

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

February 26, 1985

Tape 74 Side A

The meeting of the Education Subcommittee was called to order by Chairman Gene Donaldson at 2:10 P.M. on Tuesday, February 26, 1985, in Room 104 of the State Capitol.

ROLL CALL: All members were present except Representative Peck who was excused and Senator Hammond and Senator Haffey who joined the meeting later on.

The purpose of the meeting was further EXECUTIVE ACTION on the University System Budget and discussion of issues relative to the System; and EXECUTIVE ACTION and discussion of issues relative to the Vo-Tech centers' budget.

Pam Joehler (74:A:016), Legislative Fiscal Analyst's office, distributed three handouts (EXHIBITS 1, 2 and 3). Exhibit 1 represents Subcommittee action through February 23, 1985, and differs from prior current level in that the phase-down at Butte was removed from current level, and the new space adjustments were also removed from current level.

Ms. Joehler explained that the second page of Exhibit 2 reflects Subcommittee current level at the 100 percent legislative funding level for both instruction and support for the University System.

The third page of Exhibit 1 contains a list of the modifieds which were approved by the Subcommittee, Ms. Joehler said. She said that direction from the Subcommittee is required on resolution of three questions. The first is whether the new space modifications that were approved should be handled as modifieds or as an adjustment to current level. The second question is whether or not the phase-down at Montana Tech should be treated as a modified or as an adjustment to current level. The third question is whether or not remote job entry costs should be treated as a modified or as an adjustment to current level.

The issue of what to do with the new space adjustments was discussed first (74:A:053).

Representative Moore said he thinks they should be treated as adjustments rather than as modifieds. Representative Hand agreed.

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The phase-down at Montana Tech was discussed next (74:A:063).

Chairman Donaldson noted that this is not part of the formula, and would have to be treated as a modified.

Sib Clack (74:A:068), Office of the Budget and Program Planning, discussed the remote job entry issue. These computer processing and equipment charges are related to the University System's use of the SBAS document transmission and their central information core listing. Those costs have been absorbed by the Accounting Division of the Department of Administration, since the University System was required to use SBAS. The Department of Administration has indicated that it will no longer subsidize those activities for the units of the University System, which they do not subsidize for any other agency. The total cost for the biennium is \$98.9 thousand for all six units.

Ms. Clack answered questions from the Subcommittee (74:A:080).

Representative Hand (74:A:110) moved that new space be treated as an adjustment to current level. The motion passed 6 - 0.

Representative Moore (74:A:120) moved that the phase-down at Montana Tech be treated as a modified. The motion passed 6 - 0.

The Subcommittee returned to discussion of the remote job entry issue (74:A:130).

Ms. Clack said the real issue is whether General Fund monies are appropriated, or whether other funds are used to pay for this. Ms. Joehler said the reason the LFA's office did not include the remote job entry costs in current level is that the support program budget is not a cost based budget; it is enrollment based.

Representative Hand (74:A:160) moved that \$98,000 be appropriated for the biennium for the remote job entry costs for the University System.

Discussion of the motion followed between the Subcommittee members, Ms. Joehler, Ms. Clack and Mr. Noble, Office of the Commissioner of Higher Education.

The Subcommittee voted on the motion that \$98,000 be appropriated from General Fund for the biennium for the remote job entry costs for the University System. The motion failed 3 - 3.

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The issue of the land grant income was discussed next (74:A:243).

Jack Noble distributed a handout to the Subcommittee (EXHIBIT 4). He said there are other bills that have been or will be introduced by other people who are looking at the land grant income to fund academic facilities. Proposals have been solicited from four different companies regarding financing the purchase of computer equipment for the University System.

Chairman Donaldson said probably this is as far as the Subcommittee can go on this particular issue. He said that for the Appropriations Committee it would be good for all concerned if a statement was provided relative to what the University System is going to do with the land grant money.

The Subcommittee next turned its attention to revenue sources for the University System (Exhibit 1, page 2) (74:A:380).

Representative Moore (74:A:394) moved that the revenue sources, as projected by the LFA, be adopted.

There was discussion of the motion.

Mr. Noble asked about physical plant base adjustments for Western Montana College. Ms. Joehler said this adjustment for WMC is a modified.

After further discussion, Representative Hand (74:A:436) moved that the physical plant adjustment for WMC be part of the school's base and that General Fund for both years be increased accordingly. The motion passed 6 - 0.

Representative Moore withdrew the motion that the revenue sources, as projected by the LFA, be adopted.

Representative Moore (74:A:467) moved that the revenue sources for the Univeristy for the 1987 biennium be accepted.

There was discussion of the motion.

Ms. Joehler said current level as shown in Exhibit 1 does not reflect new space adjustments which were approved by the Subcommittee, the Montana Tech phase-down, or the WMC physical plant adjustment. She said the next figures she provides will include in the base the WMC maintenance adjustment and new space.

The motion that the revenue sources for the University System for the 1987 biennium be approved, passed 6 - 0 (74:A:523).

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The Subcommittee next discussed proposed language for the University units (EXHIBIT 5) (74:A:532).

Mr. Noble questioned some of the proposed language, and said there are some areas which he finds difficult to interpret. Chairman Donaldson suggested that Mr. Noble and Ms. Joehler work on the various changes which need to be made in the proposed language.

Senator Haffey (74:A:613) moved that the language for the University units be approved, with those changes discussed previously, and any other changes with may be necessary if the modifieds are adopted. The motion passed 5 - 0.

The Subcommittee discussed the Vo-Tech centers (74:A:635).

Tape 75 Side A

Chairman Donaldson stated that the first big problem is in the area of federal funding. It was anticipated that about \$136,000 per year of federal funds would be lost, and the individual centers were told to see how they could use \$1,043,000 under the federal guidelines. Chairman Donaldson referred to EXHIBIT 6 and pointed out what the five Vo-Tech centers have said they can do with the money (page 3). The net result is that the centers think they can handle \$802,337, although there is a problem with the Missoula center, which can perhaps be rectified. The Vo-Tech centers are still \$376,990 short of what it was hoped they would utilize, he said. In other words, there is a shortfall of approximately \$400,000 of federal funding for 1986 and a similar shortfall for 1987.

The issue was discussed by the Subcommittee members and Gene Christiaansen, Department of Vocational Services, Office of Public Instruction (75:A:055).

Chairman Donaldson said there is a choice of replacing the \$400,000 per year shortfall with General Fund monies, or not. Representative Hand asked what would happen if the money was not appropriated from the General Fund. Mr. Christiaansen said that even if current level is projected with a 5 percent increase, the program will come up short. It becomes a matter of to what degree are programs--and people--cut.

Senator Haffey said he feels the Vo-Tech issue, in regard to federal funding, is now crystallizing, and if it is placed before the full Appropriations Committee, will perhaps receive the necessary airing. Mr. Christiaansen said it is now possible to be very specific on a program by program basis.

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Representative Hand (75:A:146) moved that \$376,990 for FY 86 and \$371,853 for FY 87 be appropriated for the Vo-Tech centers as a modified. The motion passed 5 - 0.

Ms. Joehler (75:A:161) noted that there are three revenue sources for the Vo-Tech centers which have not yet been voted on by the Subcommittee. These include county millage, the Education Trust Fund and federal funding (EXHIBIT 7).

Representative Moore (75:A:177) moved acceptance of LFA current level for county millage for the Vo-Tech centers at \$855,233 for FY 86 and \$868,314 for FY 87. The motion passed 5 - 0.

Representative Moore (75:A:205) moved acceptance of LFA current level for federal funding of the Vo-Tech centers at \$802,337 for FY 86 and \$807,474 for FY 87. The motion passed 5 - 0.

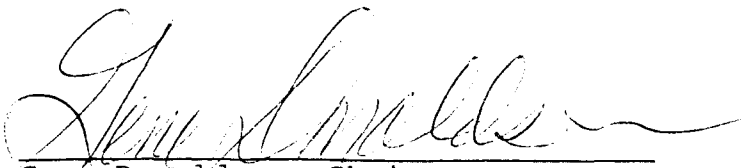
Senator Hammond (75:A:224) moved acceptance of General Fund for the Vo-Tech centers in the amounts of \$4,329,573 for FY 86 and \$4,152,043 for FY 87. The motion passed 5 - 0.

There was a discussion of the proposed boilerplate language for the Vo-Tech centers (EXHIBIT 8) between the Subcommittee members, Ms. Joehler and Mr. Christiaansen.

Representative Moore moved acceptance of the boilerplate language for the Vo-Tech centers (75:A:281). The motion passed 5 - 0.

In response to a question from Mr. Olson, Office of the Budget and Program Planning, Ms. Joehler said the final figures for federal Vo-Ed are \$802,337 for FY 86 and \$807,474 for FY 87.

ADJOURN: The meeting adjourned at 3:15 P.M.


