

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

APRIL 17, 1985

The 21st meeting of the Senate Finance and Claims Committee met on the above date in Room 108 of the State Capitol. Chairman Regan called the meeting to order to continue House Bill 500 at 8:05 a.m. following roll call.

ROLL CALL: All members present.

BOARD OF PUBLIC EDUCATION, Page 66 of the blue bill, E-1 of the narrative.

MOTION on AMENDMENT # 94, Senator Manning, page 67, line 8.

Senator Manning: This would take care of the primary and elementary population increase and give the School for the Deaf and Blind the two staff members they need to take care of it.

Senator Christiaens: What was the floor debate and the rationale for taking this out?

Representative Donaldson: On the floor, rationale was that it was difficult to project the increase and we felt that in the School for the Deaf and Blind it is easier to project the increases than in some others.

Senator Christiaens: Following that along--The children are in there to justify the positions?

Representative Donaldson: The testimony we have indicated that they are there. Based on the percentage normally and that the enrollment would increase and in this particular case a pretty good documentation that they will probably be there.

Senator Regan: How many teachers do they have now?

Representative Donaldson: E-7 of the narrative, 46.14 in the education portion, and I believe that is all pretty much faculty. They would be reduced by the 1.4 taken out in the House action.

Senator Regan: 46 teachers for 75 to 80 students on campus. How many are served in the classroom and how many in the school?

Representative Donaldson: 325 children from infancy to 18 are served by the school. 75 to 80 inside the school.

Senator Bengston: I notice in the narrative, it was a modification and was approved because of the documentation.

Representative Donaldson: It was approved in subcommittee and House Appropriations but was taken out on the floor.

Senator Regan: Some sort of language that would say increase in enrollment they would hire them? If the increase were actually there they could go with it.

Bill Sykes, LFA: This was discussed in the subcommittee area and they wanted to leave it basically up to the Board of Education to determine it.

Senator Manning: Mr. Demming, could you address this?

Robert Demming, Superintendent, Board of Public Education, School for the Deaf and Blind: There are 15 pre school deaf children served by 2 teachers. They figure out at 3-1 for one handicapped child. The 38 across the state are low. For the information we have generated they are low from that.

Senator Regan: Student aid, full time or what?

Robert Demming: From 8 to 3 with one teacher.

QUESTION was called on Amendment # 94, voted, passed, unanimous. Roll call vote.

Senator Aklestad: This isn't quite right.

Senator Manning: We are basically out to put this amount annually in the budget. We can have the LFA see that is goes in right.

Senator Regan: I would ask you to look at the first amount and instruct the LFA to fix the totals.

MOTION on AMENDMENT # 95, Senator Jacobson, Page 67, line 19.

Senator Jacobson: What happened in the subcommittee. Audiology committee -- E-9. It is a contract program and used to be located in the OPI (Office of Public Instruction). It is now in the School for the Deaf and Blind. They just contract out to Easter Seal, etc--I think there are about 5 groups-- and the subcommittee was looking for money to find the modifieds. They took all the inflation money and took it right back to the level in the last biennium. They had to cut. It is a change to 34.6 of the current level. It removed about \$76,000 from the

audiology programs that go out to the school services. The amendment I have given you says any carry over would be spent in the coming biennium.

Senator Hammond: Just taking the money left over and putting it in the next biennium?

Senator Jacobson: Yes.

QUESTION was called on Amendment # 95, voted, passed, unanimous.

MOTION on AMENDMENT # 96, Senator Himsl, page 67, line 24.

Senator Himsl: This is an increase long overdue. I have asked Bob Anderson to explain what it does.

Bill Anderson, Deputy Superintendent, OPI,: This is a raise from \$2 to \$5 an hour. It is a fee that has not been raised since 1965. The money that goes in from the teachers certificates-- the money would be used to support services to vocational education. Educational specialists and ½ time reading specialists.

Senator Regan: I would ask that we put this amount aside until after floor action today. If that bill looks like it will pass-- if it should, I will try to amend it to put it into a fund to take care of the things that come up each year. Every year a group is in for pensions. I intend those monies would go into a special fund and go into the COLA (Cost of Living Allowance) for teachers. I would ask that we set this aside for now.

Senator Hammond: It would keep money to hire these specialists. We are asked for money for kids and sometimes it is money for teachers. I think it is time we put some money into the agencies.

Senator Himsl: Really, this is a service fee for the issuing of certificates to recover part of its operational costs. It is not to take care of retirees.

Senator Regan: This bill--you are amending into it and the bill has not even passed the House to come to the Senate. I would like to wait with this and see what is happening.

Senator Jacobson: If not set aside, I would like to comment. I have some concerns about the amendment. OPI has lost 4 administrative positions by loss of federal funds. Our subcommittee looked at this and said it was difficult to replace federal funds and at times it is necessary. I would not feel we could plug in 4 brand new FTE. We gave them two and paid for it with federal money. This amendment is taking more general fund money and takes the other two and going a little beyond that and adds ½ more as a reading specialist.

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Senator Regan: We will put it in hold for now if it is alright with the committee.

Senator Smith: We have done it a little different. We have not in most instances passed it and if a change in floor action, we have changed it. This one we will hold up the moving this bill out of our committee.

Amendment # 96, to hold awaiting floor action on the other bill.

MOTION on AMENDMENT # 97, Senator Jacobson, Page 68, line 20.

Senator Jacobson: This amendment would take $\frac{1}{2}$ of the grants and reduce it to \$750,000. Our subcommittee at one point in time took about the whole \$1,500,000. We had second thoughts and put it back in. I am asking you to remove $\frac{1}{2}$. They were originally set up to start vo-ed for equipment for new programs. It is put across the state. In my area it is \$30,000 and they get $\frac{1}{2}$. If you spread it around the state, the trade off to vo-ed schools -- they are in trouble.

Senator Keating: Could I get a little more information about secondary vocational education?

Senator Jacobson: The programs that are located in the high school shops, Home economics, shop ed, and etc. This fund was called in for equipment for those programs

Senator Regan: This fund is in addition to the state contributions. We contribute from the state from \$6 million to \$10 million to the vo-eds. In addition, \$1 million in coal grants. The original purpose of the funds were to get programs started and pay for equipment. These programs are in place, pretty much. State-wide they are not that significant but can have significant impact on the vo tech centers that are really in trouble.

Senator Christiaens: We pay \$1 $\frac{1}{2}$ million in secondary education grant and \$1 million in coal grant. How is that being used?

Pam Joehler: The coal tax money is used to fund the vocational tech programs only.

Senator Christiaens: The entire \$1 $\frac{1}{2}$ million is going to equipment?

Pam Joehler: The OPI has a series of excess cost type of expenditures that the \$1 $\frac{1}{2}$ million is paying for. It does include equipment, but also to the other high cost items.

Senator Christiaens: The committee thought to take it all out?

Pam Joehler: Yes.

Senator Story: How much out?

Senator Hammond: We took it out and put it back.

Senator Smith: Most of the districts have already set their budgets in anticipation of this. Only about 50% of the kids graduate from high schools and do not go on to school. I have two that had it in high school and two that did not. I would have to have it taken out.

Senator Jacobson: It is my understanding that there is a lot of money in this. How much, Pam?

Pam Joehler: In '84, secondary level the state contributes \$749,654,000 annual appropriation on top of that the local puts \$13.7 million.

Senator Haffey: What is happening with this motion. We are doing some damage to the secondary vo-ed programs and the result is that value. The damage will be distributed through all the schools that receive the damage. The benefit side is more concentrated. It will be concentrated in the five post secondary programs. Let's not delude ourselves into thinking no harm. The harm is spread and the benefits are concentrated.

Senator Hammond: There are many more people along the way from the five centers. They go out and make their living that way. A lot of people will go on to the vo tech schools. I think this is all wrong and I would certainly resist any effort to take any money out.

Senator Jacobson: Let's try to put this into prospective. Nobody is denying anybody a vo education. In Butte, which is one of the ones that need it. They will still get 50% of what is coming to them and if I thought it would hurt the program, I would not do it. There are alot of students that need vo-tech education that will not go to college. I don't think it is as harmful in one as it is in the other. The \$750,000 spread across the state will not dry them up.

Senator Bengston: I would resist the amendment. If a significant amount for one it has to be for the other. If you have ever thought about the home ec or whatever vo-ed in the smaller schools they need every cent that they can get. In the schools in my district, if they don't get it from the state they will just get it from the local taxpayers.

Senator Story: What is the total enrollment of the five tech centers?

Representative Donaldson: 2500.

Senator Story: How many in this type of program across the state?

Representative Donaldson: 40% of the school enrollment--I don't have the figure on this but perhaps Mr. Anderson could tell you.

Bill Anderson: 13,000 secondary students in secondary education and we would be taking 3/4 of a million dollars.

Senator Regan: But there is still \$13 million.

Senator Hammond: A lot of that money can come from the same districts. It comes in here and goes here.

Senator Jacobson: The vo-tech centers still need the money.

Senator Keating: This secondary vocational education money on page 68, line 19. Where does it correspond in the narrative?

Representative Donaldson: E-21.

Senator Keating: If the testimony we heard is correct, we are looking at 13% of a million dollars in the normal education for 13,000 students plus this \$750,000 that would remain. \$14.5 million total for secondary vo-ed programs.

QUESTION was called on Amendment # 97. Voted, failed, roll call vote.

MOTION on AMENDMENT # 98, Senator Bengston, page 69, line 6 item 12; E-28a in the narrative.

Senator Regan: There may be a problem in the bill.

Senator Jacobson: Is there any reason for the language? They can come in for a supplemental?

Bill Sykes, LFA: They can.

Senator Regan: But I have never heard of a supplemental to a contingency fund.

Senator Story: But this is inviting them to come in.

Senator Bengston: If it causes a problem, I would strike the rest of the language in the amendment and so move.

MOTION to strike the language in 3. Following the "first year of the biennium". Voted and passed.

Senator Bengston: SBAS was not about to pump the information back to -- they had indeed used all the money. They will take a cut but would like this for the biennium. I think they are making a concession. If they don't have this contingency the local school board has no way of taking care of any emergencies. I

think every school or at least one out of 2 in every district has used them. They have used all of the money all the time.

Senator Jacobson: I guess I am fairly confident with \$400,000 a year. I sat with the OPI there last time and they certainly made sense. Originally this was put in place because we were moving people out of Boulder into group homes. You needed this for the move. The Boulder move is gone. The other justification was for Child Find. At the moment the only purpose is if a child moving out of one district into another they might need some.

Senator Hammond: I have to agree with Senator Jacobson. The school administrators were pretty well satisfied with \$400,000.

Senator Regan: I had some trouble with it. I asked some research to be done. I distributed the memo and it is passed out. I will ask her to address it.

Pam Joehler: I met with the OPI in response to the concerns about special education contingencies. They said spending \$500,000 instead of \$400,000. They provided a data sheet that said 100% counties to expend county mandatory mill levy surplus for special ed contingency rather than receive a general fund appropriation. (Memo from Pam Joehler to Senator Regan with explanation attached to this amendment.)

Senator Stimatz: What is a county surplus fund.

Pam Joehler: The state requires that the counties levy a certain amount of mills (45) for the foundation program. In some counties they raise more and in some cases that is returned to the state for deposit in the school foundation program.

Senator Regan: My concern is that we might want to add that those monies should be spent out of the contingency fund only and no other place.

Senator Bengston: No difference.

Senator Regan: But we are not able to track it and they should come back in for state appropriation and be tracked.

Senator Bengston: Some are levied in a timely fashion.

Senator Regan: That is correct and should be addressed.

QUESTION was called on Amendment # 98, voted, failed.

MOTION on AMENDMENT #99, Senator Jacobson, page 70, line 22, etc. E-25 in the narrative.

Senator Jacobson: The Vocational Technical Centers seriously need this amount of money. On E-25 of the narrative, the budgets have

been reduced because of the federal funding. The Carl Perkins Act--new and inovative programs -- there is some language on low income people. Representative Donaldson spent alot of time trying to find out how much Carl Perkins Money they thought they could use. This is the money we know they can not possibly use. I suggest they will lose more than this amount and it will severly impact the centers and the programs. We have a waiting list at many of them and they are at full capacity. I would urge you to pass this amendment.

Senator Regan: The secondary vo-eds could they appropriate and get Carl Perkins money? Are they able to do this? I wonder if with the contingency grant we should require them to apply and try to get Carl Perkins money rather than automatically apply to the state.

Senator Himsl: Did the committee endorse this action?

Representative Donaldson: Yes

QUESTION was called on Amendment # 99, voted and passed.

