

MINUTES OF THE MEETING
JOINT SUBCOMMITTEE ON EDUCATION
HOUSE OF REPRESENTATIVES
49th LEGISLATURE
SPECIAL SESSION III

June 10, 1986

The meeting of the Joint Subcommittee on Education was called to order by Chairman Gene Donaldson at 8:37 a.m. on Tuesday, June 10, 1986 in the Auditorium of the Social and Rehabilitation Services Building.

ROLL CALL: The roll call was taken and all members were present with the exception of Senator Judy Jacobson who was excused and joined the meeting within a short period of time.

Chairman Donaldson introduced the staff at this time. A revised schedule was distributed and schedule changes were noted by Chairman Donaldson. He stated on Thursday there would be a review of the Community Block Grant. He also announced that tomorrow's meeting will be held in room 312-2 of the Capitol

The purpose of the hearing was to hear testimony from the University System regarding the proposed budget cuts.

Note: The tape for this hearing will begin with Dr. Lindsey Norman's testimony.

EDUCATION TRUST FUND

The first item on the agenda was an overview of the Education Trust Fund. Pam Joehler of the Legislative Fiscal Analyst's Office made the presentation. Refer to page G11 and 12 in the LFA book. (EXHIBIT #1) As summarized in the LFA Budget Analysis, the Governor has proposed redirecting the coal tax revenue currently deposited to the Education Trust Fund to the general fund in fiscal years 1987 and 1989. She indicated this proposal would impact neither the current trust account balance nor current allocations of interest earnings from the trust account, but would impact future interest earnings. She also said the fiscal impact of this proposal on each education entity currently receiving trust fund interest earnings is summarized for FY87 to FY89 in the table in Exhibit #1.

Sib Clack from the Budget Office then presented the Governor's proposal that there be a 5% cut in the Commissioner of Higher Education budget. She stated the breakdown for that reduction would be \$160,920 for the three community colleges; Dawson Community College, Flathead Valley Community College and the Miles City Community College. There would be a \$130,986 reduction in the office of the Commissioner of Higher Education for a total reduction of \$291,906.

Education Subcommittee

June 10, 1986

Page 2

Jane Hamman, from the LFA office, made the presentation on the Commissioner of Higher Education proposed cuts. Miss Hamman referred to page F-5 through F-15 of the LFA Budget Analysis. The issues are as follows:

Issue #1, ADMINISTRATION, Page F-6; Issue #2, SALARY REDUCTION, Page F-6; Issue #3, WAMI program, page F-8; Issue #4, STATE SPECIAL COAL TAX FUND, Page F-9; Issue #5, WICHE AND MINNESOTA RURAL DENTISTRY, Page F-9; Issue #6, STUDENT PAYMENTS, Page F-12; Issue #7, DISCONTINUE STATE WORK STUDY PROGRAM, Page F-15. Upon presenting each issue, Miss Hamman also proposed various options that were recommended by the LFA.

Chairman Donaldson then inquired whether there were any of the issues that the committee did not want to consider.

EXECUTIVE ACTION

Sen. Jacobson moved not to consider the reduction of the salaries and benefits in Issue #2. Rep. Peck stated that he opposed the motion because he felt that they were talking about a pay plan freeze. It was pointed out that the issue dealt only with the people on the list on page 7.

Chairman Donaldson then stated that unless there was a unanimous vote that none of the issues would be dropped from consideration. Sen. Jacobson repeated her motion not to consider the reduction. The question was called and the MOTION FAILED.

Rep. Peck then moved that Issue #7 not be considered further. The question was called and the MOTION PASSED UNANIMOUSLY.

Rep. Moore moved that Issue #6 be eliminated from further consideration. The question was called for, MOTION PASSED UNANIMOUSLY.

Chairman Donaldson asked if there were any further motions, there being none the committee proceeded to the next subject.