Gene Donaldson, Chairman

DAILY ROLL CALL

EDUCATION SUB COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date February 26, 1985

[illegible]

HOUSE Education Sub COMMITTEE

DATE February 26, 1985

[illegible]

FORM CS-33

SUBCOMMITTEE CURRENT LEVEL

System Roll-Up Fiscal 1986

Program	MSU	UM	EMC	NMC	WMC	MCMST	TOTAL
Instruction	24,780,729	18,168,215	6,614,256	4,135,628	2,055,289	4,112,653	59,866,769
Support	13,544,412	10,720,422	4,624,329	2,251,977	1,134,192	2,849,846	35,125,178
Research	570,756	430,489	0	0	0	42,060	1,043,305
Public Service	10,140	198,514	220,876	9,151	0	0	438,681
Physical Plant	5,233,157	5,104,650	1,910,177	913,569	610,314	1,168,104	14,939,972
Modifieds	0	0	0	0	0	0	0
Scholar. & Fellowships	825,129	862,813	288,621	229,603	69,372	232,970	2,508,507
Total	44,964,323	35,485,102	13,658,260	7,539,927	3,869,167	8,405,633	113,922,412
LFA CURRENT LEVEL-REVISED	46,175,497	35,983,537	13,875,096	7,138,707	3,822,755	10,424,579	117,420,171
OVER/(UNDER)CURRENT LEVEL	(1,211,174)	(498,435)	(216,836)	401,220	46,412	(2,018,946)	(3,497,759)

System Roll-Up Fiscal 1987

Program	MSU	UM	EMC	NMC	WMC	MCMST	TOTAL
Instruction	24,533,818	18,086,144	6,795,432	4,156,487	2,062,193	4,119,061	59,753,134
Support	13,544,435	10,787,338	4,805,445	2,289,930	1,150,675	2,887,687	35,465,510
Research	572,430	437,211	0	0	0	42,980	1,052,621
Public Service	10,278	200,795	222,634	9,304	0	0	443,010
Physical Plant	5,438,889	5,323,767	1,964,379	943,695	628,052	1,196,549	15,495,331
Modifieds	0	0	0	0	0	0	0
Scholar. & Fellowships	878,528	916,414	315,518	250,783	76,020	251,227	2,688,489
Total	44,978,377	35,751,669	14,103,408	7,650,198	3,916,939	8,497,504	114,898,096
LFA CURRENT LEVEL-REVISED	46,836,293	36,554,662	14,082,610	7,235,681	3,875,457	10,555,849	119,140,554
OVER/(UNDER)CURRENT LEVEL	(1,857,916)	(802,993)	20,798	414,517	41,482	(2,058,345)	(4,242,458)

RANGE: A1..K33

REVENUE SOURCES BY UNIT FOR 1987 BIENNIAL - CL WITH 21% TUITION CAP - SUBCMT 2/23/8

REVENUE SOURCES	MSU 0.4011	UM 0.3339	EMC 0.1151	NMC 0.0536	WMC 0.0292	MCMST 0.0671	Total 1	% of Total
-Fiscal 1986-							23923706.52	
General Fund	\$28,641,019	\$22,735,200	\$8,957,171	\$5,391,476	\$2,705,987	\$5,294,331	\$73,725,184	64.7%
Tuition/Fees	\$9,595,799	\$7,788,126	\$2,753,519	\$1,282,311	\$698,572	\$1,605,281	\$23,923,708	21.0%
Millage	\$5,537,305	\$4,261,776	\$1,822,470	\$841,140	\$448,608	\$1,107,501	\$14,019,000	12.3%
Land Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Indirect Costs	\$935,000	\$400,000	\$85,000	\$20,000	\$14,000	\$150,000	\$1,604,000	1.4%
Other	\$255,000	\$100,000	\$40,000	\$5,000	\$2,000	\$248,520	\$650,520	0.6%
Total	\$44,964,323	\$35,485,102	\$13,658,260	\$7,539,927	\$3,869,167	\$8,405,633	\$113,922,412	100.0%
-Fiscal 1987-	37.37%	33.25%	11.67%	5.49%	2.97%	6.75%	\$24,128,600	
General Fund	\$28,578,659	\$22,927,006	\$9,322,970	\$5,451,478	\$2,731,488	\$5,340,449	\$74,352,050	64.7%
Tuition/Fees	\$9,620,073	\$6,022,759	\$2,815,808	\$1,324,660	\$716,619	\$1,628,680	\$24,128,599	21.0%
Millage	\$5,589,645	\$4,301,904	\$1,839,630	\$849,060	\$452,832	\$1,117,929	\$14,151,000	12.3%
Land Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Indirect Costs	\$935,000	\$400,000	\$85,000	\$20,000	\$14,000	\$150,000	\$1,604,000	1.4%
Other	\$255,000	\$100,000	\$40,000	\$5,000	\$2,000	\$260,446	\$662,446	0.6%
Total	\$44,978,377	\$35,751,669	\$14,103,408	\$7,650,198	\$3,916,939	\$8,497,504	\$114,898,095	100.0%
Biennium	\$89,942,700	\$71,236,771	\$27,761,668	\$15,190,125	\$7,786,106	\$16,903,137	\$228,820,507	

Includes:

- 1) Subcmte enrollment approved 2/21/85
- 2) Critical area adjustment in base salaries
- 3) Special Law & Pharmacy Fees at UM-\$174,000/yr
- 4) Physical Plant base adjustments @ MSU, ~~UM, MCMST~~ EMC, NMC

97/95

SUBCOMMITTEE CURRENT LEVEL @100% LFL

System Roll-Up Fiscal 1986

Program	MSU	UM	EMC	NMC	WMC	MCMST	TOTAL
Instruction	25,547,143	18,789,500	6,818,821	4,233,534	2,118,855	4,239,846	61,771,700
Support	14,257,276	11,284,655	4,867,715	2,370,502	1,193,387	2,999,838	36,973,871
Research	570,756	430,489	0	0	0	42,060	1,043,305
Public Service	10,140	193,514	220,876	9,151	0	0	438,681
Physical Plant	5,233,157	5,104,650	1,910,177	913,569	610,514	1,168,104	14,939,772
Modifieds	0	0	0	0	0	0	0
Scholar. & Fellowships	896,379	937,840	313,719	249,568	75,404	253,228	2,726,638
Total	46,515,351	36,739,647	14,131,308	7,806,323	3,998,459	8,703,079	117,894,167
SUBCMTE CL 2/23/85	44,964,323	35,485,102	13,658,260	7,539,927	3,869,167	8,405,633	113,922,412
OVER/(UNDER)CURRENT LEVEL	1,551,028	1,254,545	473,048	266,396	129,292	297,446	3,971,755

System Roll-Up Fiscal 1987

Program	MSU	UM	EMC	NMC	WMC	MCMST	TOTAL
Instruction	25,292,596	18,698,890	7,005,600	4,235,038	2,125,972	4,246,454	61,654,550
Support	14,257,300	11,355,093	5,058,363	2,410,453	1,211,237	3,039,671	37,332,116
Research	572,450	437,211	0	0	0	42,960	1,052,621
Public Service	10,278	200,795	222,434	9,304	0	0	443,016
Physical Plant	5,438,889	5,329,767	1,964,379	943,695	628,052	1,196,549	15,495,331
Modifieds	0	0	0	0	0	0	0
Scholar. & Fellowships	954,922	996,102	342,954	272,390	82,630	273,073	2,922,271
Total	46,526,414	37,011,858	14,593,930	7,921,079	4,047,891	8,798,727	118,899,900
LFA CURRENT LEVEL-REVISED	44,978,377	35,751,669	14,103,408	7,650,198	3,916,939	8,497,504	114,898,095
OVER/(UNDER)CURRENT LEVEL	1,548,037	1,260,189	490,522	270,881	130,952	301,223	4,001,805

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REVENUE SOURCES BY UNIT FOR 1987 BIENNIIUM - CL WITH 100% LFL - SUBCMTE 2/23/85