MOTION on AMENDMENT #100, Senator Jacobson, page 69, line 6.

Senator Jacobson: This provides for impact payments to districts for the children of employees of state institutions who live on institutional property.

Representative Donaldson: There is no fiscal impact, but they should be appropriated some place.

QUESTION was called on Amendment #100, voted and passed.

HIGHER EDUCATION on Page 78 of the blue bill, F-1 of the narrative, and Representative Donaldson explained the change since the action of the subcommittee occurred. Questions from the Committee to Representatiave Donaldson followed.

Senator Bengston: Regent--a mistake on regents modified.

Representative Donaldson: \$25,000 and it should be each year.

Senator Keating: On F-20a, under floor action with regard to tuition. '87 tuition level was reduced \$761,829. What does this mean?

Representative Donaldson; We had to set to support instruction in the second year. We wanted to go to 100% instruction in the second year. The floor action moved them back to 97% of the peer average for instruction, 95 for support for the next two years. It was also felt if you leave the tuition at 100% you would basically have tuition used to fund other parts of the system. \$750,000 of tuition that was removed from the budget by viture of the amendment.

Senator Keating: Does that need to be corrected?

Representative Donaldson: It is correct.

Senator Keating: Where does it go?

Representative Donaldson: If not appropriated it would be hanging out and you have to appropriate it so they can spend it.

Senator Keating: The reductions of \$1½ million. How does that formula work?

Representative Donaldson: By moving back from the 100% instruction. Everybody moves back and less money is expended in both areas.

Senator Keating: It means to have taken \$2.2 million out of the university budget.

Representative Donaldson: Yes. Just to give you an idea of inputs in 1985 general fund \$146,677,000. In the amendment, \$143,870 -- \$2.8 million less than what was appropriated in the '85 biennium.

Senator Regan: The formula is enrollment driven and it falls and affects the schedule. Enrollment is down, and the floor action was devastating. I am sure there will be amendments. There is also a drop in enrollment.

Representative Donaldson: Two factors. The enrollments, 3% in '85-'86, 1% '86-'87 also 3% inflationary factors. Part of the formula is not enrollment driven.

Senator Keating: Tuition went up \$7 million and general fund went down \$3 million?

Representative Donaldson: If it stays that way.

Senator Story: The percentage of increase, as to Missoula -- is it in?

Representative Donaldson: By virtue of the space adjustment it will be over. The other is spread to all 6 units. Space and operation are increment driven and MSU was impacted significantly on that.

Senator Regan: On F-20a. It shows the impact unit by unit as a result.

Senator Regan announced a recess for members to attend the Senate Session, and the meeting would be recessed subject to call of the chair.

RECONVENED: 10:05 a.m. Senator Regan said we would treat the amendments a little different than the ones in the past. We are not going into it page by page. The floor action taken that

dealt with the way we handled the formula. I want to deal with this amendment first. After that we will go back to the front of the bill and pick up the rest of the amendments. Page 83, line 13, in the blue bill, page F-20 of the narrative and discussion on F-27. That was the House Appropriation-- that action. You can compare the House action and the floor action.

MOTION on AMENDMENT # 101, Senator Jacobson, page 83, line 15, etc.

Senator Jacobson: This amendment changes the legislative funding level from 97% of the peer levels for Instruction Program in both years to 95% of the peer levels for Support Program both years to 99% for the instruction program both years and 97% for the Support Program in '87. The additional cost is \$1,229,824 in '86 and \$2,404,617 in '87.

Senator Jacobson handed out additional material attached to the amendment, and referred to the sheet "Six Campus Summary". She said the reduction of the amount by a little over \$3 million as current level to the bill. She said this page addresses U of M modified which was inadvertently reduced by \$25,000 in '87. Puts tuition at 90% the first year and at 100% the second year; instruction at 97% and 100%, support at 95% and 97%. It is still making the students pick up a great deal of the increase but increases the general fund about 2.33%. Total impact is about \$3.2 million. This amendment does keep the formula below 100% average peer level.

Representative Bradley handed out information sheets and spoke on them. Her testimony is attached. She also explained the charts, both are attached to the minutes following the amendment.

Representative Bradley said that she felt this part of the budget left the House in more confusion than any other. She went through the various processes in the subcommittee, House Appropriations, and then the final floor action.

Senator Jacobson: There are a number of students in the audience sitting on their hands. I have a letter from the Montana Coalition saying they are in support of this amendment. They are concerned about the increases and how they are going to be addressed. Their statement says about 7.5 are tuition increases and general fund is set to decrease at \$3 million.

Senator Smith: I have one question. I was on the Legislative Finance Committee when we went to the University System to see how the financial problems in the Universities were. Now as we adopted that, how does the tuition compare with the tuition in the State of Montana.

Representative Donaldson: In the area of tuition we are very current. We can bring it out very quickly. When we talk about 100% tuition we are talking about rather current areas. Since not updated since 1981, instruction and support is not that clear.

Senator Smith: What are you saying is the student in the other states we used as comparision--as to what they are asking here.

Representative Donaldson: If going to the 100% they would be paying very close, but only getting 99% of the instruction support.

Representative Bradley: I made some calls. I don't know the actual tuition level, 16% in the state of Idaho, South Dakota-15½%, North Dakota very close to the 23% they are trying to do the same as we are.

Senator Haffey: I think it is very important to understand what Gene Donaldson said. Representative Bradley is giving us some comparison, but you are talking about tuition level in Montana relative to average--you are saying in comparing to very current peer average. 97% in '86. The comparison for instruction of 99% and 99% is a comparison with out peer information. If as updated on that we would be at less that 99%.

Representative Donaldson: This is a possibility. In the support area it shows we are substantially behind in that. We haven't used that yet.

Senator Aklestad: I think one thing not considered. Unfortunately not nsidered when the Finance Committee went down to the University and got ourselves into this peer group. We wind up in a ratcheting effect. The next year they did and we would come back and we raised, the next year they did, etc., that was one thing not taken into consideration. The peer capacity income of Montana as to other states. At that time and still is lower than any other state and considerably lower than many of the others in the northwest. Since then Montana has lost percentage wise and many highly paid jobs than in the other peer groups. We are asking a smaller number of people on a lower paying job scale and with business in a more depressed situation to be picking up a higher percentage of the tax than the peer groups. I don't think those taxpayers should be put in that situation.

Senator Gage: On another side of this. My concern with the percentages and not the dollar figures. We are looking at higher education and not just the universities. Academically there are five vo-tech centers, 6 universities, and several community colleges. What is our cost per student of those? I expect we are considerably higher because of so many units in the state.

Senator Smith: I think that question should be answered so that the committee could get a better picture of the cost per student.

Representative Donaldson: That is what we are driving at with the formula. That is actually what we doing. Six years later and we have still not finished up with the study.

Senator Stimatz: With the Jacobson amendment are we assured that the student tuition is going to their education. If any savings I want student tuition to be used for that.

Senator Jacobson: Yes they do.

Representative Donaldson: On the white sheet that Senator Jacobson passed out--.1 decline in general fund. It is very close. Within the limits you are adjusting it to.

Senator Jacobson: We are backed somewhat by the formula. When you set your formula you couldn't come to the exact dollar figure. We have set it as close as possible.

Senator Stimatz: Representative Donaldson, you gave the last percentage and show the amount increased of \$78,000. The amendment has a different figure.

Representative Donaldson: \$2.2 million.

Senator Jacobson: Some other things on the sheet. The big sheet of amendments it is increasing by \$2,333,761 tuition and fees. Mileage by \$274,000. The increase is \$2.2 million to the general fund.

Senator Hims1: I have a little difficulty. If you take HB 500 on the white sheet--it is \$143,483,000; \$145.7 million -- it is quite different, it is \$146.6 million. I don't reconcile the the figures. The \$143.4 sheet and the \$2.2 million -- an increase of that general fund figure and you come up with \$145.716,000 not the \$146,677,000.

Representative Donaldson: Part of the amendment. The sheet deals with two other areas. Those two would reconcile the problem.

Senator Regan: When you look at this you are putting more general fund than in the House floor. You are adding general fund money.

Senator Jacobson: If you don't do it the student tuition money will be funding other areas since that money will revert to the general fund.

Senator Keating: Judy, are you saying that we can't put it all (the \$761,000) back into the budget without putting in \$2.2 million in general fund because of some formula of the division of funds?

Senator Jacobson: What we are saying is that if you look at the current level right now, general fund is decreasing with my amendment by .1% of the \$78,000. If you take the bill as it is now over current level the general fund is at 2% or \$3 million. If you leave the bill alone the increases are coming from the student funds and a general fund decrease. We are telling you the tuition money is flowing into the general fund to increase the programs.

Senator Keating: But this has to be put in to get the tuition back into limbo. The reason for having this floating around was because of the formula.

Senator Jacobson: Originally the committee set it at 100%, 100%, and 100% in all B categories. We went back and then went back again. By this time we were getting uncomfortable in what we had done and there were some concerns by some people that they didn't want the formula to go. We kept the instruction at 99%, also at 95% and 97%. That changes the dollar figures. It raises it above the subcommittee but a figure we feel comfortable with.

Senator Keating: Where is the millage coming from?

Senator Jacobson: If HB 9 comes over the millage was looked at across the board and there is agreement that there is that much more coming in than what we had set it for.

Senator Keating: You are talking about 6 mills. More revenue under the 6 mills.

Senator Jacobson: Yes

Senator Keating: What would it take to plug the \$1½ million in instead of the \$3.2 million and leave the millage where it is?

Representative Donaldson: The problem is instruction is not up. It is like buying a loaf of bread and having one slice missing. We are saying you are buying 100% but not getting 100%. There is a relationship we are trying to reach.

Senator Keating: The relationship will cost an extra \$750,000.

Senator Aklestad: I don't quite agree. In times in the past and before established, you could reverse the situation the the instruction was always higher than the tuition. A few years back it was considerably higher. Over the past few years the tuition has been lower than the instruction cost so that they have been getting a bargain.

Senator Keating: I would like to know--are there some other amendments addressing this situation? Trying to plug the money into the situation?

Senator Jacobson: Yes, There are two other issues on the sheet I have handed out. One is the physical plant in MSU. There was the adjustment that Gene Donaldson layed out for you. About \$450,000. It is the money that was transferred from the physical plant into instruction and they utilized it in the instruction was put on the formula and they lost their base. There is a fiscal impact of \$450,000. The U of M when they made the amendments on the House Floor, the U of M was reduced by \$25,000 on one of our modifieds. I think there are other amendments on the equipment. About \$200,000 for dairy. I think all employees are short some time on their merits. I think this is important to the whole university system.

Senator Regan: I think I have an obligation. The apparent increase of general fund over what came out of the subcommittee. It is possible to address the funding issue more closely and still achieve what we want to do which is not for the student fees to underwrite the funding by simply juggling a little bit of the percentages.

Senator Jacobson: Then you have more money hanging out than the \$78,000 in my proposal. I would like my amendment voted on, and then if not chose, I would be happy to work with you on something else.

Senator Christiaens: I would like to know what the other would be.

Senator Jacobson: Any other proposal will decrease the general fund from present current level and have the impact of having more tuition hanging out.

Senator Regan: Your committee came out with the formula with less money and the cut came from the floor and now you are bringing it back. To fund it at a lower service charge and it costs more.

Pam Joehler: When the subcommittee set the budget they set it at current level kept at 21%. It costs an excess amount of fees to be used. They were just to be used to fund a modified. They used up all the available tuition. The effect was \$4.6 million in available tuition. The cost of making it was less than that. Then on the House floor the expenditures were reduced and tuition was reassessed. The expenditure was larger and now with 97 and 97 and the effect of the amendment would be to increase the cost of instruction \$1.2 million, support \$700,000 in the second year and increase in scholarships. If you want to make adjustments, 1% instruction costs about \$600,000 a year. A 1% change in support costs about \$300,000 a year.

Senator Regan: So if you drop the instruction to 98 and 97 you could drop support and be in about the same ball park as originally.

Pam Joehler: Reasonably so, yes.

Senator Keating: My question would be, can we reverse the situation. The committee has started with the percentages for instruction and support. Can we start with this many dollars? You build the percentages from the dollars. So, if I wanted to plug \$1.8 million general fund and \$716,000 tuition and millage somebody could build a percentage on the other end of that? I am just talking about options.

Senator Hims1: Can you verify the figures we are concerned about? We are here to appropriate money. We should have a verification of how much is general fund in House Bill 500 at the present time. Is it \$146 million or \$143 million?