UNIVERSITY SYSTEM

Carrol Krause, Acting Commissioner of Higher Education introduced Jeff Morrison, Chairman of the Board of Regents. Mr. Morrison spoke in opposition to the LFA report. He stated that there was not enough time to prepare an adequate response to the report, that it was prepared without any outside input and that it is not in the best interests of the people of Montana. He also stated that with the cuts that are shown by the LFA along with the pay plan freeze, why they have, in effect, cut Eastern and cut into Montana Tech.

Carrol Krause was the next speaker to appear before the committee. He submitted EXHIBIT #2, Table I which shows the anticipated reductions in the administration office and the student assistance programs in the Commissioner of Higher Education budget. Mr. Krause stated in his proposed budget reductions that he recommended the language in HB500 pertaining to the percentage of state general fund and local support be changed from 52% state share to 49% state share.

Dr. Krause then addressed the pay plan freeze. He stated that the contracts have been negotiated over a period of time and that the Board of Regents is facing a difficult time. He said the summer salaries are based on new salaries for next year and it is a constitutional requirement to honor those contracts. He said the dilemma that the University is facing is that they been experiencing high turnover. He then handed out EXHIBIT #3 which is a report on MSU/UofM Average Faculty Salary Comparisons FY85-86. He also handed out EXHIBIT #4 which is a table of salaries paid in the University system.

The next speaker to come before the committee was Mr. Jack Noble, Deputy Commissioner for Management and Fiscal Affairs. He presented a 10 year analysis on the Coal Tax Fund. See EXHIBIT #5. He stated the coal tax earnings are deposited quarterly and that FY87 provides a projection of how much money would be available at the end of the fiscal year if the total appropriation for FY87 was spent.

There followed a discussion regarding Issue #4. At this point in the hearing Mr. Noble handed out EXHIBIT #6, a report on the FY87 beginning WICHE students.

A brief recess was called, the hearing reconvened at 11:22 a.m.

Chairman Donaldson then called upon Sib Clak from the Budget Office to present the recommendations that were relative to the six university units. The Governor's recommendation is a 5% reduction. See EXHIBIT #7. This would total \$3,613,523.

Pam Joehler, LFA Staff member, began the LFA report on page F-61. The issues to be considered are: Issue #1, DECLINING ENROLLMENT, Page F-62; Issue #2, REDUCE FORMULA SUPPORT, Page F-64; Issue #3, UNIVERSITY SIX MILL LEVY FUND BALANCE. Upon presenting each issue Mrs. Joehler proposed various options that were recommended by the LFA.

Jack Noble then testified before the committee. Mr. Noble handed out two exhibits to the committee, EXHIBIT #8 which states that the University Millage Fund Analysis on Table 5, page F-67 is somewhat misleading and EXHIBIT #8A, which is a copy of R.C.M. 15-10-105 dealing with the tax levy for the university system. Mr. Noble stated that there is still over \$4 million left to distribute to the campuses but as of today the cash

account only shows \$1,751,139 available to cover the final distribution.

At this point in the hearing, the testimony beginning with the Commissioner's Office of the total university system was heard.

Dr. Carrol Krause stated he would like to address two points. He stated that 4.9% decreased enrollment in the LFA book was an excessive amount. He said they use a 3 year average and that the enrollment decline this past year was 2%. He also said there is a large number of non-traditional students coming back to school. He then addressed Issue #2, the LFA proposal to Reduce Formula Support on Page F-64 of the LFA book. He stated that you could not depend on the high school enrollment moving the formula from 97% to 95%.

Chairman Donaldson then moved into the Campus Unit presentation.

MONTANA TECH

Dr. Carrol Krause introduced Dr. Lindsey Norman, President of Montana Tech. Dr. Norman said that Montana Tech is the only institution of its kind in a five state region. He also said that it used to be one of twenty in the nation but now is one of four in the entire U.S. He believed that through development it could become a world class facility. He then handed out EXHIBIT #9, the 1987 Budget Considerations for Montana Tech. Please refer to Exhibit #9.