REVENUE SOURCES	MSU	UM	EMC	NMC	WMC	MCMST	Total	% of Total
	40.11%	33.39%	11.50%	5.36%	2.92%	6.71%	100.00%	
-Fiscal 1986-							24757775.07	
General Fund	\$29,626,197	\$23,518,660	\$9,269,167	\$5,581,601	\$2,794,401	\$5,496,099	\$76,286,125	64.3%
Tuition/Fees	\$10,161,649	\$8,459,211	\$2,914,671	\$1,358,532	\$739,450	\$1,700,959	\$25,334,522	21.5%
Millage	\$5,537,505	\$4,261,776	\$1,822,470	\$841,140	\$448,808	\$1,107,501	\$14,019,000	11.9%
Land Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Indirect Costs	\$935,000	\$400,000	\$85,000	\$20,000	\$14,000	\$150,000	\$1,604,000	1.3%
Other	\$255,000	\$100,000	\$40,000	\$5,000	\$2,000	\$248,320	\$650,520	0.5%
Total	\$46,515,351	\$36,739,647	\$14,131,308	\$7,806,323	\$3,998,459	\$8,703,079	\$117,894,167	100.0%
-Fiscal 1987-	39.87%	33.25%	11.67%	5.49%	2.97%	6.75%	100.00%	
General Fund	\$28,921,002	\$23,180,222	\$9,459,689	\$5,556,152	\$2,773,205	\$5,438,415	\$75,328,685	63.3%
Tuition/Fees	\$10,825,767	\$9,029,732	\$3,169,611	\$1,490,867	\$805,854	\$1,831,937	\$27,153,768	22.8%
Millage	\$5,589,645	\$4,301,904	\$1,839,630	\$849,060	\$452,332	\$1,117,929	\$14,151,000	11.9%
Land Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Indirect Costs	\$935,000	\$400,000	\$85,000	\$20,000	\$14,000	\$150,000	\$1,604,000	1.3%
Other	\$255,000	\$100,000	\$40,000	\$5,000	\$2,000	\$260,446	\$662,446	0.6%
Total	\$46,526,414	\$37,011,858	\$14,593,930	\$7,921,079	\$4,047,891	\$8,798,727	\$118,899,899	100.0%
Biennium	\$93,041,765	\$73,751,505	\$28,725,238	\$15,727,402	\$8,046,350	\$17,501,806	\$236,794,066	
% Total	39.3%	31.1%	12.1%	6.6%	3.4%	7.4%	100.0%	

SUBCOM MODS AS OF 2-23-85

UNIT	-Description of Mod-	FY86	FY87	87B
MSU	Hazardous Materials	\$127,950	\$52,950	\$180,900
	New Space	\$0	\$238,414	\$238,414
	85% to 80% ICR	\$55,000	\$55,000	\$110,000
		<hr/>		
		\$182,950	\$346,364	\$529,314
UM	Hazardous Materials	\$15,000	\$15,000	\$30,000
	New Space	\$14,865	\$14,865	\$29,730
	Legal Ed. (50%/yr)	\$36,000	\$101,000	\$137,000
	85% to 80% ICR	\$23,529	\$23,529	\$47,058
		<hr/>		
		\$89,394	\$154,394	\$243,788
EMC	Hazardous Materials	\$6,500	\$3,500	\$10,000
	Mt Ctr Handic. Children	\$33,803	\$33,803	\$67,606
	85% to 80% ICR	\$5,000	\$5,000	\$10,000
		<hr/>		
		\$45,303	\$42,303	\$87,606
NMC	Hazardous Materials	\$17,600	\$15,300	\$32,900
	Grounds Person	\$16,000	\$16,000	\$32,000
	85% to 80% ICR	\$1,176	\$1,176	\$2,352
		<hr/>		
		\$34,776	\$32,476	\$67,252
WMC	Hazardous Materials	\$6,100	\$5,300	\$11,400
	Rural Ed. Ctr	\$69,200	\$72,750	\$141,950
	85% to 80% ICR	\$824	\$824	\$1,648
		<hr/>		
		\$76,124	\$78,874	\$154,998
TECH	Hazardous Materials	\$21,000	\$6,500	\$27,500
	New Space	\$0	\$180,000	\$180,000
	Phase Down (Cont.approp)	\$453,112	\$0	\$453,112
	85% to 80% ICR	\$8,824	\$8,824	\$17,648
		<hr/>		
		\$482,936	\$195,324	\$678,260
		<hr/>		
TOTAL		\$911,483	\$849,735	\$1,761,218
		<hr/>		

QUESTIONS TO RESOLVE:

1. Treat NEW SPACE as a modified or as an adjustment to current level?
 2. Treat the PHASE DOWN at Tech as a modified or as an adjustment to current level?
 3. Include REMOTE JOB ENTRY costs as a modified, as an adjustment to current level, or ...?
-

Formula Worksheet - Reflets Subcommittee
Action of February 23, 1985EXH 2
2-26-85

			(SBAS)			
			Actual	Approp		
			FY84	FY85	FY86	FY87
1						
2						
3		<u>LFA Current Level - Revised</u>				
4		General Fund	* 71835679	* 74841706	* 74026936	* 73830775
5		Tuit + Fees	21114658	22775000	26043716	27816331
6		Other	16431337	16969335	18349520	17493446
7		Total	* 109381674	* 114536041	* 117420172	* 119140552
8						
9		<u>Subcmk Current Level</u>				
10						
11		General Fund			* 73782184	* 74409050
12		Tuit + Fees			23923708	24128599
13		Other			16273520	16417446
14		Total			* 113979412	* 114955295
15						
16		% GF			64.790	64.790
17		% Tuition			21.0	21.0
18						
19		"Unused" Tuition			* 1410814	* 3025169
20						
21		<u>Cost to move to 100% Instruction</u>				
22					* 1847931	* 1844416
23		Source of Funding				
24		Unused Tuition			* 1410814	* 1844416
25		General Fund			437117	-0-
26		Total			* 1847931	* 1844416
27						
28		"Unused" Tuition			-0-	* 1180753
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

(SBAS)

Actual
FY84Approved
FY85

FY86

FY87

COST to move to 100% Support

\$ 1848693

\$ 1866606

Source of Funding

Unused Tuition

\$ -0-

\$ 1180753

General Fund

1848693

685853

Total

\$ 1848693

\$ 1866606

COST to move to 100% tuition (Higher Scholarships
+ Fellowships)

\$ 218131

\$ 233782

Source of Funding

General Fund

\$ 218131

\$ 233782

SUMMARY OF FUNDING

General Fund

\$ 71835679

\$ 74841706

\$ 16286125

\$ 75328685

Tuit + Res

21114658

22775000

25334522

27153768

Other Funds

16431337

16969335

16273520

1641744

Total

\$ 9381674

\$ 114586041

\$ 117894167

\$ 118899899

% GF

64.7%

63.4%

% Tuit + Res

21.5%

22.8%

General Fund Dollar Increase

from LFA Current Level Revised

\$ 2259189

\$ 1497910

Percent Increase from LFA Revised

3.1%

2.0

Biennial Summary

General Fund

Dollar Increase

\$ 4,937,425

Percent Increase

3.37%

Tuition - Fees

Dollar Increase

\$ 8,598,632

Percent Increase

19.59%

Other Funds

Dollar Decrease

\$ (709,706)

Percent Decrease

(2.12)%

* NOTE: Program Modifications approved by the subcommittee
are not included on this worksheet

FILE:SUBCOM(continued-section5)RANGE: AH1..AP23

SUMMARY: EDUCATION SUBCOMMITTEE ACTION through 2-23-85.
COMPARISON WITH EXEC. BUDGET MINUS 2%

OPTION	GENERAL FUND DIFFERENCE WITH EXEC. (SUBCOM LOWER)		
	FY86	FY87	87B
A - without Mods	(\$1,059,159)	\$1,501,782	\$442,623
A - with Mods	(\$557,588)	\$2,003,353	\$1,445,765
B - without Mods	\$2,200,443	\$3,177,078	\$5,377,521
B - with Mods	\$2,419,607	\$3,396,242	\$5,815,849

A - 97%1/95%S, TUITION CAPPED @ 21% OF TOTAL
B - 100% FOR I & S BOTH YEARS, TUITION NOT CAPPED

--FY86-- IMPACT OF EDUC. SUBCOM. DECISIONS THROUGH 2/23/85

AGENCY						
5103	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
UM	Current Level	\$35,874,522	\$35,485,102	(\$389,420)	\$36,739,647	\$865,125
	Mods	\$37,923	\$89,394	\$51,471	\$89,394	\$51,471
	TOTAL	\$35,912,445	\$35,574,496	(\$337,949)	\$36,829,041	\$916,596
	GF - CL	\$22,625,501	\$22,735,200	\$109,699	\$23,518,660	\$893,159
	GF - MODS	\$37,923	\$89,394	\$51,471	\$89,394	\$51,471
	TOTAL GF	\$22,663,424	\$22,824,594	\$161,170	\$23,608,054	\$944,630
AGENCY						
5104	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
MSU	Current Level	\$45,722,542	\$44,964,323	(\$758,219)	\$46,515,351	\$792,809
	Mods	\$282,506	\$182,950	(\$99,556)	\$182,950	(\$99,556)
	TOTAL	\$46,005,048	\$45,147,273	(\$857,775)	\$46,698,301	\$693,253
	GF - CL	\$29,072,394	\$28,641,019	(\$431,375)	\$29,626,197	\$553,803
	GF - MODS	\$282,506	\$182,950	(\$99,556)	\$182,950	(\$99,556)
	TOTAL GF	\$29,354,900	\$28,823,969	(\$530,931)	\$29,809,147	\$454,247
AGENCY						
5105	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
TECH	Current Level	\$9,045,664	\$8,405,633	(\$640,031)	\$8,703,079	(\$342,585)
	Mods	\$26,800	\$482,936	\$456,136	\$482,936	\$456,136
	TOTAL	\$9,072,464	\$8,888,569	(\$183,895)	\$9,186,015	\$113,551
	GF - CL	\$5,715,337	\$5,294,331	(\$421,006)	\$5,496,099	(\$219,238)
	GF - MODS	\$26,800	\$482,936	\$456,136	\$482,936	\$456,136
	TOTAL GF	\$5,742,137	\$5,777,267	\$35,130	\$5,979,035	\$236,898
AGENCY						
5106	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
EMC	Current Level	\$13,862,040	\$13,658,260	(\$203,780)	\$14,131,308	\$269,268
	Mods	\$20,464	\$45,303	\$24,839	\$45,303	\$24,839
	TOTAL	\$13,882,504	\$13,703,563	(\$178,941)	\$14,176,611	\$294,107
	GF - CL	\$9,033,113	\$8,957,171	(\$75,942)	\$9,269,167	\$236,054
	GF - MODS	\$20,464	\$45,303	\$24,839	\$45,303	\$24,839
	TOTAL GF	\$9,053,577	\$9,002,474	(\$51,103)	\$9,314,470	\$260,893