Pam Joehler: The sheet says it (at the top of the sheet) is formula only, that is what is in HB 500 and does not include any modifieds. \$143.5 million and \$400,000 for the modifieds and you come up with \$143.9 million.

Senator Jacobson: You would add \$2.2 million general fund and that makes it \$146.6 million. The purpose of this base adjustment would add another \$500,000 which would make it \$146.6 million at the bottom page that is there. That includes everything that I have discussed.

Senator Hims1: The appropriation 2 years ago is \$140.9 million.

Representative Donaldson: To fund everything in the amendment would be a current \$146.6 million.

QUESTION was called on Amendment # 101, voted and passed, Roll call vote.

MOTION on Amendment # 102, Senator Jacobson, page 79, line 24.

Senator Jacobson: This would correct an error.

Bill Sykes, Moved from proprietary to special revenue column.

QUESTION was called on Amendment # 102, voted and passed.

MOTION on Amendment # 103, Senator Smith, page 81, line 7, etc.

Senator Smith: This would give equal treatment to the community colleges as to the university system. I had figures for the totals, \$237,000 to all three community colleges for the biennium. \$237,065.

Senator Haffey: Tell us what the history is. The funding for the community colleges -- is it the same as left the subcommittee? It was touched in the House or in Appropriations.

Representative Donaldson: A change in the FTE level at Miles. Enrollment decline and not counting the Indian students we took that out. Their enrollment is based on what we actually have in that school.

Senator Aklestad: I can sympathize with Senator Smith on the past action that just took place in the committee. The way the community colleges got started they said they were willing to fund their own just needed the authority to have the community colleges even though this amount is large, it is a step to put community colleges in the same situation as other institutions there. I think this would be a continuation of the wrong we just did. At some point in Montana the Legislature is going to have to face up to the fact that this many educational institutions is too many. Taxpayers depend on the Legislature to come up with enough gumption to handle the situation. This will just make it harder.

Senator Jacobson: I do sympathize. I think the committee when we first looked at all the budget we had set the universities at 100% and 100% and the community colleges at 53%. Although the university system got pumped in money, it is a decrease to what we started out with. I would resist this.

Senator Himsel: These people pay taxes for all the other institutions in the state. These are "poor boy" colleges and if you could see the conditions they are under. The fairness in one should also be a fairness to the other.

Senator Regan: I have been here a long time. Long enough to remember when community colleges were community colleges. They point to the constitution that says an individual was entitled to a free public education between 7 and 21. Most in community colleges were under 21. They just said we had to pay. Legislature said, you got us there, we will pay you the equivalent of ANB if you agree not to come under the foundation program. That is why they got involved. Then over the years through the effectiveness of Representatives and Senators they succeeded in saying let's not go on using ANB, let's look at some kind of a formula and now we are paying 51%. They do a very good job and at a reasonable rate. I realize all the educational facilities are having a very tough time. They are facing decreasing enrollments. When you come in it is a period of time when enrollments are falling, you look

someplace to pick up revenue. Our education system is very expensive. It is terribly massive with all the units we have. Three private colleges and 6 or 7 Indian colleges.

Senator Himsl: I have been identified with this from the very beginning. There was a continuation of the high school programs and Miles as a junior college, ANB to 21 and participation to 21. Then Senator Gilfeather was pretty tough. He said the state would not go along with ANB. They set finding at the same level as ANB enrollment and that is how the financing came about. We have talked about reducing the number. I know it is a burden. This state has contributed more generously to its education support. We ranch three or four in the public tax support of education. The people all over make the contribution. We pay it too. The only county that did not support it at one time was Missoula, for heavens sake! I think all we ask is fairness.

Senator Smith: I would like to point out that we vote for additional funds in vo techs. There is not a drop in enrollment in community colleges. Now you are asking us to pick up 49% instead of 47%. You are asking the community colleges to pick up an additional 2 mills in local taxes. Fifty-three and now forty-seven with an additional 2% increase locally. Let's treat all our institutions in the same manner.

QUESTION was called on Amendment # 103, voted, passed, roll call vote.

MOTION on AMENDMENT # 104, Senator Bengston, Page 82, line 19.

Senator Bengston: This would restore to the budget the 2.59 dairy FTE and equipment removed by the House. The action was taken out of the House floor. Just the fiscal impact--the 2 FTE out of the dairy. They had phased out the dairy program at the college and reprioritized and made management decisions. The total amendment is for \$370,000; \$171,385 in '86 and \$189,000 plus in general fund the second year. \$360,700 total.

Senator Story: The point that needs to be made here is that there are two separate issues. They are not asking that you restore that money. The other ½ is experiments. They want to use the one to subsidize the other and it was treated by the fiscal analyst as a modified. Actually, they are asking the same amount of dollars for experiment. For dairy to animal nutrition.

Senator Regan: The first was out of the dairy funds and this is out of general funds -- \$81,000 and the last was all other funds. It is a shift and it should be considered as a modified.

Senator Smith: One comment in regard to equipment. We did have

the committee meet with them. If you say the kind of equipment used in some places--I will support the amendment.

Senator Bengston: They are both House floor amendments.

Senator Boylan: They will be dealing with livestock because it is part of the livestock area.

Senator Regan: Are you saying we can amend this to take it out of the livestock budget?

Senator Boylan: No. It is not a complete non-production thing.

Senator Regan: I would entertain a motion to change the source of funding to livestock.

Senator Bengston: This is research. It is not designated that we pay for the people out of this.

Senator Regan: In the narrative F-13a is the explanation of the floor action. Right now we are funding with state general fund \$6.2 million at the Agricultural Experiment State. That is each year of the biennium. \$12.4 million. If you want to go with animal nutrition out of \$12 million they can hire their 2 FTE and have their animal nutrition. That is a lot of general fund money just for agricultural experiment at that one place--more in several other centers. You are looking at a program in excess of \$17 million.

Senator Haffey: The \$12.4 million for Agricultural Experiment Station is fine. University of Montana has a big total budget, so has Eastern and the rest. The subcommittee looked on this and we know what the total budget was. Our decision was carried through the House Appropriation and it was due to this. The full House took it out. The subcommittee and the House Appropriation even knowing the \$12½ million would keep this in. House floor action took it out.

QUESTION was called on Amendment # 104, voted, passed, roll call vote.

MOTION on AMENDMENT # 105, Senator Himsl, page 84, line 24.

Senator Himsl: This would restore partial funding for MONTCLIRC at the rate of approximately 90% in FY '86 and 75% in FY '87. MONTCLIRC will charge users for the research services it provides to restore the remaining portion of the budget. This is a compromised proposal, and it would be in the University System budget. The University will also charge fees for the MONTCLIRC Services.

Senator Regan: I would support this amendment. A great deal of lobbying was done on this. This is offered in a spirit of determining the value of the services.

QUESTION was called on Amendment # 105, voted, passed, roll call vote.

MOTION on AMENDMENT # 106, Senator Jacobson, Page 84, line 6.

Senator Jacobson: This increases the physical plant program at MSU by \$229,535 general fund each year. It was removed by floor action. This was on the sheet I handed out to you on the University System. It was a modified because they had moved the monies.

Senator Stimatz: Was this amendment in your big amendment?

Senator Jacobson: This was not in there and the \$25,000 error was not in there. It was not in the amendment that we passed.

Senator Regan: On F-24 of the Narrative. It would appear the reason the monies were not there was the agencies did not utilize their full amount last time. Their total appropriation for a physical plant for MSU is about \$5 million a year. They did not expend this in '86 or '87 and therefore, it was removed from the budget.

Senator Jacobson: It was money that would have been used for energy cost. They moved it into instruction. They are again on a formula and it is out of the base of the physical plant.

Senator Story: Are they allowed to move money from fund to fund? How did they move it from the physical plant to instruction?

Representative Donaldson: We have always put a bad bind on them and the Board of Regents could do this.

QUESTION was called on Amendment #106, Voted, failed, roll call vote.

MOTION on AMENDMENT # 107, Senator Jacobson, Page 84, line 22.

Senator Jacobson: This amendment restores the second year of the UM Law School modified of \$25,000 general fund which was inadvertently removed on the House Floor.

QUESTION was called on Amendment # 107, voted, passed.

MOTION on AMENDMENT # 108, Senator Christiaens, Page 88, line 11.

Senator Christiaens: This is in Public Service. It is the rural education center at Western. The center provides help on the rural education. (Senator Christiaens handed out an explanation sheet on WMC, attached to the amendment.)

Representative Donaldson: I think we made the cuts in the subcommittee. We recommended to the full committee and they cut it.

Pam Joehler: The reduction was made during the session when they went back and made cuts. The subcommittee then decided to make cuts.

Senator Regan: Starting a program?

Pam Joehler: It has been going on but they are running out of money.

Senator Story: I don't think we are looking at the bottom dollar either. What is the rest?

Senator Christiaens: I would like to know that Glen Levitt is here to ask questions of if necessary. He has said they are in support of the amendment.

Senator Story: Maybe representing a rural area, perhaps I should be supporting it but I think it is what the school supports and sets and will have.

QUESTION called on Amendment # 108, voted, failed.

Senator Christiaens: Could we go back and reconsider page 68, line 20 regarding general fund appropriation for secondary vocational? That particular motion failed and we have \$1½ million going for those centers. With \$1 million coal grant money and the total money is between \$6 and \$8 million we may be able to save some money.

Senator Smith: I don't believe that money goes to secondary vocational education. That money would be in vo-tech centers.

MOTION by Senator Christiaens to reconsider the Jacobson amendment, voted, failed. This was originally Amendment # 97.

Senator Regan called a recess with committee to return at the call of the chair, following session on the floor of the Senate.

The Finance and Claims Committee reconvened at 5:42 and Senator Regan said there were some technical amendments including RIT funds.

MOTION on AMENDMENT # 109, Senator Manning, page 79, line 8.

Senator Manning: This restores the number of Regent Board Meetings to 13 in each fiscal year.

Senator Regan: Time has reached a limit since a hearing had been set for House Bill 812 and people were in the room to testify on it.

They would hear it and then come back to this amendment. The committee agreed, since this went with another bill to be heard on the floor.

CONSIDERATION OF HOUSE BILL 812: Dorothy Bradley, Gallatin County, sponsor of House Bill 812 explained the bill. She said this bill would create a Montana Science and Technology Development Board to foster economic growth and would appropriate money to the board from the Alternative Energy Conservation Research Development and Demonstration Account. I have an amendment which would make the appropriation for a biennium instead of each year. This is basically a funding compromise. The original purpose was to have \$3 million instead of \$2 million. The House has settled on \$2 million. It matches \$2 million to their \$1.7 million in the Alternative Energy Fund. Section 3 sets up the board that will deal with the proposal, a 15 member board, 11 from the private sector. Section 8 appropriates the spending authority. Page 7, at the top of the page, there was some concern in the House that private sector makes commitments and then does not come through. We amended it in, if it failed -- if not-- a match of \$1 for \$1 they cannot spend the money. Section 13 limits the administrative expenditures to \$300,000. It is a clear sign from the legislature we don't want the money spent for administration and it is for the field. There is incredible public support on this measure.

PROPOSERS:

Senator Haffey: I am co-sponsor of the bill, Senate District 33. I have followed this bill from the beginning and it is as well developed a next step to what was initiated as economic development as we could hope for. It is very much a function of the private sector of Montana and goes across the sector of the private sector.

Peter Antonioli, Manager, Economic Development of Montana Power, showed a document and said they had prepared it and essentially it contains the pages of the bill. They supported it in the House and continue to do so.

Keith Colbo: Director of the Department of Commerce, said they supported this bill. (He read testimony, but did not leave a copy.) He said this should help to create jobs in the State of Montana.

David Lackman, Legislative Lobbyist for Montana Public Health Association left testimony in support of HB 812, attached.

A Statement of Intent was given the committee, but Representative Bradley said it had not been put on in the House and at this late date suggested the committee just let it go. Copy attached.

There were no further proponents for House Bill 812, no opponents, and Senator Regan asked if there were questions from the committee.

Senator Stimatz: Is there any room or consideration from this group to consider transportation and techniques? We need competitive freight rates?

Peter Antonioli: Our Committee was not charged with transportation per se. We took it to upgrade the value of that transportation was as important. It is much cheaper to ship if the value of the product is up.

Senator Stimatz: What is Ray Thompson? Is it a tool device?

Peter Antonioli: It is a highly technical de-washing machine.

Senator Himsl: No expenditures of state funds until a match first?

Peter Antonioli: Except for the actual bond. \$300,000 that does not have to be matched.