There was a discussion on the ratio of students that were enrolled in minerals compared to liberal arts. Dr. Norman stated they were looking at about a 50% ratio. He also said he was looking at a 40-50% increase in the enrollment for the next year for the minerals program. Rep. Moore questioned Dr. Norman as to what facts he had to indicate there would be an increase in mining engineering student enrollment. Dr. Norman replied there were a number of new and additional applications received this year compared to last year. He thought they were beginning to get some of the fall-out from some of the other schools that had closed.

Chairman Donaldson made mention that Montana Tech was one of four such institutions in the U.S. and inquired as to what impact does accreditation have. Dr. Norman replied that the loss of accreditation would be devastating. He then said that one solution would be to decouple Montana Tech from formula budget consideration. Chairman Donaldson said that as a followup we have to have more students, we have to seriously take another look at whether to continue the program. Dr. Norman stated that we must decide if the mining industry in this state is critical to our future economical development.

Tape 1-1-A (18:57)

Sen. Haffey stated that he understood Dr. Norman as saying that into the years there is going to be a need for persons who are experts in natural resource extraction in mining and hydrology and that the need for the existence of Montana Tech is going to exist. Dr. Norman replied that he had lectured all over the world on this subject and that mining and energy and agriculture are the three basic commodities that support our economy and our national defense.

Chairman Donaldson then called for anyone who might want to give testimony. He commented that he understood Dr. Norman had to leave this afternoon. Dr. Norman replied that he had been selected as the 1986 distinguished alumnus of the University of Maryland and would be speaking there tomorrow.

Robert Van der vere, a concerned citizen lobbyist, was the first witness. He stated he did not think that Montana Tech should be given a 5% cut, and that they should be maintained and get full funding.

Tape 1-1-A (30:19)

EASTERN MONTANA COLLEGE

Dr. Krause introduced Bruce Carpenter, President of Eastern Montana College. Mr. Carpenter handed out EXHIBIT 10 and 10A. Exhibit 10 is the impact of a 5% general revenue deduction and projected revenue shortfall on Eastern Montana college which totals \$565,700. He then stated that Exhibit 10A is a copy of a letter from the Billings chamber of commerce to Chairman Jeff Morrison concerning the MBA program at Eastern. Refer to exhibits. He said he had one other comment about the LFA suggestions and that is reducing the formula support; he feels that higher education is in the long term a real solution to a lot of our problems.

Chairman Donaldson commented that he had been receiving letters about the Montana Center for Handicapped Children being dropped and questioned Mr. Carpenter if that was being considered. Mr. Carpenter replied that MCHC will be participating in the reduction as all areas of the campus will. He said that there had been a variety of questionnaires sent out in an attempt to evaluate what the program has been doing and determine if there are ways to better serve the citizens. He stated that there is no intent to close the facility at all.

The hearing was adjourned for lunch at 11:45 and was reconvened at 1:15 p.m.

Tape 1-2-A (00:50)

UNIVERSITY OF MONTANA

Don Habbe, Acting President of the University of Montana, made a brief presentation. (See EXHIBIT 11 and 12.) He introduced Mike Easton, vice-president for university relations; Glenn Williams, vice-president for fiscal affairs and Dick Solberg, acting academic vice-president. He stated that there was a series of major points he would like to make (refer to Exhibit #11) regarding the impact of the proposed 5% cut that was suggested by the Governor and the executive branch budget - the Governor's proposed 5% reduction would basically reduce the University of Montana general fund a little more than \$1.1 million plus the cost of the Billings MBA program. He said that would be equivalent to reducing the budget of the University of Montana by the budget of the school of forestry and law while essentially trying to serve probably the same number of students, the same number of programs and the same number of responsibilities.

He then turned to the question of current formula support, regarding faculty salary comparisons (refer to graph 2 of Exhibit #11). He stated that they would be able to teach probably 200 less classes - it would raise the issue of potential accreditation of programs. He then referred to Exhibit #11, page 2, regarding the budget reduction description and impact, and also Exhibit #12, the budget reduction impact assessment. At this point he said he would like to have three people speak briefly, someone from the faculty, someone from the staff, and someone from the student body.

