>0.00</u></u>	<u><u>0.00</u></u>
Executive	\$514,888	\$514,888
LFA Current Level	<u>511,485</u>	<u>511,485</u>
Difference	<u><u>\$ 3,403</u></u>	<u><u>\$ 3,403</u></u>

The difference occurs primarily in salaries budgeted for part-time employees. Both the executive and LFA applied 4 percent vacancy savings to personal services.

OPERATING EXPENSES

Executive	\$126,438	\$127,139
LFA Current Level	<u>141,839</u>	<u>148,754</u>
Difference	<u><u>\$ (15,401)</u></u>	<u><u>\$ (21,615)</u></u>

- - - - - Operating Expenses Issues - - - - -

## 1. Inflation

Executive	\$ 4,167	\$ 4,868
LFA Current Level	<u>11,131</u>	<u>18,046</u>
Difference	<u><u>\$ (6,964)</u></u>	<u><u>\$ (13,178)</u></u>

## 2. LFA higher primarily in supplies and materials

	<u><u>\$ 8,437</u></u>	<u><u>\$ 8,437</u></u>
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EQUIPMENT

Executive	\$ 15,827	\$ 31,200
LFA Current Level	<u>19,609</u>	<u>17,500</u>
Difference	<u><u>\$ (3,782)</u></u>	<u><u>\$ 13,700</u></u>

<u>FUNDING</u>	<u>1986</u>	<u>1987</u>
3. General Fund		
Executive	\$ 657,153	\$673,227
LFA Current Level	<u>672,933</u>	<u>677,739</u>
Difference	<u><u>\$ (15,780)</u></u>	<u><u>\$ (4,512)</u></u>

HEARING  
on

MONTANA FOREST AND CONSERVATION EXPERIMENT STATION  
by

EDUCATION SUBCOMMITTEE

Rep. Gene Donaldson, Chairman

- I Introduction. Neil S. Bucklew, President, University of Mt.
- II Stewardship Report, Current Program. Benjamin B. Stout, Dir.
- III Current Program-continuing budget. R. Kenneth Stolz,  
Budget Director, U of M.
- IV Program modification. Stout
- V Supporting testimony.  
Rep. Janet Moore, Condon  
Rep. Clyde Smith, Kalispell  
Mr. Jim Richard, President, Montana Wildlife  
Mr. E. B. Corrick, Vice Pres., Champion Int. Corp.  
Mr. Gareth C. Moon, Chairman, Forestry  
Subcommittee, Council on Science and Technology
- VI Summary. Dr. Bucklew



# University of Montana

EXHIBIT 4  
1-24-85

Missoula, Montana 59812

MONTANA FOREST AND CONSERVATION  
EXPERIMENT STATION

(406) 243-4494

January 18, 1984

Mr. Bill Sykes, Assistant Analyst  
Office of the Legislative Fiscal Analyst  
State Capitol, Room 109  
Helena, MT 59620

Dear Bill:

Thank you for the time that you devoted to explaining your analysis of the Montana Forest and Conservation Experiment Station budget (MFCES) to Ken Stolz. I have some questions.

1. Vacancy Savings--The LFA Current Level Analysis assumes 4% vacancy savings for all agencies with greater than 20 FTE employees. The MFCES had 22.20 authorized FTE for FY 1984, but employed 19.21 FTE. Actual vacancy savings for FY 1984 was 1.3% (\$5,244 on a salary base of \$400,406) while actual savings for FY 1983 was 1.4% (\$5,246 on a salary base of \$377,532).

The MFCES is right at the "cut-off" where the 4% vacancy savings assumptions become critical. For FY 85-86 this 4% vacancy savings represents an \$18,649 reduction. I have no choice but to reduce MFCES operations by approximately one FTE to cover this assumption. I respectfully request that the committee consider no vacancy savings for the MFCES.

2. Funding of Base FTE--The LFA Current Level Analysis reduces funding for FY 84 base FTE (20.14) by \$8,742. This reduction is based on a methodology that projects salary costs from FY 83 average salaries, FY 84 and 85 pay plan increases, and FY 85 FTEs. This methodology penalizes units for shifting salary resources from one personnel category to another. We did this because it was my considered opinion that it was a wiser use of resources.

We have shifted resources from part-time salaries to classified positions as accurately reflected on page 805 of the 1987 Biennium Budget Analysis. This shift is commensurate with the maturing of the Mission-Oriented Research Program. Our shift in FTE resulted in an FTE reduction of almost three FTE and personnel salary savings of \$4,219. These savings were used to supplement Graduate Research Assistant salaries with fee waivers so that their compensation would be equal to that offered to Graduate Teaching Assistants.

Mr. Bill Sykes  
Page 2  
January 21, 1985

The total FY 84 actual expenditures did not exceed the FY 84 appropriation. We do not believe the MFCES budget should be reduced simply because we made shifts between expenditure categories. We respectfully request that the committee consider using the FY 84 actual expenditures plus the FY 85 pay plan increases in inflation factors as the base for developing the FY 86 and 87 budgets for personnel and operating expenses.