Senator Himsl: If it was all your own money what would you expect in two years? We have gone through quite a lot of this--- a camper, a chemical plant, there are several and I can think of only one that is still going and it is this dumpster plant.

Peter Antonioli: I would expect it to be checked. There are things being developed in there that should be. Virus free potato strains, for instance. I guess it is in Iowa now and providing 100 jobs but we did not have the ability to have it here.

Senator Himsl: Isn't this to provide jobs?

Peter Antonioli: It is technology, etc., to help the existing businesses in the state.

Senator Himsl: Alcohol etc. from grain?

Peter Antonioli: Second growth forests.

Senator Himsl: Forgive me for being a little sensitive on this but I lost my money on several of these. Also, I have a state stewardship.

Senator Hammond: I was searching through here for a concrete example of something you might do. On page 3, sometimes they are doing things in the university. To increase the genetic quality of grains. There is a wealth of information on this. Our biggest concern in agriculture is transportation. I see many of the things already being addressed in the experiment stations.

Representative Bradley: It would be worked with them. It would also go to the places it already exists. As far as more on transportation per se. I agree on agriculture. There is a group trying methodology to reduce the bulk and make it less bulk to ship.

Senator Hammond: In many cases agriculture has become so efficient we have worked ourselves out of a job.

Peter Antonioli: If interest in the private sector and identified by the council then yes. It gives us a chance to see how to succeed on the things we don't have a market for and there are not enough people in Montana to use it so it must be sent out.

Senator Aklestad: How many dollars?

Peter Antonioli: At this time no dollars. They might decide something is not enough.

Senator Aklestad: So Montana Power is contributing \$1 at this time?

Representative Bradley: There would be no need for it at this time.

Senator Aklestad: If the program is so great any company or private sector would put money into it just to develop the overall thrust you are interested in.

Peter Antonoili: The permanent council will determine what first to focus on. We identified 100 things that should be done. We narrowed this down to one or two or three things you want to succeed on.

Senator Gage: Page 4, line 16. It says the board is designated a quasi-judicial board for purposes of 20150124 except that 2-15-124 (1) does not apply.

Senator Story: A company to wash micro-chips. What was the scoop on this? The individual was poor and raised in Montana. Did the Department of Commerce have anything to do with that-- is there anyone here who would know?

Peter Antonoili: That is correct.

Senator Keating: \$1 million a year from the Alternative Energy Fund from which \$150,000 a year may be used for administrative purposes. None expended unless matching dollars from the private sector.

Representative Bradley: Dollar for dollar matches go to 2 or 3 matches. There is a deal of technology transferred and it would not require matching funds

Senator Keating: That somewhat anticipates my question. The board will have the money but in regard to what is research that is determined by what the private sector will suggest. The lead will actually come from the private sector--unless the 3rd is from the board.

Peter Antonoili: Unless there is something you need to advertise and find out.

Senator Keating: Cannot expend any funds until someone comes forward and says I want to risk spending my dollars if you match it.

Peter Antonoili: Yes.

Senator Keating: The fact is no one will want to get them unless someone in the private sector wants to risk dollars to want it.

Senator Keating: I certainly don't have any difficulty with the source of funds, though it was faced with the worthless projects undertaken. I do have trouble with the whole proposal. We are taking tax dollars to pay for what the research and dollars in the private sector should be paying for. We should be considering a better economic climate in Montana in the past 8 or 10 years. Gross restrictions under the Facility Siting Act on not being so greedy in private industry or so heavy handed on smaller businesses trying to start up. Probably some of the businesses that went out are some of those Senator Hims1 talked about was probably from some of the overpowering and there are some other things.

Senator Lane: I have a different approach. I am in a position. Due to a lot of cheap things, it is a constraint. If a group of people would invest in your program, then would you try to compete with some of the poor advertising we get from some of the other groups? Everytime we do a study they come up with something bad. We have got plenty of cattle but we will lose our kids.

Representative Bradley: You are trying to make many things--we can't be all things to all people. I am not sure that something like this can correct what you fear is good for beef, etc.

Representative Bradley closed by saying there are some important perceptions about what this does. There are private dollars out there waiting to see if the state will make a commitment. Saline resistance, electric hearing of bond breaks--it will be ready to license for private industry. Upgrading lignite, when you turn it into hydrocarbon it is a little cheaper to export than coal; forestries and genetic experiments on trees; cellulose on wood products. The question was raised whether an arrangement was made with MSU--they have developed something that makes bread ferment. If it goes through $\frac{1}{2}$ of the royalties will come back to the University. The borrower is required to get a return when it reaches the marketing stage. It is a possible thing to accomplish. It has not taken place as much as it could because there has not been a commitment by the state.

Senator Regan declared the hearing closed on House Bill 812 and said we would now return to House Bill 500 and Senator Manning's Amendment # 109 on page 79, line 8, with LFA to amend the totals. This was the amendment that would take away the restriction on the Board of Regent's Meetings from 13 to 12.

QUESTION was called on Amendment # 109, voted, passed.

Senator Regan suggested the amendments to Senator Himsl's and hers could be done on the Supreme Court could be done on the floor.

Senator Manning moved we close the section on Higher Education. Voted, passed.

Senator Regan said there were some pick-up amendments and Curt was working on trying to find an optional funding in regards to the RIT interest. (Resource Indemnity Trust). The proposal is to fund the Dam Safety Program out of RIT. \$171,000 available. If we were to do this we would wipe out the fund.

Senator Stimatz: On the same page what would we transfer the money to the general fund for. I thought it was the subject of a law suit.

Senator Himsl: Does this fly on the face of the law we have on the books that does not allow money to go there?

Senator Regan: It is money spent for administrating the inspections.

MOTION by Senator Manning that the meeting be adjourned.

Senator Regan said we would adjourn but would meet at 7 a.m. tomorrow morning.


SENATOR PAT REGAN, CHAIRMAN

ROLL CALL

SENATE FINANCE AND CLAIMS

COMMITTEE

49th LEGISLATIVE SESSION - - 185

Date 4-17-85

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HAFLEY	✓		
SENATOR JACOBSON	✓		
SENATOR AKLESTAD	✓		
SENATOR HAMMOND	✓		
SENATOR LANE	✓		
SENATOR CHRISTIAENS	✓		
SENATOR GAGE	✓		
SENATOR HIMSL	✓		
SENATOR STIMATZ	✓		
SENATOR BOYLAN	✓		
SENATOR STORY	✓		
SENATOR SMITH	✓		
SENATOR MANNING (Dick)	✓		
SENATOR BENGTON	✓		
SENATOR KEATING	✓		

VISITORS' REGISTER

BILL

HB - 812

DATE

4/17/88

SPONSOR

BRADLEY

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

PLEASE LEAVE PREPARED STATEMENT WITH DEPARTMENT.

8394
Manning Passed

PROPOSED AMMENDMENT TO HB 500

Third reading copy (blue)

1. Page 67, Line 8 insert:
Under general fund; \$924,350, and under FY 1986 total, insert:
\$1,376,844. Scratch totals on Line 9 for FY 1986.

Under general fund; \$942,158 for FY 1987 and under total column insert:
\$1,369,650. Scratch totals on Line 9 for FY 1987.
2. Line 16 on Page 67 - Agency totals:

Under general fund FY 1986, insert \$2,703,292.

Under Total for FY1986 insert, \$3,185,786. Scratch line 17

Line 16 - under General Fund for FY 1987, insert \$2,710,993.

Under total for FY1987, insert \$3,168,493. Scratch line 17.

NARRATIVE:

MSDB had requested the additional two (2) staff members because of an increase in their primary and elementary population of school children. It had asked for one teacher to instruct hearing-impaired children and one to instruct visually-impaired children. Enrollment increases for the school are easier to predict than those for colleges, because the number of handicapped children in the state is known. These two (2) teachers were ammended out of this budget for MSDB on the floor of the house. This request to ammend these teachers back into the MSDB budget is a legitimate request.

This request puts \$40,000 each year of the biennium back into the MSDB budget for a total of \$80.000.

LFA
to M

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 4-17-85Bill No. 500Time 8:15

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad	✓			
Senator Hammond	✓			
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage	✓			
Senator Himsel	✓			
Senator Stimatz	✓			
Senator Boylan	✓			
Senator Story	✓			
Senator Smith	✓			
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating	✓			
Senator Regan	✓			

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

94 - Manning
P 67 - L 8

~~915~~
~~915~~
Jacobson
C. Jacobson

Amend House bill 500, third reading copy, as follows:
Senator Jacobson

1. Page 67, line 19.

Following: "appropriation"

Insert: "In addition to the amount in item 3(e), any remaining balance at June 30, 1985 of the general fund appropriation for audiological services from House Bill 447 passed by the 48th Legislature is reappropriated until June 30, 1987 for the purpose of providing audiological testing services."

#96
Amend
HOLD

Amend HB 500
3RD Reading Copy As Follows:

Page 67, Line 24

Strike: FY 1986 General Fund "914,677"

Insert: "932,346"

Strike: FY 1986 Total "1,279,131"

Insert: "1,296,800"

Strike: FY 1987 General Fund "886,512"

Insert: "904,181"

Strike: FY 1987 Total "1,255,883"

Insert: "1,273,552"

Page 68, Line 5

Strike: FY 1986 General Fund "376,001"

Insert: "440,382"

Strike: FY 1986 Total "733,218"

Insert: "797,599"

Strike: FY 1987 General Fund "381,738"

Insert: "446,119"

Strike: FY 1987 Total "729,835"

Insert: "794,216"

Adjust: Section E total and state total accordingly

Explanation: This amendment adds \$64,381 of general fund in FY 1986 and \$64,381 of general fund in FY 1987 and adjusts totals to \$797,599 and \$794,216 for the Department of Vocational Education Services of the Office of Public Instruction.

The amendment also adds \$17,669 of general fund in FY 1986 and \$17,669 of general fund in FY 1987 and adjusts the totals to \$932,346 and \$904,181 for the Department of Basic Skills of the Office of Public Instruction.

The amounts are needed to ensure current level FTE to serve secondary and postsecondary vocational education programs, students and activities on a statewide basis, as well as, provide current level FTE to serve as a Reading Educational Specialist.

99 Jacobson
Faulkner
Amend House Bill 500, third reading copy, as follows:
Senator Jacobson

1. Page 68, line 20.
Strike: "1,500,000"
Insert: " 750,000"

LFA will amend totals.

Comment

This amendment would reduce the biennial general fund appropriation for secondary vocational education grants from \$1.5 million to \$750,000.

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. _____

Time _____

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad	✓	✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsl		✓		
Senator Stimatz		✓		
Senator Boylan		✓		
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson		✓		
Senator Keating		✓		
Senator Regan	✓			

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

Jacobson # ~~96~~ 97

Ag
Beatty

Failed

AMENDMENT TO H.B. 500

House Bill 500 be amended as follows:

1. Page 69, item 12, line 6, Blue Third Reading Copy.
Strike: "400,000", "400,000", "400,000", and "400,000".
Insert: "900,000", "900,000"
2. Page 69, line 23, Blue Third Reading Copy.
adjust totals
3. Page 70, line 15, Blue Third Reading Copy.
Following: "biennium", on line 11.
Strike: remainder of line 11.
Insert: "however, no more than \$500,000 may be spent in the
first year of the biennium. ~~If there are insufficient
funds for the second year of the biennium, the Superin-
tendent of Public Instruction may request a supplemental
appropriation of the legislature.~~

Strike lower pt
Passed

4-12

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. _____

Time 8:57

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey		✓		
Senator Jacobson		✓		
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz		✓		
Senator Boylan	✓			
Senator Story	✓			
Senator Smith	✓			
Senator Manning (Dick)		✓		
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan		✓		
	4	12		

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: #94
Bengtson



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/449-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

April 17, 1985

TO: Senator Pat Regan, Chairman
Senate Finance & Claims Committee

FROM: Pamela Joehler *PL*
Associate Analyst

SUBJECT: Special Education Contingency

An issue has developed regarding the total special education contingency expenditure and the funding source of these expenditures. This memorandum addresses the issue.

The Office of Public Instruction has provided information to the Office of the Legislative Fiscal Analyst which indicates the actual special education contingency expenditures for fiscal years 1981-1984 have been close to \$500,000 annually. During this time period, the Office of Public Instruction indicates it allowed several "100 percent" counties to expend county mandatory mill levy surplus for special education contingency rather than receive a general fund appropriation. These expenditures from the county surplus, which ultimately are deposited to the state school equalization account, are not recorded on the state budgeting and account system (SBAS). The Office of Public Instruction indicated on April 10, 1985 it would provide documentation of the county surplus funded special education contingency expenditures. To date, we have received no documentation.