Acting President Habbe then introduced Professor Fred McGlynn, President of the University Teachers' Union. Prof. McGlynn stated he would like to address the whole question of the funding of the faculty portion of the budget, the raises and how it is simply more than an economic issue. He made reference to the peer group average throughout the nation, and stated that Montana ranked 49th or 50th among the 50 states. He then urged the subcommittee not to take precipitous action which might put us so far behind that it would take twenty years to recover.

Mr. Habbe then introduced Vicki Cacchiarella, the President of the University of Montana staff senate. She stated that she represented a staff of about 750, of whom many were students. She remarked that as a staff, "We feel that quality higher education is a basic element in the welfare of the state of Montana, and reductions in higher education only can erode the growth in the state of Montana". She then urged the committee not to consider any kind of reduction to them.

Mr. Habbe introduced Paul Tuss, President of the Associated Students at the University of Montana. Mr. Tuss read his prepared statement. Refer to EXHIBIT #13.

NORTHERN MONTANA COLLEGE

Tape 1-2-B (4:40)

Bill Merwin, President of Northern Montana College gave a report on the student body of Northern. He stated that 90% of the graduates stay in Montana and 80% of them stay in north-central Montana. He said there were 200 employees and 1800 students at the college and that they represent about \$20 million to the local economy of Havre and the Highline. He then referred to Exhibit #14 regarding the 5% proposed reduction for NMC. Mr. Merwin stated that they have been engaged in a long range planning process that involves program review.

WESTERN MONTANA COLLEGE

Tape 1-2-B (27:44)

Mr. Krause then introduced Doug Treadway, President of Western Montana College. He reviewed Exhibit #15 which is Western's contingency plan for budget reduction. He stated those total reductions come from three sources; the Governor's requested 5%, anticipation of a reserve of up to 5% in the loss of enrollment and then a one year transfer of the athletic director's salary. He stated that every 10 years they have northwest accreditation that is taking place this fall. He also stated that he was very optimistic about the future enrollment of WMC.

Chairman Donaldson inquired of Mr. Treadway why, as a new member of the university system, he perceived that the administration could be reduced. Mr. Treadway replied that the answer is fairly simple; that the administration supports the faculty and the students rather than the other way around.

MONTANA STATE UNIVERSITY

Tape 1-2-B (42:10)

Mr. Krause introduced Dr. William Tietz, Jr., President of Montana State University. Dr. Tietz reported that MSU has developed a CORE curriculum which will require all of its students to take some 56 hours of basic instruction in the sciences, the arts, the humanities and in technology. They have pledged to the faculty and to the planning group that has been working with them for the last three years \$200,000 to make certain that it stays in place and that the undergraduate and subsequently, that the graduates that emerge from MSU will have a rounded, in-depth education. Dr. Tietz then referred to a prorata form Exhibit #16 that gives an idea of what would happen to the various line of faculty and classified professional staff at MSU with the 5% reduction,

pay plan reduction and tuition shortfall which totals \$3,998,197. He stated the university system retains talent in Montana. He then referred to the article in the Saturday Evening Post, Exhibit #16A, regarding the regarding the hull-less barley that has been developed by MSU.

Jamie Zink, lobbyist for the Associated Students at MSU was the next witness to appear before the committee. She noted that since this is finals week, that is the reason there are not a lot of students here, however, that does not indicate they are not concerned. She said the students had participated in letter and postcard writing campaigns to the legislators and parents. She stated that any type of reduction in state funding of the universities impacts on the education of the students. She read a number of items that would suffer impacts if the cuts were to be made. She said they believe that higher education is not part of the problem in Montana, but it is part of the solution. She then announced that the committee would also hear from Pat Carrick, representing the nursing students at Butte extended campus and from Paula Schulke and Vince Burns, two students from MSU.

Pat Carrick, student, Butte Extended Campus of MSU Nursing School, stated she would like to illustrate for the committee how the proposed 5% budget cut could affect one college within the university system and the importance of that impact at the individual level. Please refer to Exhibit #17.

Paula Schulke, student, Montana State University, gave a brief and often humorous description of her and her husband's academic history.