AGENCY						
5107	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
NMC	Current Level	\$7,836,145	\$7,539,927	(\$296,218)	\$7,806,323	(\$29,822)
	Mods	\$26,381	\$34,776	\$8,395	\$34,776	\$8,395
	TOTAL	\$7,862,526	\$7,574,703	(\$287,823)	\$7,841,099	(\$21,427)
	GF - CL	\$5,614,009	\$5,391,476	(\$222,533)	\$5,581,601	(\$32,408)
	GF - MODS	\$26,381	\$34,776	\$8,395	\$34,776	\$8,395
	TOTAL GF	\$5,640,390	\$5,426,252	(\$214,138)	\$5,616,377	(\$24,013)

AGENCY						
5108	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
NMC	Current Level	\$3,929,167	\$3,869,167	(\$60,000)	\$3,998,459	\$69,292
	Mods	\$15,838	\$76,124	\$60,286	\$76,124	\$60,286
	TOTAL	\$3,945,005	\$3,945,291	\$286	\$4,074,583	\$129,578
	GF - CL	\$2,723,989	\$2,705,987	(\$18,002)	\$2,794,401	\$70,412
	GF - MODS	\$15,838	\$76,124	\$60,286	\$76,124	\$60,286
	TOTAL GF	\$2,739,827	\$2,782,111	\$42,284	\$2,870,525	\$130,698

SUMMARY						
FY86	TOTAL EXPENDITURES	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
	Current Level	\$116,270,080	\$113,922,412	(\$2,347,668)	\$117,894,167	\$1,624,087
	Mods	\$409,912	\$911,483	\$501,571	\$911,483	\$501,571
	TOTAL	\$116,679,992	\$114,833,895	(\$1,846,097)	\$118,805,650	\$2,125,658
	GF - CL	\$74,784,343	\$73,725,184	(\$1,059,159)	\$76,286,125	\$1,501,782
	GF - MODS	\$409,912	\$911,483	\$501,571	\$911,483	\$501,571
	TOTAL GF	\$75,194,255	\$74,636,667	(\$557,588)	\$77,197,608	\$2,003,353

NOTE: EXEC. BUDGET TOTAL EXPENDITURES AT CURRENT LEVEL REFLECT 2% REDUCTION.

SUBCOM OPTION A = LFA CURRENT LEVEL (97% 95%) WITH TUITION CAPPED @ 21% OF TOTAL.

SUBCOM OPTION B = INSTRUCTION AND SUPPORT @ 100% BOTH YEARS, TUITION AT FULL COLLECTIONS.

--FY87-- IMPACT OF EDUC. SUBCOM. DECISIONS THROUGH 2/23/85

AGENCY -----						
5103	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
UM	Current Level	\$35,855,169	\$35,751,669	(\$103,500)	\$37,011,858	\$1,156,689
	Mods	\$37,923	\$154,394	\$116,471	\$154,394	\$116,471
	TOTAL	\$35,893,092	\$35,906,063	\$12,971	\$37,166,252	\$1,273,160
	GF - CL	\$21,817,811	\$22,927,006	\$1,109,195	\$23,180,222	\$1,362,411
	GF - MODS	\$37,923	\$154,394	\$116,471	\$154,394	\$116,471
	TOTAL GF	\$21,855,734	\$23,081,400	\$1,225,666	\$23,334,616	\$1,478,882
AGENCY -----						
5104	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
MSU	Current Level	\$45,724,797	\$44,978,377	(\$746,420)	\$46,526,414	\$801,617
	Mods	\$351,611	\$346,364	(\$5,247)	\$346,364	(\$5,247)
	TOTAL	\$46,076,408	\$45,324,741	(\$751,667)	\$46,872,778	\$796,370
	GF - CL	\$28,061,895	\$28,578,659	\$516,764	\$28,921,002	\$859,107
	GF - MODS	\$351,611	\$346,364	(\$5,247)	\$346,364	(\$5,247)
	TOTAL GF	\$28,413,506	\$28,925,023	\$511,517	\$29,267,366	\$853,860
AGENCY -----						
5105	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
TECH	Current Level	\$9,029,949	\$8,497,504	(\$532,445)	\$8,798,727	(\$231,222)
	Mods	\$190,454	\$195,324	\$4,870	\$195,324	\$4,870
	TOTAL	\$9,220,403	\$8,692,828	(\$527,575)	\$8,994,051	(\$226,352)
	GF - CL	\$5,498,983	\$5,340,449	(\$158,434)	\$5,438,415	(\$60,468)
	GF - MODS	\$190,454	\$195,324	\$4,870	\$195,324	\$4,870
	TOTAL GF	\$5,689,337	\$5,535,773	(\$153,564)	\$5,633,739	(\$55,598)
AGENCY -----						
5106	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
EMC	Current Level	\$13,874,312	\$14,103,408	\$229,096	\$14,593,930	\$719,618
	Mods	\$12,464	\$42,303	\$29,839	\$42,303	\$29,839
	TOTAL	\$13,886,776	\$14,145,711	\$258,935	\$14,636,233	\$749,457
	GF - CL	\$8,714,246	\$9,322,970	\$608,724	\$9,459,689	\$745,443
	GF - MODS	\$12,464	\$42,303	\$29,839	\$42,303	\$29,839
	TOTAL GF	\$8,726,710	\$9,365,273	\$638,563	\$9,501,992	\$775,282

AGENCY						
5107	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
NMC	Current Level	\$7,817,642	\$7,650,198	(\$167,444)	\$7,921,079	\$103,437
	Mods	\$23,781	\$32,476	\$8,695	\$32,476	\$8,695
	TOTAL	\$7,841,423	\$7,682,674	(\$158,749)	\$7,953,555	\$112,132
	GF - CL	\$5,452,235	\$5,451,478	(\$757)	\$5,556,152	\$103,917
	GF - MODS	\$23,781	\$32,476	\$8,695	\$32,476	\$8,695
	TOTAL GF	\$5,476,016	\$5,483,954	\$7,938	\$5,588,628	\$112,612

AGENCY						
5108	Total Expenditures	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
NMC	Current Level	\$3,893,365	\$3,916,939	\$23,574	\$4,047,891	\$154,526
	Mods	\$14,338	\$78,874	\$64,536	\$78,874	\$64,536
	TOTAL	\$3,907,703	\$3,995,813	\$88,110	\$4,126,765	\$219,062
	GF - CL	\$2,606,537	\$2,731,488	\$124,951	\$2,773,205	\$166,668
	GF - MODS	\$14,338	\$78,874	\$64,536	\$78,874	\$64,536
	TOTAL GF	\$2,620,875	\$2,810,362	\$189,487	\$2,852,079	\$231,204

SUMMARY						
FY87	TOTAL EXPENDITURES	EXEC. BUDGET	SUBCOM OPTION A	DIFFERENCE (SUBCOM LOWER)	SUBCOM OPTION B	DIFFERENCE (SUBCOM LOWER)
	Current Level	\$116,195,234	\$114,898,095	(\$1,297,139)	\$118,899,899	\$2,704,665
	Mods	\$630,571	\$849,735	\$219,164	\$849,735	\$219,164
	TOTAL	\$116,825,805	\$115,747,830	(\$1,077,975)	\$119,749,634	\$2,923,829
	GF - CL	\$72,151,607	\$74,352,050	\$2,200,443	\$75,328,685	\$3,177,078
	GF - MODS	\$630,571	\$849,735	\$219,164	\$849,735	\$219,164
	TOTAL GF	\$72,782,178	\$75,201,785	\$2,419,607	\$76,178,420	\$3,396,242

NOTE: EXEC. BUDGET TOTAL EXPENDITURES AT CURRENT LEVEL REFLECT 2% REDUCTION.

SUBCOM OPTION A = LFA CURRENT LEVEL (97% 95%) WITH TUITION CAPPED @ 21% OF TOTAL.

SUBCOM OPTION B = INSTRUCTION AND SUPPORT @ 100% BOTH YEARS, TUITION AT FULL COLLECTIONS.