The table below illustrates the total special education contingency expenditures as stated by the Office of Public Instruction. Included are the general fund expenditures for the contingency which are verified on SBAS. The line titled "county surplus" are those funds indicated by the Office of Public Instruction as being spent on special education contingency.

Special Education Contingency Expenditures and Funding Fiscal Years 1981 - 1984				
	<u>Fiscal 1981</u>	<u>Fiscal 1982</u> ¹	<u>Fiscal 1983</u>	<u>Fiscal 1984</u>
General Fund	\$471,129	\$457,840	\$397,994	\$410,826
County Surplus	<u>28,871</u>	<u>51,036</u>	<u>93,130</u>	<u>86,535</u>
	<u>\$500,000</u>	<u>\$508,876</u>	<u>\$491,124</u>	<u>\$497,361</u>

¹The contingency appropriation for the 1983 biennium provided for transfer between fiscal years 1982 and 1983.

The special education contingency appropriations contained in the general appropriation acts of the last three legislatures have specified the special education contingency expenditures were to be funded from the general fund. We know of no law which provides for special education contingency funding from county surplus funds. The effect of OPI allowing the 100 percent counties to use county surplus funds rather than general fund is three fold:

1. It reduces the revenue deposited to the state school equalization account, therefore, more general fund is required for the school foundation program;

2. It does not provide the legislature a complete and verifiable basis for evaluating the contingency expenditures; and

3. It does not meet the intent of the legislature to fund the contingency from the general fund.

#99 Jacobson Passed

Amend House Bill 500, third reading copy, as follows:
Senator Jacobson

1. Page 70, line 22.		
Strike:	"471,500	474,559"
Insert:	"545,390	547,442"
2. Page 71, line 18.		
Strike:	"382,955	385,438"
Insert:	"442,896	444,563"
3. Page 72, line 13.		
Strike:	"390,160	392,694"
Insert:	"451,610	453,306"
4. Page 73, line 13.		
Strike:	"620,089	612,961"
Insert:	"715,467	707,040"
5. Page 73, line 25.		
Strike:	"549,855	553,423"
Insert:	"636,186	638,577"

LFA will amend totals.

Comment

This amendment adds general fund of \$376,990 in fiscal 1986 and \$371,853 in fiscal 1987 to replace a decrease in federal vocational education funds at the postsecondary vocational technical centers.

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 4-17-85Bill No. 500 Time 9:

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond	✓			
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsel	✓			
Senator Stimatz	✓			
Senator Boylan		✓		
Senator Story		✓		
Senator Smith	✓			
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating	✓			
Senator Regan	✓			

12-4

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

99 - Jacobson

#100
Jacobson
Passed

Amend House Bill 500, third reading copy, as follows:

1. Page 69, following line 6.

Insert: "13. State Impact Payments
13,000 (FY 86 General fund)
13,000 (FY 87 General fund)"

Renumber: Subsequent Sections

LFA will amend totals.

Comment

This provides for impact payments to districts for children of employees of state institutions who live on institutional property. In the past, this had been treated in a manner similar to a statutory appropriation, however the committee did not wish to include this in HB 12.

#101
Amend House Bill 500
**Amend House Bill 500, third reading copy, as follows:
Senator Jacobson**

1. Page 83, line 15. (MSU-Instruction)

Strike: "16,079,196 8,658,028"

Insert: "16,522,882 8,724,388"

2. Page 83, line 16. (MSU-Instruction)

Strike: "15,751,730 8,679,971"

Insert: "16,219,047 8,716,400"

3. Page 83, line 23. (MSU-Support)

Strike: "5,564,882"

Insert: "5,847,577"

4. Page 84, line 9. (MSU-Scholarships)

Strike: "928,131"

Insert: "954,922"

5. Page 84, line 21. (UM-Instruction)

Strike: "11,844,117 6,377,602"

Insert: "12,164,647 6,428,674"

6. Page 84, line 22. (UM-Instruction)

Strike: "11,660,766 6,416,937"

Insert: "11,997,215 6,449,637"

7. Page 85, line 7. (UM-Support)

Strike: "4,148,186"

Insert: "4,373,345"

8. Page 85, line 14. (UM-Scholarships)

Strike: "968,155"

Insert: "996,102"

9. Page 86, line 4. (EMC-Instruction)

Strike: "4,293,437 2,311,850"

Insert: "4,407,788 2,333,690"

10. Page 86, line 5. (EMC-Instruction)

Strike: "4,239,606"

Insert: "4,375,382"

11. Page 86, line 9. (EMC-Support)

Strike: "3,043,147"

Insert: "3,047,472"

12. Page 86, line 10. (EMC-Support)

Strike: "1,588,759"

Insert: "1,681,948"

13. Page 86, line 17. (EMC Scholarships)
Strike: "333,332"
Insert: "342,954"

14. Page 87, line 7. (NMC-Instruction)
Strike: "2,679,090 1,442,587"
Insert: "2,753,993 1,452,667"

15. Page 87, line 8. (NMC-Instruction)
Strike: "2,658,564"
Insert: "2,743,993"

16. Page 87, line 12. (NMC-Support)
Strike: "2,021,060"
Insert: "2,028,264"

17. Page 87, line 13. (NMC-Support)
Strike: "249,068"
Insert: "289,656"

18. Page 87, line 20. (NMC-Scholarships)
Strike: "264,942"
Insert: "272,590"

19. Page 88, line 10. (WMC-Instruction)
Strike: "1,074,016 578,316"
Insert: "1,110,953 583,692"

20. Page 88, line 11. (WMC-Instruction)
Strike: "1,061,177"
Insert: "1,103,545"

21. Page 88, line 13. (WMC-Support)
Strike: "1,208,920"
Insert: "1,209,226"

22. Page 88, line 14. (WMC-Support)
Strike: "332,590"
Insert: "356,299"

23. Page 88, line 21. (WMC-Scholarships)
Strike: "80,312"
Insert: "82,630"

24. Page 89, line 12. (MCMST-Instruction)
Strike: "2,543,086 1,564,293"
Insert: "2,614,503 1,577,565"

25. Page 89, line 13. (MCMST-Instruction)
Strike: "2,638,361"
Insert: "2,723,032"

26. Page 89, line 19. (MCMST-Support)
Strike: "1,779,813"
Insert: "1,787,956"

Amend House Bill 500, third reading copy, as follows:

Senator Jacobson

PAGE 3

27. Page 89, line 20. (MCMST-Support)

Strike: "1,085,187"

Insert: "1,137,360"

28. Page 90, line 5. (MCMST-Scholarships)

Strike: "265,412"

Insert: "273,073"

LFA will amend totals.

29. Page 78, line 25.

Following: "provisions of"

Strike: Remainder of sentence.

Insert: "Section 20-25-423, MCA. Revenues received by the university system under the provisions of Section 20-25-423 which exceed \$14,187,000 in fiscal 1986 and \$14,257,800 in fiscal 1987 shall cause a general fund reversion of a like amount each year.

Comment:

This amendment changes the legislative funding level from 97 percent of peer levels for the Instruction Program both years and 95 percent of peer levels for the Support Program both years to 99 percent for the Instruction Program both years and 97 percent for the Support Program in fiscal 1987. The additional cost is \$1,229,824 in fiscal 1986 and \$2,404,617 in fiscal 1987.

The amendment also proposes to use all tuition revenue estimated to be available based on proposed Board of Regents tuition rates and the estimated enrollment. The additional tuition revenue is \$761,829. Finally, this amendment increases the estimated millage revenue each year and provides for a general fund reversion if the actual millage revenue exceeds the estimate used in the appropriation. The additional millage revenue is \$168,000 in fiscal 1986 and \$160,800 in fiscal 1987. The table on the following page summarizes the expenditure and revenue impact on the current budget.

Expenditure and Revenue Impact
Proposed Amendment to House Bill 500
Third Reading Copy

	<u>FY 86</u>	<u>FY 87</u>	<u>1987 Biennium</u>
Instruction (99/99)	\$1,229,824	\$1,221,139	\$2,450,963
Support (95/97)	-0-	737,491	737,491
Scholarships	<u>-0-</u>	<u>81,987</u>	<u>81,987</u>
 Total Expenditure Impact	 <u>\$1,229,824</u>	 <u>\$2,040,617</u>	 <u>\$3,270,441</u>
 General Fund	 \$1,061,824	 \$1,171,988	 \$2,233,812
Tuition and Fees	-0-	761,829	761,829
Millage	<u>168,000</u>	<u>106,800</u>	<u>274,800</u>
 Total Revenue Impact	 <u>\$1,229,824</u>	 <u>\$2,040,617</u>	 <u>\$3,270,441</u>

Six Campus Summary

H.B. 500

H.B. 500

Relationship to Peers

H.B. 500 (House Passed Version)

1986	1987
Tuition	97%
Instruction	97%
Support	95%

Funding	Current Biennium	Percentage Incr./Decr.	H.B. 500 Formula Only	Amount Incr./Decr.
General Fund	\$146,677,385	- 2.2%	\$143,483,019	(\$3,194,366)
Tuition & Fees	43,889,658	+17.9%	51,726,461	7,836,803
Other	33,400,672	- 2.1%	32,690,966	(709,706)
TOTAL	<u>\$223,967,715</u>	<u>1.8%</u>	<u>\$227,900,446</u>	<u>\$3,932,731</u>

Modified Requests (General Fund):

U of M Law School	\$ 50,000 ¹
Tech Phase Down	<u>362,031</u>
TOTAL MODIFIEDS	<u>\$412,031</u>

¹ U of M Modified Inadvertently Reduced by \$25,000 in 1987.

Proposed Budget Amendment to H.B. 500:

Purpose: The budget amendment provides that the six campuses can retain almost all of the tuition revenue generated by the increase in tuition for the next biennium. It also restores the MSU physical plant cut of \$229,535 per year that was removed on the house floor.

Funding After Amendment	Current Biennium	Percentage Incr./Decr.	H.B. 500 Formula Only	Amount Incr./Decr.
General Fund	\$146,677,385	(.1%)	\$146,598,593	\$ (78,792)
Tuition	43,889,658	19.6%	52,488,290	8,598,632
Other	33,400,672	(- 1.3%)	32,964,966	(435,706)
TOTAL	<u>\$223,967,715</u>	<u>+ 3.6%</u>	<u>\$232,051,849</u>	<u>\$ 8,084,134</u>

Relationship to Peers

Formula Factors (After Amendment)

1986	1987
Tuition	97%
Instruction	99%*
Support	95%

Itemized Adjustments:

	1986	1987	TOTAL
Instruction (99%, 99%)	\$1,214,686	\$1,221,138	\$2,435,825
Support (95%, 97%)	0	737,490	737,490
Scholarships & Fellowships	0	81,987	81,987
MSU - Physical Plant	229,535	229,535	459,070
Correction to Law School	0	25,000	25,000
Modified Request	0	25,000	25,000
TOTAL Adjustment	<u>\$1,444,221</u>	<u>\$2,295,150</u>	<u>\$3,739,372</u>
Less: Tuition Revenue Adjustment			<u>761,829</u>
SUB-TOTAL			<u>\$2,977,543</u>
LESS: Millage Revenue Adjustment			<u>274,000</u>
Net General Fund Required			<u>\$2,703,543</u>



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

TO THE SENATE FINANCE & CLAIMS COMMITTEE:

We wish to request your consideration for an increased level of support for the Montana University System. We bring to your attention the fact that the undersigned individuals all supported an increased level of funding during the House floor debate, but subsequently voted for the Marks Amendment, which lowered the funding level.

We advocated the first approach because we strongly objected to the fact that HB 500 proposed to use student tuition increases to offset general fund support for the university system. Student tuition is proposed to increase 130% by 1987 from 1982. We believe students should be the ones to receive the benefits of their increased costs. To use this revenue to offset general funds, rather than pay our fair share for quality education, is unfair and unacceptable. Unfortunately the proposed amendment was narrowly defeated.

After the first vote, we then supported the Marks Amendment. We made this choice for the sole reason that Representative Marks was advocating returning a small amount of the tuition to students in the second year of the biennium. According to the amendment, students will indeed have their tuition of \$765 decreased by \$32, should the Regents adopt this approach. However, the Marks Amendment also reduced general fund support by \$1.5 million. Recent analysis show that the overall share the students must absorb of the total cost of their education still remains near 23% -- almost one-fourth -- and substantial amounts of their tuition will still be used to offset general fund support of universities.