Vince Burns, student, Montana State University, is a handicapped student studying computer science at MSU. He stated that next year he would be graduating, along with two blind computer programmers, that would become taxpayers. He said he would become an asset instead of a liability to the state. He also stated there are about 300 students involved in the disabled student services program who are concerned that it might be cut. Mr. Burns completed his testimony by commenting that sometimes you have to spend money in order to save money down the line.

Tape 1-3-A (31:00)

Warren Stone, Belgrade, Montana stated his background is in education as a teacher, psychologist, elementary principal, superintendent, and on the staff of MSU. He also said he was a taxpayer and that is the image that he wished to present. He said that the taxpayers are tired of increases in taxes and they would like total cuts, no increases. He said one of the best places to cut taxes is in the university system; that there is no way you can justify Western, Northern, Tech nor Eastern. He also said that they do not need five Vo-Tech

Centers in the state and that the Commissioner of Higher Education Office should be abolished.

Chairman Donaldson asked if there was anyone else who would like to speak on behalf of Montana State University.

President Tietz stated he would like to add one other thing; that he would like to comment regarding enrollment at MSU. He said he felt there should be a consistent way of handling enrollments. He commented that he thought it was easier to handle the three year rolling average, but that the actual enrollment plan would be perfectly acceptable provided it was used consistently.

Chairman Donaldson commented that he was somewhat disappointed in today's presentations because he had hoped that somewhere along the way someone was going to be able to say they had made some program changes and cuts. He thought that what he was hearing from everyone was that they were going to have to have more time. He then said he was concerned about making a university or vo-tech or any other school respond to the needs of the students.

Dr. Tietz replied that given the rules of the law relative to contracts and given the policies under which we operate, what with collective bargaining on four of the campuses, 14 at MSU, those contracts have very specific stipulations as to what the termination process will be.

There followed a lengthy question and answer period of Dr. Tietz regarding collective bargaining, contracts, the financial contingency plan, the nursing program in Butte and moving faculty from one unit to another.

Tape 1-4-A (3:00)

Rep. Hand inquired of Jeff Morrison whether the Board of Regents had given any thought to consolidating comparable programs on various campuses. Mr. Morrison replied that was one of the issues they've asked the presidents and the commissioners to address in a report he expects to be delivered next fall. The consolidation of some campus services, of programs, or the elimination of programs, the time it would take, and the positive and negative aspects of such action. He said they had directed the presidents and commissioners to list about twenty items, options, like the LFA had, to be presented to the Board to be ready in time for the next session. Among those, the option of closing any of the four colleges.

Chairman Donaldson then said he would like to have more information from the LFA and the university system, that he didn't feel they had all the information they were going to need to make the kind of decisions they had to.

Sen. Haffey remarked that there had been some shots taken at the LFA book and that the characterization of the work was that it was done in secret, was unfair and was unprofessional. He said that it is a set of alternatives, not a set of recommendations and it has as its intention to help make good decisions and he thought it was not fair to characterize it as secret.

Jeff Morrison stated that he disagreed with Sen. Haffey because never before had they had so little time to present a case on such massive changes to the system. He said they always had 90-120 days, or whatever you have, to work within the system, not 3 or 4 days with no notice and questionable data.


Tape 1-4-A (8:40)

Chairman Donaldson called for a ten minute break. Upon resuming the hearing he said he would like to take a few minutes to review where we are and if we do need more information. He said somewhere along the line we are going to have to make some cuts in the university. He then said the second thing they need is to have a more clearly defined situation relative to if we make the 5% cuts; what are those impacts going to be, where are you going to get the money, what is going to be the impact on the students, the administration, etc. He then asked Carrol Krause to respond to those areas.

Dr. Krause replied that he would try to provide the committee with any information that they could. They would look at any peer data, the salaries, the tuition levels. He mentioned that the catalog is a contractual obligation with a student and has to be taken into consideration. We're trying to make these cuts without program cuts, but in the long term it's going to lead to program cuts. It's going to take more than they can accomplish between now and July 1.