STATEMENT REGARDING LAND GRANT INCOME

We are currently requesting proposals from financial brokers regarding purchasing alternatives for capital equipment including computer hardware. U of M's and MSU's computer request of approximately \$1 million each represents the major share of our proposal. Since cash outlays of this size appear to be out of the question, some form of bonding, lease participation, or lease purchase will be required. All or a portion of the I & I funds could be dedicated to this purpose. There is also legislation proposed or introduced that would utilize the I & I money as a pledge to finance academic facilities. The outcome of these bills could affect how these funds are used.



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RECEIVED

FEB 19 1985

THE MONTANA UNIVERSITY SYSTEM

February 14, 1985

Mr. Jack Noble, Jr.
Montana University System
33 South Last Chance Gulch
Helena, Montana 59820

Dear Jack:

I have enclosed an analysis of two methods which you may wish to consider for your equipment acquisitions which would be repaid with land grant income. Either of these two examples may be: 1) fixed rate financing; or 2) variable rate financing, such as your recently completed student loan bonds.

The two examples I have enclosed are as follows:

- 1) Bond Financing: Table 1 depicts a bond financing for a seven year period with an "AAA" insured rating. This amortization schedule assumes all equipment would have a similar asset life. If assets with different lives could be identified, it may be advantageous to issue one bond with separate series for each institution (and perhaps equipment). Each series would have its own amortization schedule according to asset life. In this manner, a portion of the issue may be amortized over a 10 to 15 year period, thereby increasing your borrowing capacity for new equipment acquisitions.
- 2) Note Financing: Table 2 depicts a three-year note financing which would be rolled over to a long-term bond issue at the maturity of the note. The note is assumed to be rated comparable to an "A" by Standard & Poor's. This technique is frequently used by issuers who desire to acquire a broad variety of equipment, particularly as a "blind pool" in order to acquire equipment two or three years in the future which they do not know the specific identity of at the offering of the notes. As you can see from the attached estimated sources and uses of funds, this technique maximizes arbitrage interest earnings and creates additional money which can be used for equipment acquisitions. Table 3 depicts the roll over to a four year bond issue, which totals the term of financing with the three year note to a total of seven years. The major considerations when contemplating a note/bond issue are:

- a) The estimated draw-down of money for equipment acquisition. If funds are to be drawn-down immediately, a note issue will produce very little benefits over a bond issue.
- b) The arbitrage earnings are also subject to reinvestment assumptions. In each example, I have assumed an average yield of 10%. If the funds created by the note issue earn less than that, the arbitrage benefits will decrease.
- c) The additional benefit of a note financing is also based upon the assumed re-offering yield of the bonds three years in the future. If rates go up dramatically, the benefits will decrease. Often times an issuer will continue to roll over notes with another note issue if an increase in rates occur (the Colorado School of Mines rolled a note over three times, totaling nine years, until interest rates decreased to make a long-term bond issue viable).

More and more universities are issuing "blind equipment pools" for anticipated future equipment acquisitions and to maximize arbitrage earnings. These "blind pools" are generally three year notes or variable rate financings. Again, the primary consideration is the estimated draw-down of the Equipment Fund created by the financing.

I look forward to discussing this with you in more detail in the future.

Best regards.

Sincerely,

BOETTCHER & COMPANY, INC.



Ronald B. Kaiser
Vice President

RBK/kle
Enclosures

TABLE 1

STATE OF MONTANA
BOARD OF REVENUE OF HIGHER EDUCATION
REVENUE BOND, SERIES 1985
Dept. Service Report
\$3,495,000.00
Dated Date 6/ 1/1985
Delivery Date 6/ 1/1985

Date	Principal	Coupon	Interest	Periodic Payment	Reserve Fund Earnings	Net Payment	Annual Payment (6/30)
12/ 1/1985			\$134,756.25	\$134,756.25	\$30,000.00	\$104,756.25	
6/ 1/1986	\$390,000	9.0000%	\$134,756.25	\$524,756.25	\$30,000.00	\$494,756.25	\$599,512.50
12/ 1/1986			\$123,056.25	\$123,056.25	\$30,000.00	\$93,056.25	
6/ 1/1987	\$410,000	6.2500%	\$123,056.25	\$533,056.25	\$30,000.00	\$503,056.25	\$596,112.50
12/ 1/1987			\$110,243.75	\$110,243.75	\$30,000.00	\$80,243.75	
6/ 1/1988	\$435,000	6.5000%	\$110,243.75	\$545,243.75	\$30,000.00	\$515,243.75	\$595,487.50
12/ 1/1988			\$96,106.25	\$96,106.25	\$30,000.00	\$66,106.25	
6/ 1/1989	\$465,000	6.7500%	\$96,106.25	\$561,106.25	\$30,000.00	\$531,106.25	\$597,212.50
12/ 1/1989			\$80,412.50	\$80,412.50	\$30,000.00	\$50,412.50	
6/ 1/1990	\$495,000	7.0000%	\$80,412.50	\$575,412.50	\$30,000.00	\$545,412.50	\$595,825.00
12/ 1/1990			\$63,087.50	\$63,087.50	\$30,000.00	\$33,087.50	
6/ 1/1991	\$530,000	7.2500%	\$63,087.50	\$593,087.50	\$30,000.00	\$563,087.50	\$596,175.00
12/ 1/1991			\$43,875.00	\$43,875.00	\$30,000.00	\$13,875.00	
6/ 1/1992	\$1,170,000	7.5000%	\$43,875.00	\$1,213,875.00	\$630,000.00	\$583,875.00	\$597,750.00
Totals	\$3,895,000		\$1,303,075.00	\$5,198,075.00	\$1,020,000.00	\$4,178,075.00	\$4,178,075.00

Net Effective Interest Rate 7.793222%
 Net of Reserve Earnings 7.132133%
 Bond Years to Maturity 10220.00
 Average Life to Maturity 4.6778
 Accrued Interest to Delivery Date \$5.00

STATE OF MONTANA
BOARD OF REGENTS
"AAA" RATED INSURED SEVEN-YEAR BOND
ESTIMATED SOURCES AND USES OF FUNDS

Sources:

Bond Proceeds	<u>\$3,895,000</u>
	<u>\$3,895,000</u>

Uses:

Equipment Acquisition Fund	\$3,076,150
Reserve Fund	600,000
Costs of Issuance	60,000
Underwriting Discount	116,850
Bond Insurance	<u>42,000</u>
	\$3,895,000

TABLE 2

STATE OF MONTANA
BOARD OF REGENTS OF HIGHER EDUCATION
REVENUE NOTE, SERIES 1985
Debt Service Report
\$5,400,000.00
Dated Date 6/1/1985
Delivery Date 6/1/1985

Date	Principal	Coupon	Interest	Periodic Payment	Reserve Fund Earnings	Net Payment	Annual Payment (6/30)
12/1/1985			\$209,250.00	\$209,250.00		\$209,250.00	
6/1/1986			\$209,250.00	\$209,250.00		\$209,250.00	\$418,500.00
12/1/1986			\$209,250.00	\$209,250.00		\$209,250.00	
6/1/1987			\$209,250.00	\$209,250.00		\$209,250.00	\$418,500.00
12/1/1987			\$209,250.00	\$209,250.00		\$209,250.00	
6/1/1988	\$5,400,000	7.7500%	\$209,250.00	\$5,609,250.00		\$5,609,250.00	\$5,818,500.00
Totals	\$5,400,000		\$1,255,500.00	\$6,655,500.00		\$6,655,500.00	\$6,655,500.00

Net Effective Interest Rate 8.583333%
Net Net of Reserve Earnings 8.583333%
Bond Years to Maturity 16200.00
Average Life to Maturity 3.0000
Accrued Interest to Delivery Date 8.00

STATE OF MONTANA
BOARD OF REGENTS
"A" RATED THREE-YEAR NOTE

ESTIMATED SOURCES AND USES OF FUNDS

Sources:

Note Proceeds	<u>\$5,400,000</u>
	<u>\$5,400,000</u>

Uses:

Equipment Acquisition Fund	\$3,510,000
Capitalized Interest	1,260,000
Reserve Fund	420,000
Costs of Issuance	75,000
Underwriting Discount	<u>135,000</u>
	\$5,400,000

TABLE 3

STATE OF MONTANA
BOARD OF REGENTS OF HIGHER EDUCATION
REVENUE BOND, SERIES 1988
Debt Service Report
\$2,710,000.00
Dated Date 6/ 1/1988
Delivery Date 6/ 1/1988