It seems to us that students will be twice penalized by this latest turn of events -- first, by paying such an unprecedented, high proportion of the cost of their education; and second, by lowering the overall quality of their education.

We urge this committee to correct this inequity, and give the students a full return on their additional tuition costs.

Danothy Bradley
Jan Brown
Bill Hand
Norm Wallin

Mary Ellen Connelly
John O'Connell
Robert Allert
B. Briggs

67%

66%

65%

64%

63%

62%

FY82

FY83

FY84

FY85

FY86

FY87

General Fund Appropriation
as a percentage of the total
University Budget

CROSS SECTION - 10 SQUARES TO INCH

19%

18%

17%

16%

15%

14%

FY82

FY83

FY84

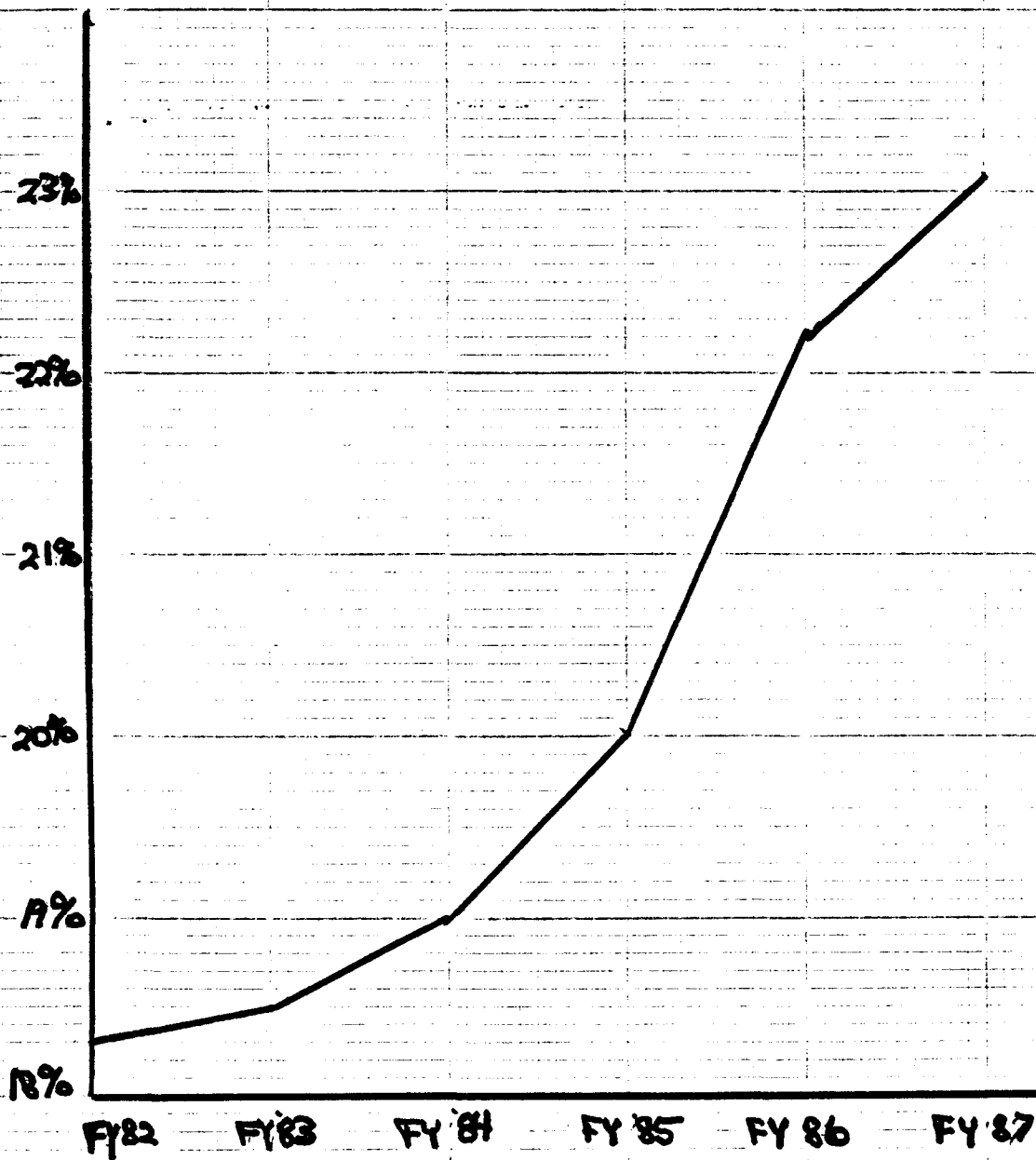
FY85

FY86

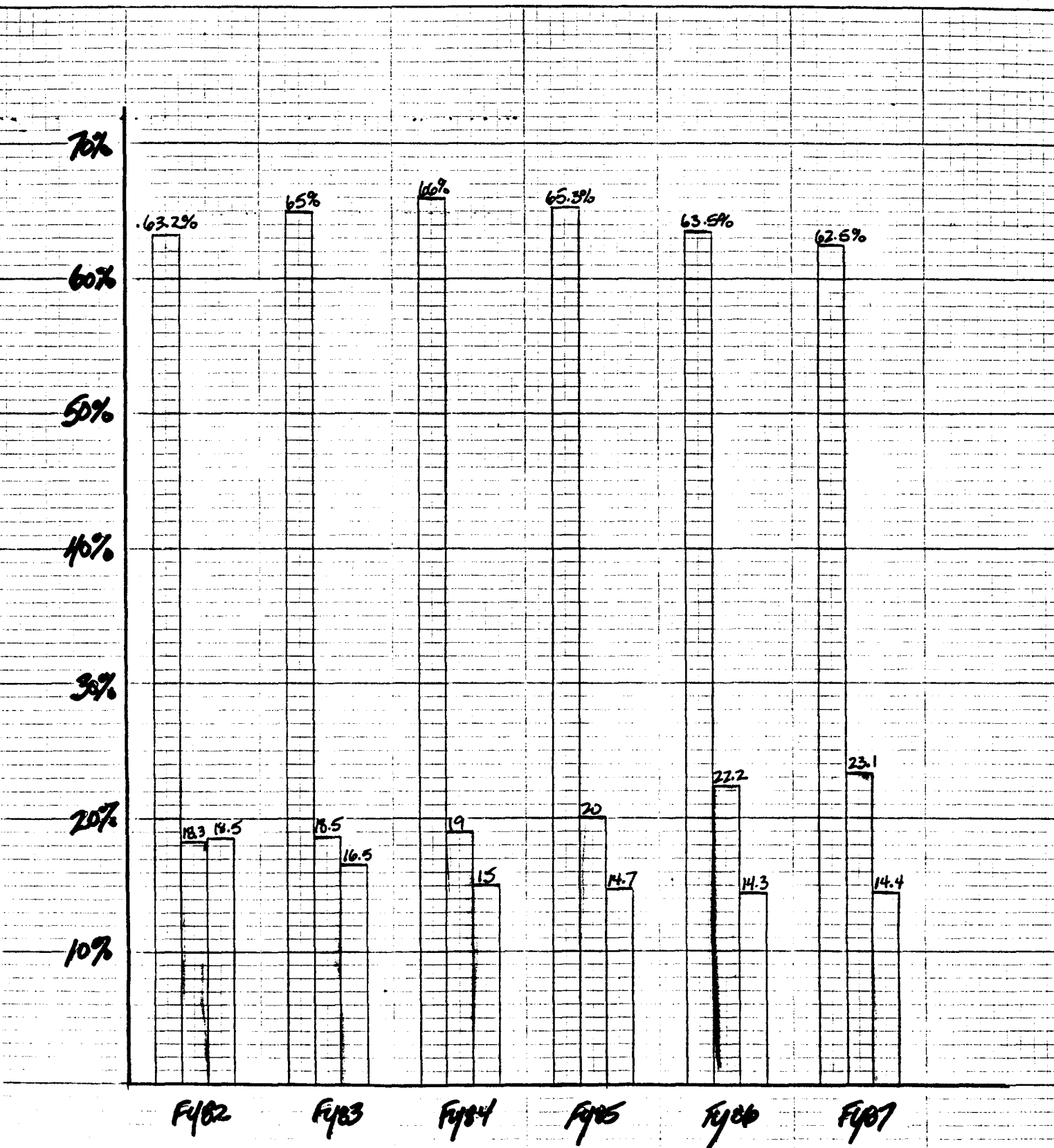
FY87

"OTHER FUNDS"
AS A PERCENTAGE OF THE TOTAL
UNIVERSITY SYSTEM BUDGET

CROSS SECTION - 10 SQUARES TO INCH



Student Tuition + Fees
as a percentage of the total
University System Budget



Trends in University System

Funding Sources

FY 1982-87

- GENERAL FUND

- TUITION & FEES

- OTHER FUNDS

passed

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. _____

Time 10:52

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsl	✓			
Senator Stimatz		✓		
Senator Boylan	✓			
Senator Story	✓			
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan		✓		

9-7

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

Reuben Amendment #101

Jacobson
#902 *G*
Commissioner of Higher Education--State Student Incentive Grants

Amend House Bill 500, third reading copy, as follows:
Senator Judy Jacobson

1. Page 79, line 24.

Strike: "210,000 210,000"

Insert: in federal special revenue 1986 column "210,000" and
in federal special revenue 1987 column "210,000"

Comment:

This amendment corrects an error in the classification of federal funds for State Student Incentive Grants.

102
Amend House Bill 500, third reading copy, as follows:
Senator Smith

1. Page 81, line 7.

Strike: "845,751

854,507"

Insert: "878,918

888,017"

2. Page 81, line 10.

Strike: "8,160"

Insert: "8,480"

3. Page 81, line 13.

Strike: "729,093

736,644"

Insert: "757,688

765,532"

4. Page 81, line 16.

Strike: "8,160"

Insert: "8,480"

5. Page 81, line 19.

Strike: "1,549,329

1,565,369"

Insert: "1,610,087

1,626,756"

6. Page 81, line 22.

Strike: "8,160"

Insert: "8,480"

LFA will amend totals.

7. Page 82, line 5.

Strike: "51"

Insert: "53"

8. Page 82, line 7.

Strike: "40.8"

Insert: "42.4"

9. Page 82, line 8.

Strike: "59.2"

Insert: "57.6"

103 Smith

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____ Bill No. _____ Time _____

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson		✓		
Senator Aklestad		✓		
Senator Hammond	✓			
Senator Lane		✓		
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsel	✓			
Senator Stimatz	✓			
Senator Boylan	✓			
Senator Story		✓		
Senator Smith	✓			
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan		✓		

9-7

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: _____

Smith
passed

#104
Dingman
Parsen

Agricultural Experiment Station - 2.59 Dairy FTE and Equipment

**Amend House Bill 500, third reading copy, as follows:
Senator Bengtson**

1. Page 82, line 19.

Strike: "5,971,058

5,942,232"

Insert: "6,142,443

6,131,547"

LFA will amend totals.

Comment

This amendment restores to the budget the 2.59 dairy FTE and equipment removed by the Full House. The general fund cost of the 2.59 dairy FTE is \$105,523 in fiscal 1986 and \$107,660 in fiscal 1987. The general fund cost of the equipment is \$65,862 in fiscal 1986 and \$81,655 in fiscal 1987.

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. _____

Time 11:29

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson				
Senator Aklestad		✓		
Senator Hammond	✓			
Senator Lane	✓			
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz	✓			
Senator Boylan	✓			
Senator Story	✓			
Senator Smith	✓			
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan		✓		

9-7

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

Bengtson

Final
#105
Amend
Amend House Bill 500, third reading copy, as follows:

1. Page 84, following line 24.

Insert: "2a MONTCLIRC

87,500 general fund for fiscal 1986

75,500 general fund for fiscal 1987"

LFA will amend totals.

2. Page 85, following line 23.

Insert: "The University of Montana shall charge fees for legal services related to MONTCLIRC. These fees shall be deposited into a separate designated fund."

Comment

The amendment restores partial funding for MONTCLIRC at the rate of approximately 90% in fiscal 1986 and 75% in fiscal 1987. MONTCLIRC will charge users for the research services it provides to restore the remaining portion of the budget.

105

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. _____

Time 11:30

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens	✓			
Senator Gage	✓			
Senator Himsl	✓			
Senator Stimatz	✓			
Senator Boylan		✓		
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson		✓		
Senator Keating	✓			
Senator Regan	✓			

9-17

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

to 4:01

Adjourn

Done

106
Jacobson
Amend House Bill 500, third reading copy, as follows:
Senator Jacobson

1. Page 84, line 6.

Strike: "3,133,325 3,345,750"

Insert: "3,342,860 3,575,285"

LFA will amend totals.