3. Equipment--The MFCES budgets includes very modest amounts for replacement and new equipment considering the burgeoning demands for laboratory, field, and computing equipment in all phases of the MFCES research effort. We again respectfully request that the FY 84 actual expenditures, plus appropriate inflation factors, be considered by the committee as the base for developing the FY 86 and 87 budget.

Bill, I thank you again for your time. If you have any questions about our analysis of the current level resource requirements, please contact me.

Sincerely,



Benjamin B. Stout  
Director

BBS/plm

# Montana Forest and Conservation Experiment Station

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Biennial Report 1983-84

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School of Forestry, University of Montana

MONTANA FOREST AND CONSERVATION EXPERIMENT STATIONRequested Base Budget Adjustments to Current Level Analysis  
1987 Biennium BudgetPERSONAL SERVICES

We explained to Mr. Sykes in the January 18, 1985 letter, a copy of which you have, that we feel an equitable treatment of the station would be to consider us below your 20 FTE cutoff point. We accept Mr. Sykes' method of calculating the FTE shift adjustment. If you concur, then the application to all personnel categories, not just the one that reduces part-time, would result in the restorations shown below:

<u>Personal Services</u>	<u>1986</u>	<u>1987</u>
LFA Current Level	\$ 511,485	\$ 511,485
Vacancy Savings	21,315	21,315
Shift of FTE	<u>3,403</u>	<u>3,403</u>
Sub-Total Personal Services	\$ 536,203	\$ 536,203

OPERATING EXPENSES

Fee waivers were not included in the personal services salary item above. We suggest it be restored as an operating expense to facilitate tracking it.

<u>Operating Expenses</u>	<u>1986</u>	<u>1987</u>
LFA Current Level	\$ 141,839	\$ 148,754
Include Fee Waivers	<u>4,017</u>	<u>4,017</u>
Sub-Total Operating Expenses	\$ 145,856	\$ 152,771

EQUIPMENT

The Regents aproved an item of \$74,794 for the biennium and the LFA has suggested \$37,109 for the biennium. We request at least the 1984 base, or \$51,388 as a compromise. Skimping on equipment in an experiment station is not wise management.

<u>Equipment</u>	<u>1986</u>	<u>1987</u>
LFA Current Level	\$ 19,609	\$ 17,500
Restore 1984 Base	<u>6,085</u>	<u>8,194</u>
Sub-Total Equipment	\$ 25,694	\$ 25,694
TOTAL	<u>\$ 707,753</u>	<u>\$ 714,668</u>



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EXHIBIT 7 1-24-85

# **University of Montana**

## **Legislative Report**



**December 1984**

manufacturers. The cost of each of these alternatives, including mainframe, ancillary hardware, and required software, is approximately equal.

<b>Cost Detail</b>	<b>1985-86</b>	<b>1986-87</b>	<b>Total</b>
Capital	\$1,000,000	-0-	\$1,000,000

## **B. Montana Forest and Conservation Experiment Station—Mission Oriented Research Program**

The Mission Oriented Research Program at the Montana Forest and Conservation Experiment Station that was initiated by the 1981 Legislature is now fully operational. A building to serve as the nerve center at Lubrecht Experimental Forest is built and is in use.

This request modifies the base program provided by the 1981 Legislature and continued by the 1983 Legislature. It has been developed based on the recommendations of the Forestry Subcommittee of the Science and Technology Council that was established in the 1983 session.

This program modification increases the scientific and technical staffing of the Station to meet in a conservative way the needs established by the Forestry Subcommittee. Specifically, 2.5 FTE scientists and 5.0 technicians are requested. The first year includes the purchase of harvesting and processing equipment. The need to transfer information is acknowledged and planned for. There are no added administrative costs.

<b>Cost Detail</b>	<b>1985-86</b>	<b>1986-87</b>	<b>Total</b>
Personal Services	\$170,635	\$189,779	\$360,414
Operations	12,348	13,848	26,196
Capital	<u>36,000</u>	<u>9,000</u>	<u>45,000</u>
	\$218,983	\$212,627	\$431,610

## **C. Montana University System Requests**

### **1. Full Formula Funding**

Since 1981, the Montana Legislature has used a complex formula based upon a series of peer institution comparisons to fund the major components of the budget for each unit of the Montana University System. Several points are to be noted about the current formula and the critical necessity for full-funding of the formula by the Legislature during this session.

The present formula is hypersensitive in that it reacts immediately to short-term fluctuations in student enrollment. Each academic program has been assigned a productivity factor at the lower division, upper division and graduate level. If student enrollments shift internally toward high productivity programs, data may show fewer fundable students even though the total student population may have increased. In a period of enrollment stability or slight decline, reduced funding of base instructional and support areas of the budget can have a deleterious effect on the continued quality of programs offered by the institution.