Date	Principal	Coupon	Interest	Periodic Payment	Reserve Fund Earnings	Net Payment	Annual Payment (b/30)
12/ 1/1988			\$87,712.50	\$87,712.50	\$30,000.00	\$57,712.50	
6/ 1/1989	\$480,000	6.0000%	\$87,712.50	\$567,712.50	\$30,000.00	\$537,712.50	\$599,425.00
12/ 1/1989			\$73,312.50	\$73,312.50	\$30,000.00	\$43,312.50	
6/ 1/1990	\$510,000	6.2500%	\$73,312.50	\$583,312.50	\$30,000.00	\$553,312.50	\$596,625.00
12/ 1/1990			\$57,375.00	\$57,375.00	\$30,000.00	\$27,375.00	
6/ 1/1991	\$540,000	6.5000%	\$57,375.00	\$597,375.00	\$30,000.00	\$567,375.00	\$594,750.00
12/ 1/1991			\$39,825.00	\$39,825.00	\$30,000.00	\$9,825.00	
6/ 1/1992	\$1,180,000	6.7500%	\$39,825.00	\$1,219,825.00	\$30,000.00	\$589,825.00	\$599,650.00
Totals	\$2,710,000		\$516,450.00	\$3,226,450.00	\$840,000.00	\$2,386,450.00	\$2,306,450.00

Net Effective Interest Rate 7.024362%
 Net Net of Reserve Earnings 6.576287%
 Bond Years to Maturity 7840.00
 Average life to Maturity 2.8930
 Accrued Interest to Delivery Date \$.00

STATE OF MONTANA
BOARD OF REGENTS
"AAA" RATED INSURED FOUR-YEAR BOND
TAKE-OUT OF NOTE ISSUE

ESTIMATED SOURCES AND USES OF FUNDS

Sources:

Bond Proceeds	<u>\$2,710,000</u>
	<u>\$2,710,000</u>

Uses:

Payoff of Note	\$1,954,500
Reserve Fund	600,000
Cost of Issuance	60,000
Underwriting Discount	68,500
Bond Insurance	<u>27,000</u>
	\$2,710,000

CALCULATION OF ARBITRAGE EARNINGS
ON THREE-YEAR NOTE ISSUE

1. Reserve Fund Earnings:

\$420,000 x 10%, 3 years	\$126,000	
Plus Reserve Fund	\$420,000	\$ 546,000

2. Capitalized Interest Fund Earning:

\$1,260,000 drawdown evenly over 3 years		
\$1,260,000/2 = \$630,000 average balance		
during drawdown period		
\$630,000 x 10%, 3 years		\$ 189,000

3. Equipment Acquisition Fund Earnings:

\$3,510,000 drawdown evenly over three years		
\$3,510,000/2 = \$1,755,000 average balance		
during drawdown period		
\$1,755,000 X 10%, three years		\$526,500

4. Sinking Fund Earnings:

\$600,000 per year at beginning of year,		
invested at 10%		
\$600,000 at 10%, 3 years = \$798,600		
\$600,000 at 10%, 2 years = \$726,000		
\$600,000 at 10%, 1 year = <u>\$660,000</u>		\$2,184,600

TOTAL FUNDS AVAILABLE TO PAYDOWN NOTE AT END
OF THREE YEARS

\$3,446,100

NOTE PAR AMOUNT

5,400,000

PAR AMOUNT REQUIRED FROM BOND ISSUE TO
PAYOFF NOTE

\$1,953,000

Proposed Language for University Units

All funds, other than plant funds and current unrestricted funds may be spent and are appropriated contingent upon approval by the board of regents by July 1 of each year of the comprehensive program budget containing a detail of revenues and expenditures and anticipated fund balances of current funds, loan funds, and endowment funds. All movement of funds between the current unrestricted subfund and the designated subfund account entities shall be clearly identified in the state budgeting and accounting system.

Programs for the university budgets include instruction, organized research, public service, academic support, student services, institutional support, and operation and maintenance of plant.

Included within current unrestricted funds to the six institutions is the sum of \$14,019,000 in fiscal 1986 and \$14,151,000 in fiscal 1987 from revenues generated under the provisions of Chapter 582, Laws of 1979.

MSU

The audit appropriation is for the biennium. Total audit costs are estimated to be \$84,000 for the biennium. Fifty percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.

Eighty-five percent of all indirect cost reimbursements shall be deposited in the current unrestricted fund. To the extent this portion of the reimbursements deposited to the current unrestricted fund at Montana State University exceed \$935,000 each fiscal year of the biennium, the general fund appropriated for that year is reduced a like amount.

UM

The audit appropriation is for the biennium. Total audit costs are estimated to be \$75,600 for the biennium. Fifty percent of these costs are

to be paid from funds other than those appropriated in items 1 through 7.

Eighty-five percent of all indirect cost reimbursements shall be deposited in the current unrestricted fund. To the extent this portion of the reimbursements deposited to the current unrestricted fund at University of Montana exceed \$400,000 each fiscal year of the biennium, the general fund appropriated for that year is reduced a like amount.

EMC

The audit appropriation is for the biennium. Total audit costs are estimated to be \$50,400 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.

Eighty-five percent of all indirect cost reimbursements shall be deposited in the current unrestricted fund. To the extent this portion of the reimbursements deposited to the current unrestricted fund at Eastern Montana College exceed \$85,000 each fiscal year of the biennium, the general fund appropriated for that year is reduced a like amount.

NMC

The audit appropriation is for the biennium. Total audit costs are estimated to be \$42,000 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.

Eighty-five percent of all indirect cost reimbursements shall be deposited in the current unrestricted fund. To the extent this portion of the reimbursements deposited to the current unrestricted fund at Northern Montana College exceed \$20,000 each fiscal year of the biennium, the general fund appropriated for that year is reduced a like amount.

WMC

The audit appropriation is for the biennium. Total audit costs are estimated to be \$40,000 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.

Eighty-five percent of all indirect cost reimbursements shall be deposited in the current unrestricted fund. To the extent this portion of the reimbursements deposited to the current unrestricted fund at Western Montana College exceed \$14,000 each fiscal year of the biennium, the general fund appropriated for that year is reduced a like amount.

MCMST

The audit appropriation is for the biennium. Total audit costs are estimated to be \$48,000 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.

Eighty-five percent of all indirect cost reimbursements shall be deposited in the current unrestricted fund. To the extent this portion of the reimbursements deposited to the current unrestricted fund at Montana College of Mineral Science and Technology exceed \$150,000 each fiscal year of the biennium, the general fund appropriated for that year is reduced a like amount.

BRIEF SCENARIO
VOCATIONAL TECHNICAL CENTERS

In the 1985 biennium, \$19.9 million is anticipated to be expended to fund current operations including \$2,357,314 of federal funds which were used to fund ongoing programs under the 1976 Amendments to the federal Act.

Of the \$19.9 million, \$15.32 (77%) was expended for personal services and the remainder was spent on equipment and operations.

Of the \$19.9 million, \$17.23 was appropriated revenue inclusive of federal (2.3), tuition (2.8), county millage (1.6), coal tax (1.3) and general fund (9.0). The remainder of \$2.6 million was voted district levy.

I. Changes because of federal law:

1. Federal funds cannot be used for maintaining programs.
2. New, improved and expanded funding concepts result in a net loss of federal support to maintain and an increased demand for new activities and new state funds to accomplish the activities under the new law.
3. CBO's (community based organizations) have been written into the law to expand access to vocational education opportunities.
4. Set-aside funding for specific populations represents 57 percent of the funds available.
5. Proposals of a competitive nature determine funding patterns with new programs funded no more than three (3) years.

II. Ramifications:

1. The general level of usable federal funds is lower or the presence of federal funds may require new matching funds in fiscal 1986 and 1987 or the ongoing programs may have to be dropped to gain matching funds necessary to respond to the federal mandates.
2. The total anticipated revenue at current level, absent the availability of local levy funds, is 13 percent below current expenditures in this biennium; more when the federal shortfall is added.

3. The anticipated revenue at current level will be \$3.15 million (19 percent) short of meeting personal services using a total negotiated settlement of 8 percent increase each year of the biennium for the center system.

P.S. = 1985 Biennium = \$15.32 million

P.S. = 1987 Biennium = \$13.39 million (w/o pay plan)

(\$ 1.93 million)

Wage increase (simplified)

$\$15.32 \times .08 = \1.22 million

$(\$1.93) + \$1.22 = \$3.15$ million

4. The combined impact of the federal law, the anticipated salary increases and the loss of the local district levy by law or (perhaps by ballot) will reduce funding available by \$3.75 to \$4.8 million based upon a \$22.2 million budget without modifications and the current level of \$17.4 million without a pay plan.

FEDERAL FUND SUMMARY

State Allocation

Title II	2,572,897
Title III	119,490
Total	2,692,387
State carry over projected	130,292
Total proj. available	2,322,679

Allocation Distribution	Carry Over Distribution
----------------------------	----------------------------

2,692,387

130,292

Categories

I Administration calculation

- 7% carry over
- 7% FY 86 state allocation
- 1% sex equity provision
- \$26,924 - 60,000 = added

180,103

9,120

33,076

23,898

Title III cons.-homemaker

II Technical Assistance

- Technical committee costs
- Staff technical assistance

5,000

10,000

Subtotal Categories I and II

252,077

9,120

III Title II Part A Basic Grants

2,344,718

Title allocation, less

\$228,179 admin.