Comment:

This amendment increases the physical plant program at MSU by \$229,535 general fund each year. This was removed from the budget in house floor action.

Indel

106

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____ Bill No. _____ Time 11:40

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond	✓			
Senator Lane		✓		
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz	✓			
Senator Boylan	✓			
Senator Story	✓			
Senator Smith		✓		
Senator Manning (Dick)		✓		
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan		✓		

7-9

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: _____

Motion
F 106

#101 Jackson
Passed

Amend House Bill 500, third reading copy, as follows:
Senator Jacobson

1. Page 84, line 22.
Strike: "11,660,766"
Insert: "11,685,766"

LFA will amend totals.

Comment

This amendments restores the second year of the UM Law School modified of \$25,000 general fund which was inadvertently removed on the House floor.

108
✓ failed
Amendment to HB 500

Page 88

Following line 11

Insert: "2 Public Service"

Insert in the general fund column: "29,000" "31,000"

Change totals accordingly.

WESTERN MONTANA COLLEGE

	<u>FY 1985-86</u>	<u>FY 1986-87</u>	<u>TOTAL</u>
Rural Education Center	29,000	31,000	60,000

Explanation

The Regents approved WMC's Rural Education Center in April of 1980. Grants totaling \$214,291 over three years were obtained from the Northwest Area Foundation to establish initial operations. In the current biennium, additional grants from NW Area Foundation have supported the Center on a "phase out" support basis of \$41,000 and \$25,000 for 1984 and 1985 respectively. The Center directly impacts K-12 students and professionals who work under the unique problems of rural isolation and small enrollments. In this category, Montana has 75 high schools with 100 or less pupils, an equal number of elementary schools in those same districts, and 200 independent elementary "country" schools of which 110 are one-teacher buildings. These schools are served by the Rural Education Center in the same manner as the Co-operative Extension Service assists the state's farms and ranches.

The center provides the following:

- Inservice staff training with credit or non-credit.
- Establishing communications among rural schools and teachers.
- Workshops aimed at rural needs.
- Advocate for small schools on various committees and boards.
- Voluntary school evaluation services.
- Rural school board training sessions.
- Coordination of special projects.
- Grant writing assistance.
- Consultation on legal and professional problems.
- Rural Education newsletter.

<u>Cost Summary</u>	<u>FY 1985-86</u>	<u>FY 1986-87</u>	<u>TOTAL</u>
Operations	29,000	31,000	60,000

This request was originally approved by the Education Subcommittee at \$69,200 and \$72,750 but subsequently cut to \$29,000 and \$31,000 before being removed by the full Appropriations Committee.

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. _____

Time 11:45

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond	✓			
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz	✓			
Senator Boylan		✓		
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson		✓		
Senator Keating		✓		
Senator Regan		✓		

7-9

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

~~#108~~ *Chas*
#97 to reconsider #97

HP 812
(This sheet to be used by those testifying on a bill.)

NAME: DAVID LACKMAN

DATE: April 16, 1985

ADDRESS: 1400 Winne Avenue , Helena, Montana 59601

PHONE: (406) 443-3494

REPRESENTING WHOM? Legislative Lobbyist for Montana Public Health Association

APPEARING ON WHICH PROPOSAL: HB 812 Bradley et al - by request of the Council on Science and Technology- An Act Creating a Montana Science and Technology Development Board to Foster Economic Growth. (Appropriate money to the board from

DO YOU: SUPPORT? XXX AMEND? OPPOSE?
Alternative Energy and Energy Conservation, resource & demonstration account.)
(Referred to Senate Finance & Claims, April 15, 1985 Chmn. Senator Pat Regan)

COMMENT: The budget crisis is foremost on your mind. However, one must also
consider the future of Montana. As a Philadelphia medical scientist ordered to report
for duty at the Rocky Mountain Laboratory in Hamilton on Dec. 1, '41, I became aware
quite soon of potentials in the Treasure State. Although absent four years during
WW II; I "fixed" orders to return in '46. I was appointed as representative from the
laboratory to the Ravalli County Economic Development Council in ~~1942~~ early fifties.

In a non-industrial state, research in science and technology can
provide the basis for development of "clean" industry. A spectacular example of this
is RIBI IMMUNOCHEM RESEARCH, Inc. in Hamilton. It is an outgrowth of research done
at the Rocky Mountain Laboratory.

The approach to this concept should be broadened. Results of some
alternative energy research has not been cost effective; nor productive. Perhaps in
the latter half of the next century the tide will turn. Now I would recommend the
areas of medical science, electronics, and trade. A Please give serious consid-

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.
eration to HB 812; and to its implications for the future development of Montana.

THANK YOU

David Lackman

HB 812
49th Legislature

LC 1677

STATEMENT OF INTENT

HOUSE BILL NO. 812

A statement of intent is required for this bill because it directs the Montana science and technology development board to adopt administrative rules to implement and administer its various technology investment programs.

The breadth and complexity of these programs necessitates that the board have broad latitude in developing criteria, requirements, and procedures for carrying out this mandate. The legislature contemplates, however, that the board rules would, among other things:

- (1) establish procedures for the conduct of board business;
- (2) provide for technology investments that will:
 - (a) stimulate applied research and product development in the public and private sectors;
 - (b) strengthen the research and development capabilities of Montana's colleges and universities and other nonprofit research organizations;
 - (c) transfer new technology and provide technical assistance to business and industry;

#109
M. J. W. Packer

Amend House Bill 500, third reading copy, as follows:

1. Page 79, line 8.

Strike: "23,101 23,465"

Insert: "24,437 24,817"

LFA will amend totals.

Comment

This amendment restores the number of Board of Regent meetings to 13 in each fiscal year. The full House reduced the number of Board of Regent meetings from 13 to 12 in each fiscal year at a general fund savings of \$1,336 in fiscal 1986 and \$1,352 in fiscal 1987.

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. _____

Time 6:28

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey			✓	
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsl	✓			
Senator Stimatz	✓			
Senator Boylan	✓			
Senator Story		✓		
Senator Smith	✓			
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan	✓			

Sylvia Kinsey
Secretary

Senator Regan
Chairman

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Motion: _____

4-17-85
H/B 8/12

Montana Advisory Council
on
Science and Technology

TECHNOLOGY ALLIANCE

THE TECHNOLOGY
ALLIANCE

The Advisory Council on Science and Technology, created by the 1983 Legislature as part of the Build Montana program and appointed by the Governor, has proposed the creation of the Technology Alliance program. This effort would be a partnership between the state and the private sector to stimulate economic development in Montana.

33 OTHER STATES
INVESTING IN
TECHNOLOGY
DEVELOPMENT

The Technology Alliance idea is not unique: at least 33 other states are involved in stimulating technology development to improve their economic condition. Some examples (with funding levels include:

- . Alabama (\$10 million)
- . Arizona (\$32 million)
- . Indiana (\$20 million)
- . Ohio (\$32 million)
- . Massachusetts (\$20 million)

INVESTMENT PROGRAM
CONSISTING OF THREE
PARTS

The proposal calls for a "technology investment" program which would accelerate development of technology in Montana's basic industries in three ways:

RESEARCH AND
DEVELOPMENT

(1) research development of new products, processes or technologies which will make our basic industries more productive and profitable and which may have commercial application in new business;

TECHNICAL ASSISTANCE

(2) technical assistance and transfer of new technology to existing Montana businesses in order to raise productivity and profitability, and enhance technical skills and productivity of Montana workers;

SEED CAPITAL

(3) seed capital, matched with private investment, to encourage commercialization of new processes and products -- both in Montana's traditional industries and in enterprises created by new technology.

ADMINISTRATIVE
STRUCTURE

The Technology Alliance would be administered and staffed by the Department of Commerce. A Science and Technology Development Board would be appointed by the Governor to set policies and priorities and award technology research and development grants. This board would consist of 15 members, 11 of whom would be from the private sector.

FINANCING \$2 MILLION

The proposed financing structure would earmark a portion of the revenues which currently go to the Alternative Energy and Conservation account funded with coal severance tax revenues (non-trust) to the new Science and Technology Research and Development account. This would generate \$2 million per biennium in state funds for technology investments while leaving about \$1.5 million over the next biennium in the Alternative Energy program. An additional \$1.5 million would be provided to the Technology Alliance on a project-by-project matching basis by the private sector. No state funds will be invested in a research project until the private match is in hand. The total investment in technology development during the 1987 biennium would thus be \$3.50 million -- an amount adequate to demonstrate the validity of the concept and produce initial results.

RETURN ON INVESTMENT

The Technology Alliance investment program would eventually become self-supporting through profit sharing. Any award made for technology development, product or process commercialization, or product marketing would include a requirement that the program retain an interest commensurate with the state's original investment. Proceeds from commercialization would accrue to the benefit of the Science and Technology Research and Development account. Interest earned on the account balance would go to the General Fund.

WHAT ABOUT RISK?

Most investments that carry a strong potential for growth also carry some risk. The Technology Alliance program has been designed to minimize risk by building a rigorous evaluation process into the program. Every proposal for Alliance funding will be evaluated not only by the 15-member board, but also by a peer review panel. In addition, the board will create peer review panels for each area of technology (i.e., minerals, materials science, biotechnology, etc.). Each panel will be made up of recognized experts in their field, consisting of representatives from business, government, and science.

MANY BENEFITS

Montana can benefit from such a program in a variety of ways: (1) by increasing the value of job-creating potential of our raw materials; (2) by increasing the efficiency and productivity of our growers, producers and manufacturers; (3) by supporting the development of advanced technologies when they have non-traditional commercial applications in Montana.

BENEFITS TO STATE

Some examples of how the three investment strategies will benefit Montana's basic industries and enhance our lifestyle include:

- . Increase the value of job-creating potential of our raw materials through processing. For example:
 - .. create new products from conventional agricultural crops through product processing technology
 - .. develop genetic strains that increase the nutritional value of grains
 - .. increase the thermal and chemical quality of coal and lignite through physical and biological processing
- . Increase the efficiency and productivity of Montana growers and manufacturers.
 - .. develop drought- and saline-resistant crops
 - .. develop genetic control of weeds
 - .. develop new uses for second-growth forests product engineering
- . Safeguard Montana's environment through technology.
 - .. improve toxic waste disposal through genetically engineered bacteria and plasma technology
 - .. improve water quality through advanced technology in containment, processing and utilization.

THE TECHNOLOGY ALLIANCE
PROGRAM FUNDING
1987 BIENNIIUM
(\$000's)

<u>PROGRAM</u>	<u>PURPOSE</u>	<u>STATE SHARE</u>	<u>PRIVATE MATCH</u>
Matching Research Investments	To match business and industry funds committed to research and development having high potential to support existing business and industry, and to strengthen or create research and development capabilities in areas of potential economic significance.	\$ 1,000	\$ 1,000
Technology Transfer and Assistance Investments	To establish and strengthen programs providing technology transfer and transfer and technical assistance to Montana business and industry.	200	-----
Seed Capital Finance Investments	To provide, through intermediary financial institutions, early stage financing. Program to be administered by the Economic Development Board	500	500
Board and staff expenses		<u>\$ 1,700</u>	<u>\$ 1,500</u>
	To provide administrative funds for the Board and staff operation to include policy development, technical assistance, communications, and information services.	\$ 300	-----
		\$ 2,000	\$ 1,500
TOTALS			<u><u>\$ 3,500</u></u>

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HB 812-26
H 2-19-85

The attached list includes the names of proponent witnesses who testified on behalf of HB 812 during the House Appropriations Committee Hearing March 26, 1985.

PROPONENT WITNESSES

HB 812

The Technology Alliance - A Partnership for
Economic Growth

House Appropriation Committee Hearing

1. LEGISLATORS

Dorothy Bradley, Sponsor
Representative, District 79

Jack Haffey, Sponsor
Senator, District 33

2. ADVISORY COUNCIL ON SCIENCE AND TECHNOLOGY

Raymon Thompson, Chairman
Edward C. Bingler, Vice Chairman

Semitool, Inc.
State Geologist

Kalispell
Butte

3. DEPARTMENT OF COMMERCE

Keith Colbo

Director

Helena

4. UNIVERSITY SYSTEM

William Tietz, President
Neil Bucklew, President
Fred DeMoney, President

Montana State University
University of Montana
Montana Tech.