- 10% handicapped
- 22% disadvantaged
- 12% adult training
- 8.5% single parent/homemaker (no match)
- 3.5% sex bias/stereotyping (no match)
- 1.0% corrections (no match)

234,471

515,837

281,366

199,301

82,065

23,449

1,336,489 (57%)

46,671

34,001

4,234

84,906

Fund Flow 100%	State Other	20%
-------------------	----------------	-----

281,142

549,838

275,000

162,828

65,652

23,449

854,429

503,480

95%

6,366

40,707

16,413

63,486

5%

VI Title II Part B Program Improvement

- Curriculum development
- Personnel development
- Guidance
- Apprenticeship
- Technical Assistance
- Equipment

23,207

71,934

69,618

60,000

15,000

150,933

6,793

949

37,644

45,386

30,000

85,810

150,933

- Revitalization of bus. & industry
- Area vocational centers
- Communications/telecommunications
- Math and science

30,923

476,510

55,104

55,000

1,008,229 (43%)

30,923

476,510

55,104

55,000

30,923

476,510

55,104

55,000

798,470

85,810

169,335

83%

17%

V Title III

Part B Consumer Homemaker

119,490

20,000

111,592

80%

27,898

20%

- ec.312(a)(4) Improve, Expand & Update 61,802
- ec.312(b) Special projects 10,000
- ec.312(b)(2) State administration 23,898
- ec.312(c) 1/3 Depressed area 39,790
- ec.313(b) Leadership 4,000

Subpart C—Student Consumer Information Services

§ 668.31 Scope.

Each institution participating in any student financial assistance program authorized under title IV of the Higher Education Act, including the Pell Grant Program under the Alternate Disbursement System (ADS), shall disseminate to all enrolled students, and to prospective students upon request through appropriate publications and mailings, information concerning—

- (a) The institution (see § 668.35) and
- (b) Any student financial assistance available to students enrolled in the institution (see § 668.34).

(20 U.S.C. 1092).

§ 668.32 Definitions.

As used in this subpart:
Act means Title IV of the Higher Education Act (HEA) of 1965, as amended.

Award year means the period of time between July 1 of one year and June 30 of the following year.

Prospective student means any individual who has contacted an institution participating in a title IV student financial assistance program for the purpose of requesting information concerning admission to the institution.

(20 U.S.C. 1092).

§ 668.33 Preparation and dissemination of materials.

For each award year in which it participates in a title IV student assistance program, an institution shall—

- (a) If necessary, prepare and publish material covering the topics set forth in § 668.34 and § 668.35.

- (b) Make such material available through appropriate publications and mailings to—

- (1) All currently enrolled students, and
- (2) Any prospective student upon request of that student.

(20 U.S.C. 1092).

§ 668.34 Financial assistance information.

- (a)(1) The information on financial assistance that the institution must publish and make readily available to current and prospective students shall include, but is not limited to, a description of all the Federal, State, local, private and institutional student financial assistance programs available to students who enroll at that institution.

- (2) These programs include both need-based and non-need-based programs.

- (3) The institution may describe its own financial assistance programs by listing them in general categories

(b) For each program discussed in paragraph (a) of this section, the information provided by the institution shall describe—

- (i) The procedures and forms by which students apply for assistance.

- (ii) The student eligibility requirements.

- (iii) The criteria for selecting recipients from the group of eligible applicants, and

- (iv) The criteria for determining the amount of a student's award.

(c) The institution shall describe the rights and responsibilities of students receiving financial assistance and specifically assistance under the Pell Grant, Supplemental Educational Opportunity Grant, State Student Incentive Grant, College Work-Study, National Direct Student Loan, Guaranteed Student Loan, and Parent Loans for Undergraduate Students Programs. This description shall include specific information regarding—

- (1) Criteria for continued student eligibility under each program.

- (2)(i) Standards which the student must maintain in order to be considered to be making satisfactory academic progress in his or her course of study for the purpose of receiving financial assistance payments, and

- (ii) Criteria by which the student who has failed to maintain satisfactory academic progress may re-establish his or her eligibility for financial assistance payments;

- (3) The method by which financial assistance payments will be made to the student and the frequency of such payments;

- (4) The terms of any loan received by a student as part of the student's financial assistance package, a sample loan repayment schedule for sample loans and the necessity for repaying loans; and

- (5) The general conditions and terms applicable to any employment provided to a student as part of the student's financial assistance package.

(20 U.S.C. 1092).

§ 668.35 Institutional information.

(a) The institutional information that the institution must publish and make readily available to current and prospective students shall include, but is not limited to information on the following subjects:

- (1) The cost of attending the institution, including—

- (i) Tuition and fees charged to full-time and part-time students;

- (ii) Estimates of necessary books and supplies;

- (iii) Estimates of typical charges for room and board;

(iv) Transportation costs for commuting students or for students living on or off-campus, and

(v) Any additional cost of a program in which the student is enrolled or expresses a specific interest;

(2) A statement of the refund policy of the institution for the return of unearned tuition and fees or other refundable portion of costs paid to the institution;

(3) A statement of the institution's policies regarding any refund due to the title IV student assistance programs as required by § 668.21;

(4) The academic program of the institution, including—

(i) The current degree programs and other educational and training programs.

(ii) The instructional, laboratory, and other physical facilities which relate to the academic program; and

(iii) The institution's faculty and other instructional personnel;

(5) The names of associations, agencies or governmental bodies which accredit, approve or license the institution and its programs and the procedures by which the documents describing that activity may be reviewed under paragraph (b) of this section.

(6) A description of any special facilities and services available to handicapped students;

(7) A discussion of whether instructional or other physical facilities are readily accessible by handicapped students; and

(8) The titles of persons designated under § 668.36 and information regarding how and where such persons may be contacted.

(b) The institution shall make available for review to any current or prospective student, upon request, a copy of the documents describing the institution's accreditation, approval or licensing.

(20 U.S.C. 1092)

§ 668.36 Availability of employees for information dissemination purposes.

(a) *Availability.* (1) Except as provided in paragraph (b) of this section, each institution shall designate an employee or group of employees who shall be available on a full-time basis to assist current students or prospective students in obtaining the information specified in § 668.34 and § 668.35.

(2) If the institution designates one person, that person shall be available, upon reasonable notice, to any current or prospective students throughout the normal working hours of that institution.

(3) If more than one person is designated, their combined work schedules shall be arranged so that at least one of them is available, upon

POSTSECONDARY VOCATIONAL TECHNICAL CENTERS
SUBCOMMITTEE ACTION AS OF 2/8/85 & 2/14/85
-- SYSTEM SUMMARY --

		1986		1987			
		LFA	Subcommittee	LFA	Subcommittee		
Executive	Current Level	Executive	Current Level	Executive	Current Level	Executive	Current Level
Student FTE	2785	2585	2605	2785	2585	2605	
<u>Expenditures by Center</u>							
Billings	\$1,745,682	\$1,818,134	\$1,759,596	\$1,726,210	\$1,823,352	\$1,764,299	
Butte	1,459,047	1,223,870	1,377,805	1,439,926	1,217,925	1,373,214	
Great Falls	1,613,970	1,519,958	1,472,260	1,594,514	1,518,325	1,470,207	
Helena	2,205,625	2,112,131	2,133,812	2,186,348	2,122,732	2,144,604	
Missoula	2,056,416	2,010,897	1,984,880	2,038,774	2,018,371	1,992,125	
Total Expenditures	\$9,080,740	\$8,684,990	\$8,728,353	\$8,985,772	\$8,700,705	\$8,744,449	
<u>Expenditures by Program</u>							
Instruction	\$5,345,086	\$5,154,490	\$5,194,370	\$5,345,187	\$5,195,850	\$5,236,050	
Support	2,318,760	2,071,635	2,074,438	2,219,870	1,988,657	1,990,881	
Plant O & M	1,324,989	1,245,575	1,245,575	1,328,810	1,292,038	1,292,038	
Equipment	91,905	213,290	213,970	91,905	224,760	225,480	
Total Expenditures	\$9,080,740	\$8,684,990	\$8,728,353	\$8,985,772	\$8,700,705	\$8,744,449	
<u>Funding by Source</u>							
Tuition	\$1,514,700	\$1,447,600	\$1,469,220	\$1,514,700	\$1,499,300	\$1,544,765	
County Millage	857,800	855,233		873,668	868,314		
Federal Vo-Ed	1,022,199	1,179,327	1,043,464	1,022,199	1,179,327	1,043,464	
Education Trust Interest	870,472	895,000		967,688	1,000,000		
General Fund	4,815,569	4,307,830		4,607,517	4,153,764		
Total Funding	\$9,080,740	\$8,684,990	\$	\$8,985,772	\$8,700,705	\$	

POSTSECONDARY VOCATIONAL TECHNICAL CENTERS
SUBCOMMITTEE ACTION
-- SYSTEM DETAIL --

	FY 1984		1986		1987	
	Actual	Executive	LFA	Subcommittee	LFA	Subcommittee
<u>Student FTE by Center</u>						
Billings	485	521	538	511	521	511
Butte	342	428	344	415	428	415
Great Falls	449	502	445	423	502	423
Helena	663	716	650	660	716	660
Missoula	607	618	608	596	618	596
System Total	<u>2,546</u>	<u>2,785</u>	<u>2,585</u>	<u>2,605</u>	<u>2,785</u>	<u>2,605</u>

The subcommittee estimated the student enrollment by finding the difference between actual Fall and Winter fiscal 1985 enrollment then adding/subtracting one-half the difference from LFA current level estimate. Due to the Great Falls center's significant enrollment decline from LFA current level and the Helena center enrollment increase, 10 FTE were removed from Great Falls and included at Helena. A separate enrollment figure was estimated for Butte due to the new facility.

<u>Instruction by Center</u>						
Billings	\$ 999,906	\$1,072,772	\$1,018,934	\$ 999,908	\$1,081,380	\$1,027,110
Butte	821,503	685,936	827,510	821,578	691,440	834,150
Great Falls	963,438	887,330	843,462	963,438	894,450	850,230
Helena	1,374,173	1,296,100	1,316,040	1,374,197	1,306,500	1,326,600
Missoula	1,186,066	1,212,352	1,188,424	1,186,066	1,222,080	1,197,960
System Total	<u>\$5,345,086</u>	<u>\$5,154,490</u>	<u>\$5,194,370</u>	<u>\$5,345,187</u>	<u>\$5,195,850</u>	<u>\$5,226,050</u>

The subcommittee approved a 0 percent vacancy savings rate for instructional staff.

	1986				1987			
	LFA		Subcommittee		LFA		Subcommittee	
	Executive	Current Level	Current Level	Current Level	Executive	Current Level	Current Level	Current Level
<u>Support by Center</u>								
Billings	\$ 442,406	\$ 416,259	\$ 412,477	\$ 422,406	\$ 399,553	\$ 395,742		
Fulite	438,322	362,606	372,553	418,322	345,352	355,375		
Great Falls	436,849	399,021	395,939	416,849	382,162	379,056		
Helena	481,373	443,781	445,182	462,014	427,346	428,758		
Missoula	514,810	449,968	448,267	495,279	433,644	431,950		
System Total	<u>\$2,313,760</u>	<u>\$2,071,635</u>	<u>\$2,074,438</u>	<u>\$2,214,870</u>	<u>\$1,988,057</u>	<u>\$1,990,881</u>		

The subcommittee current level support budget reflects a student enrollment of 2,605 and the support staffing standards approved by the 1983 legislature. The subcommittee approved a 0 percent vacancy savings rate for support program personnel. The subcommittee approved a modified request which changed the counselor staff standard ratio from one counselor for every 300 FTE to one counselor for every 250 FTE. The additional system-wide cost of the current level budget would \$72,992 in fiscal 1986 and \$73,548 in fiscal 1987 for 2.06 additional support staff and related operating costs.

<u>Plant Operations & Maintenance</u>								
<u>by Center</u>								
Billings	\$ 286,177	\$ 279,461	\$ 279,461	\$ 286,703	\$ 290,126	\$ 290,126		
Butte	175,098	163,632	163,632	175,902	168,749	168,749		
Great Falls	192,117	187,127	187,127	192,661	192,768	192,768		
Helena	323,201	318,800	318,800	325,559	332,561	332,561		
Missoula	329,146	296,555	296,555	331,035	307,834	307,834		
System Total	<u>\$1,305,739</u>	<u>\$1,245,575</u>	<u>\$1,245,575</u>	<u>\$1,311,860</u>	<u>\$1,292,038</u>	<u>\$1,292,038</u>		

	1986			1987		
	LFA		Subcommittee	LFA		Subcommittee
	Executive	Current Level	Current Level	Executive	Current Level	Current Level
<u>Equipment by Center</u>						
Billings	\$ 17,193	\$ 49,642	\$ 48,724	\$17,193	\$ 52,293	\$ 51,321
Butte	24,124	11,696	14,110	24,124	12,384	14,940
Great Falls	21,566	46,480	45,732	21,566	48,945	48,153
Helena	26,878	53,450	53,790	24,578	56,325	56,685
Missoula	26,394	52,022	51,614	26,394	54,813	54,381
System Total	<u>\$116,155</u>	<u>\$213,290</u>	<u>\$213,970</u>	<u>\$113,855</u>	<u>\$224,760</u>	<u>\$225,480</u>

<u>Tuition by Center</u>						
Billings	\$ 286,200	\$ 301,280	\$ 288,204	\$ 286,200	\$ 312,040	\$ 303,073
Butte	232,200	192,640	234,060	232,200	199,520	246,095
Great Falls	283,500	249,200	238,572	283,500	258,100	250,839
Helena	378,000	364,000	372,240	378,000	377,000	391,380
Missoula	334,800	340,480	336,144	334,800	352,640	353,428
System Total	<u>\$1,514,700</u>	<u>\$1,447,600</u>	<u>\$1,469,220</u>	<u>\$1,514,700</u>	<u>\$1,499,300</u>	<u>\$1,544,765</u>

The subcommittee approved a tuition revenue estimate which reflects a tuition rate increase of 4.5 and 5 percent in fiscal 1986 and 1987, respectively. The tuition rate increased from \$540 per year in fiscal 1985 to \$564 in fiscal 1986 and \$593 in fiscal 1987.

	1986				1987			
	Executive	LFA Current Level	Executive Over (Under) LFA	Executive	LFA Current Level	Executive Over (Under) LFA		
County Millage by Center								
Millings	\$315,496	\$326,126	\$(10,630)	\$321,332	\$331,117	\$ (9,785)		
Putte	76,702	76,579	123	78,121	77,733	388		
Great Falls	150,007	138,882	11,125	152,782	141,123	11,659		
Helena	88,878	104,490	(15,612)	90,522	106,046	(15,524)		
Miscula	226,717	209,156	17,561	230,911	212,295	18,616		
System Total	\$857,800	\$855,233	\$ 2,567	\$873,668	\$868,314	\$ 5,354		

Subcommittee Action
Support Staff Standards and Personal Services
Subcommittee Current Level and Modified Level
1967 Biennium

	Director	Assistant Director	Bus Mgr/ Chief Acct	Counselor	Librarian	Admin. Sec'y	Admin. Support Sec'y	Other Support Sec'y	Instruc. Support Sec'y	Total Support Staff	Total Personal Services
<u>BILLINGS</u>											
Subcomte. Current Level	1.00	1.00	1.00	1.70	1.00	1.00	.67	1.63	3.29	12.29	\$325,838
Modified Level	1.00	1.00	1.00	2.04	1.00	1.00	.67	1.70	3.29	12.70	337,940
Add'l. Staff & Cost				.34				.07		.41	12,102
<u>PITTE</u>											
Subcomte. Current Level	1.00	1.00	1.00	1.38	1.00	1.00	.67	1.41	2.16	10.62	\$294,964
Modified Level	1.00	1.00	1.00	1.66	1.00	1.00	.67	1.46	2.16	10.95	304,792
Add'l. Staff & Cost				.28				.05		.33	9,828
<u>GREAT FALLS</u>											
Subcomte. Current Level	1.00	1.00	1.00	1.41	1.00	1.00	.67	1.56	3.10	11.74	\$312,317
Modified Level	1.00	1.00	1.00	1.69	1.00	1.00	.67	1.61	3.10	12.07	322,334
Add'l. Staff & Cost				.28				.05		.33	10,017
<u>HELENA</u>											
Subcomte. Current Level	1.00	1.00	1.00	2.20	1.00	1.00	.67	1.69	3.91	13.47	\$352,198
Modified Level	1.00	1.00	1.00	2.64	1.00	1.00	.67	1.77	3.91	13.99	367,829
Add'l. Staff & Cost				.44				.08		.52	15,631
<u>MISSOULA</u>											
Subcomte. Current Level	1.00	1.00	1.00	1.99	1.00	1.00	.67	1.83	4.31	13.80	\$353,514
Modified Level	1.00	1.00	1.00	2.38	1.00	1.00	.67	1.91	4.31	14.27	367,629
Add'l. Staff & Cost				.39				.08		.47	14,115
<u>SYSTEM TOTAL</u>											
Subcomte. Current Level	5.00	5.00	5.00	8.68	5.00	5.00	3.35	8.12	16.77	61.92	\$1,638,832
Modified Level	5.00	5.00	5.00	10.41	5.00	5.00	3.35	8.45	16.77	63.98	1,700,524
Add'l. Staff & Cost				1.73				.33		2.06	61,692

Boilerplate Language Proposed for Vo-Tech Centers--1985 Session

Receipt of state funds appropriated to the five postsecondary vocational technical centers is contingent upon each county in which the center resides levying 1.5 mills each fiscal year. The Superintendent of Public Instruction may transfer millage collections among centers. Millage received by the centers from the 1.5 mill levy which , in the aggregate, exceeds \$ _____ in fiscal 1986 and \$ _____ in fiscal 1987 shall cause a general fund reversion of a like amount each year.