Bozeman
Missoula
Butte

5. ASSOCIATION REPRESENTATIVES

Mike Fitzgerald

Montana International Trade
Commission

Helena

Mike Micone

Western Environmental Trade
Association

Helena

Terry Murphy

Montana Farmers Union

Great Falls

Carol Daly

Montana Economic Development
Association

Bigfork

Nancy Leifer

Economic Task Force for Women

Missoula

Jim Kambich

League of Cities & Counties

Butte

Kathryn Penrod

Vocational/Technical
Training

Helena

Beverly Brothers

Butte-Silver Bow Chamber
of Commerce

Butte

Ron Oberlander

Great Falls Economic Growth
Council

Great Falls

Gary Langley

Montana Mining Association

Helena

Jim Mockler

Montana Coal Council

Helena

Buck Boles

Montana Chamber of Commerce

Helena

6. COMPANY REPRESENTATIVES AND CITIZEN PROPONENTS

Richard Conover	Patent Attorney	Bozeman
Jon Marchi (Bill Beaman)	D.A. Davidson	Great Falls
Wes Higgins (Carol Daly)	Financial Services Corp.	Kalispell
Dick Bourke	Development Corporation of Montana, Inc.	Helena
Bob Heidecker	Farm Technology, Inc.	Bozeman
Pat Iman	Rancher	Victor
Rick Rominger	Farmer/Rancher	Floweree
John Hulet	" "	Dillon
Doren Lynch	" "	Highwood
Arville Lammers	" "	Shawmut
Dick Hurd	" "	Kremlin
Bill Characklis	Institute of Chemical/ Biological Research	Bozeman
John Opitz	Shodair Hospital	Helena
Barbara Wright (Ray Murray)	Stella Duncan Institute	Missoula
Nils Ribi (Joan D'Aoust)	Ribi Immunochem Research, Inc.	Hamilton
Lee Walker	Northern Engineering & Testing, Inc.	Great Falls
Larry Hoffman	Blue Range Engineering	Butte
Martin White	Western Energy Co.	Butte
Dick Anderson	Carbon Resources, Inc.	Bozeman
Bob Carrington	MSE, Inc.	Butte
Pete Antonioli	Montana Power Company	Butte
Mike Tuck	Multi-Tech, Inc.	Butte
Ernie Corrick	Champion International	Missoula
Ben Stout (Bob Pfister)	School of Forestry	Missoula
James Jubb	Spectrum Enterprises	Polson
John Duncan	Tele-Tech	Bozeman

*Keith Colbo
Ad. Secretary
S12*

DEPARTMENT OF COMMERCE



TED SCHWINDEN GOVERNOR

1424 9TH AVENUE

STATE OF MONTANA

(406) 444-3494

HELENA, MONTANA 59620-0401

REMARKS OF KEITH COLBO, DIRECTOR, DEPARTMENT OF COMMERCE
BEFORE THE SENATE FINANCE AND CLAIMS COMMITTEE
HOUSE BILL 812
(Creation of a Science & Technology Board and
Technology Development Program)
April 17, 1985

Today we are debating whether Montana has the vision to recognize and nurture a better economic future, or whether we will sit back, passively accept the status quo, and let the 21st century pass us by. The proposed Montana Science and Technology Development Board program is more than a visionary idea. It will put Montana in an offensive position and make new developments happen. It is designed to promote the utilization of technology by our existing businesses, create new businesses using new technologies, and to create jobs in Montana. The program will make shared investments to develop new products and processes for commercialization, to start new technology based businesses, to stimulate and recruit venture capital, to assist small businesses gain access to new technology, and to link private and educational resources. It is the next practical step in our state's economic development efforts.

Two years ago, the 48th Legislature voted overwhelmingly in support of the Build Montana program -- a bootstrap effort designed to help Montana regain control of its economic destiny. All of the programs authorized under Build Montana -- ranging from highway construction and local government block grants to development finance and business assistance -- are now in place and working for Montana.

----more----

But Build Montana was intended to reach beyond today. Built into House Bill 1 two years ago was a provision to create an Advisory Council on Science and Technology. The Council was charged by the legislature with recommending specific ways that Montana's basic industries and overall economy could benefit and grow from new technology. The Council has done a masterful job of studying trends and programs nationwide, and designing a very reasonable and workable program for Montana. The program is patterned after the best initiatives in other states. Like the other Build Montana programs, this technology development strategy would depend on the combined support of Montana's public and private sectors. Shared dollar-for-dollar investment by both the private sector and state government is a financial requirement and an assurances program credibility.

The necessary \$2 million state investment over the biennium is available through a transfer from the alternative energy account. More important, the decision to make this investment would carry out the mandate of a majority of Montanans who expressed their commitment to economic development by supporting the Build Montana program and I-95, an initiative to diversify, strengthen and stabilize the Montana economy.

I cannot tell you how many jobs will be created as a result of the Science and Technology Development Board. But I can give you a hint. About five years ago, Ray Thompson moved his technology-based business from California to his native Montana. He started with 20 employees, and now employs 183 people in the Kalispell area. In December, 1984, INC. MAGAZINE rated his company -- Semitool -- as the 15th fastest-growing company in the nation. By developing a receptive climate for entrepreneurs like Ray Thompson, Montana can have more success stories like Semitool. Numerous opportunities exist, they just need to be encouraged and transformed into business opportunities and commercial ventures.

The United States economy is rapidly becoming more oriented towards technology and innovation. The nation and the world are experiencing terrific growth in the technology sector. Every day we ignore that fact and fail to participate aggressively is another day gained by our competitors in the national and world marketplace.

Despite a substantial investment to train and educate our youth, we see a steady out-migration of our college graduates. Some call it Montana's "brain drain". Students trained in engineering, science, and other skilled professions are recruited to other states where job opportunities exist. They leave not by choice but by necessity. These people can be the builders of our future and yet they leave in substantial numbers. If we take action however, we can create more opportunities and help keep these young people here to benefit Montana.

The Science and Technology Development Board represents no less than Montana's economic future. Let us begin to make opportunities in Montana! It deserves your very serious consideration. It deserves it this session.

---END---

AMENDMENT	SPONSOR	Inf. or PAGE & LINE	ACTION
# 1	Jacobson	page 5, line 6	Failed
#2	Lane	page 6, line 25	Passed, unan.
#3	Christiaens	Consumer Council	Passed
#4	Regan	Montclirc	
#5	Gage	Law Library	Passed, unan.
#6	Himsl	N. E. Planning Econ.	Passed
#7	Christiaens	Coal Tx Lobby	Passed
#8	Christiaens	Money to lobbyist	Passed
#9	Christiaens	P. 12, line 15	Passed
#10	Keating	Page 13, line 22	Passed
#11	Keating	Page 14, line 18	Passed
#12	Gage	Page 17, line 7	Failed
#13	Keating	Truck safety Insp	Passed
#14	Keating	Page 16, line 10	Failed
#15	(typo--no number 15)		
#16	Keating	Modified request	Failed
#17	Keating	Page 16, line 22	Passed
#18	Gage	Undercover drug agent	Passed
#19	Himsl	Montclirc	Failed
#20	Keating	Juvenile training	Passed
#21	Gage	Forensic Sc.	Passed
#22	Gage	Page 20, line 23	Passed, unan
#23	Gage	Page 19, line 25	Failed
#24	Smith	Page 20, line 23	Failed
#25	Regan	Page 22, line 7-9	Passed, unan
#26	Christiaens	Page 23, line 8	Passed, unan
# 27	Keating	Page 22, line 16	Passed
#28	Keating	Page 28, line 21	Failed, tie vote

#29	Keating	Bldg Codes Div.	Failed
#30	Gage	Page 28, line 18	Failed
#31	Gage	Page 23, line 20	Passed, unan
#32	Keating	Page 24, line 16	Passed, unan
#33	Gage	Page 24, line 10	Failed
# 34	Gage	Page 24, line 9 & 10	Passed, unan
#35	Keating	Page 26, line 15	Failed, tie vote
#36	Gage	Copy Mach. Costs	Filed
#37	Aklestad	Page 7, line 21	Passed
#38	Regan	Page 22, line 16	Passed, Unan
#39	Regan	Page 13, line 22	Passed, unan
#40	Regan	Page 14, line 11	Passed, unan
#41	Regan	Page 15, line 9	Failed, tie vote
#42	Jacobson	Page 34, line 13	Failed
#43	Christiaens	LUST	Passed
#44	Manning	Page 35, line 16	Failed
#45	Christiaens	Page 35, line 23	Passed
#46	Christiaens	Page 38, line 8	Failed
#47	Manning	Page 38, line 21	Failed
#48	Manning	Page 38, line 21	Failed
#49	Manning	Page 38, line 25	Failed, tie vote
#50	Christiaens	Page 39, line 25	Failed, tie vot
#51	Manning	Page 39, line 25	Passed, unan
* #50		reconsidered	Passed
#52	Manning	Page 40, line 8	Passed, unan
#53	Manning	Page 41, line 23	Passed
#54	Christiaens	Page 43, line 8	Passed
#55	Christiaens	Page 43, line 15	Passed
#56	Manning	Page 43, line 17	Passed

#57	Manning	Page 43, line 19	Passed, Amended
#58	Manning	Page 42, line 20	Failed
#59	Christiaens	Page 44, line 6	Passed
#60	Manning	Page 44, line 8	Passed
#61	Christiaens	Page 45, line 24	Passed
#62	Story	Page 45, line 12	Passed
#63	Christiaens	Page 45, line 9	Passed
#64	Christiaens	Page 46, line 10	Passed
#65	Lane	Page 47, line 10	Failed
#66	Smith	Page 48, line 17	Passed
#67	Boylan	Page 48, line 21	Passed
#68	Lane	Page 48, line 25	Passed
#69	Lane	Page 49, line 12	Passed, unan
#70	Lane	Page 49, line 12	Passed
#71	Lane	Page 49, line 14	Passed
#72	Lane	Page 49, line 15	Failed
#73	Lane	Page 49, line 16	Passed
#74	Lane	Page 50, line 25	Passed
#75	Smith	Page 52, line 18	Passed
#76	Smith	Page 53, line 11	Passed
#76	Smith	Page 53, line 23	Passed
#77	Boylan	Page 55, line 13	HOLD
#78	Boylan	Page 55, line 9	Passed
#79	Haffey	Page 56, line 14	Passed
#80	Boylan	Page 56, line 21	Passed
#81	Haffey	Page 57, line 6	Passed
#82	Haffey	Page 57, line 9	Passed
#83	Haffey	Page 57, line 10	Passed

#84	Smith	Page 57, line 7	Failed
#85	Smith	Page 57, line 9	Passed
#86	Haffey	Page 57, line 22	Failed
#87	Jacobson	Page 57, line 18	Passed
#88	Boylan	Page 58, line 21	Failed
#89	Jacobson	Page 59, line 16	Passed
#90	Haffey	Page 61, line 8	Passed
#91	Bengtson	Page 62, line 17	Passed
#92	Haffey	Page 62, line 11	Passed
#93	Bengtson	Page 75, line 19	passed
#94	Manning	Page 67, line 8	Passed
#95	Jacobson	Page 67, line 19	Passed
#96	Himsl	Page 67, line 24	HOLD
#97	Jacobson	Page 68, line 20	Failed
#98	Bengtson	Page 69, line 12	Passed, amende
#99	Jacobson	Page 70, line 22	Passed
#100	Jacobson	Page 69, line 6	Passed
#101	Jacobson	Page 83, line 15	Passed
#102	Jacobson	Page 79, line 24	Passed
#103	Smith	Page 81, line 7	Passed
#104	Bengtson	Page 82, line 19	Passed
#105	Himsl	Page 84, line 24	Passed
#106	Jacobson	Page 84, line 6	Failed
#107	Jacobson	Page 84, line 22	Passed
#108	Christiaens	Page 88, line 11	Failed
** # 97	Jacobson	Reconsider	Failed
#109	Manning	Page 79, line 8	Passed
#110	Himsl	Page 55, line 1e	Failed
#111	Regan	Page 43, line 8	Passed

#112	Regan	Page 25, line 16	Passed
#113	Regan	Page 23, line 20	Passed
#114	Regan	Page 20, line 16	Passed
#115	Regan	Page 4, line 7	Passed
#116	Regan	Page 55, line 13	failed
#117	Christiaens	Page 4, line 9	WITHDRAWN
#118	Christiaens	Page 4, line 14	Sub-Haffey-Passed
#119	Christiaens	Page 3, line 9	Passed
#120	Jacobson	Timber Amendment (Lane amendment)	Reconsider-Passed
#121	Jacobson	Page 50, line 25	Passed
#122		RIT funds	Passed
#123		Reconsider SRS	
#124	Story	Page 46, line 6	Passed
#125	Bengtson	Spending authority	Passed