Chairman Donaldson said he would like to have the information from Dr. Krause by Thursday morning in order to give the committee time to review the report. He said they would probably take executive action on Friday or Saturday. He then reiterated that tomorrow's meeting will be held in 312-2 at 8:30 a.m.

There being no further business before the Subcommittee, the meeting was adjourned at 5:20 p.m.


REP. GENE DONALDSON, Chairman

VISITORS' REGISTER

EDUCATIONSUBCOMMITTEE

BILL NO. _____

DATE Tuesday, June 10, 1986

SPONSOR _____

NAME (please print)	RESIDENCE REPRESENTING	SUPPORT	OPPOSE
<i>[Signature]</i> GLEN TAMMILL	IMPEA SLA ASUM		
Fred Malby	U. of Montana U.T.U.		
Tom Ray	U. of M. Fac. Senate		
John W. Montague	H.D. 96		
J. Mike Williams	Rep. H/D-85		
Chet Blaylock	Senate S.D. #43		
Wesley Ed	Senate S.D. 40		
Gail Cramer	MSU, Faculty Council		
Joe Barkley	MSU, Faculty Council		
Henry Campbell	MSU Faculty Council		
Wesley Leavitt	Western Montana College		
Carol Krause	MT UNIV. SYSTEM		
Jack Noble	" " "		
Rep Ted Schye			
Sen. Patm [unclear]	Great Falls		
Ralph S. [unclear]	H.D. 60		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

EducationSUBCOMMITTEE

BILL NO. _____

DATE June 10, 1986

SPONSOR _____

NAME (please print)	RESIDENCE REPRESENTING	SUPPORT	OPPOSE
Kew Heikes	E. M. C.		
D E Fox	EMC		
Scott Snelson	UM College Democrats		
James Crawford	UM College Democrats		
John Rogers	ASMSU Legislative Committee		
Jerry Schoenen	U of MT College Dem.		
Thomas P. Upton	ASMSU		
MATTHEW THURC.	U of M College Dem.		
Bill Byars	NMC		
Bill Merwin	N. M. C.		
Picki Kacaliaulla	UM Staff/Senate		
Jim Adams	Montana Public Employees Assoc.		
Jeff Morrison	REGENTS		
Todd Hill	ASUM College Republicans		
Kevin Connor	ASUM / UM College Repub		
JP Beerman	Faculty Association + MSU		
Karen S. Kunkpatrick	MSU College of Nursing		
Patricia Larnick	MSU College of Nursing		
Jan Vinton	MT Federation of Teachers		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EDUCATION

49th LEGISLATURE SPECIAL SESSION III

Date JUNE 10, 1986

[illegible]

EXHIBIT 1
6-10-86-
8:30 A.M.

June 9, 1986

TO: Education Subcommittee Members

FROM: Pamela Joehler, Senior Analyst *PJ*

SUBJECT: Governor's Education Trust Fund Proposal

At the chairman's request, I have prepared for your information a brief overview of the governor's proposal to divert coal tax revenue from the education trust fund in fiscal 1987 to 1989.

As summarized in the LFA Budget Analysis (p.g-11) the governor has proposed redirecting the coal tax revenue currently deposited to the Education Trust fund to the general fund in fiscal years 1987 to 1989. This proposal would impact neither the current trust account balance nor current allocations of interest earnings from the trust account, but would impact future interest earnings. The fiscal impact of this proposal on each education entity currently receiving trust fund interest earnings is summarized for fiscal years 1987 to 1989 in the table below.

Education Trust Fund Interest
Impact of Governor's Executive Budget Proposal
Projected Fiscal 1987 - 1989

	FISCAL 1987 ----	FISCAL 1988 ----	FISCAL 1989 ----
Useable Income-Current Law	\$11,306,621	\$10,885,500	\$11,913,800
Useable Income-Gov Proposal	\$10,739,700	\$9,664,700	\$9,698,200
	-----	-----	-----
Reduction in Useable Income	\$566,921	\$1,220,800	\$2,215,600
	=====	=====	=====
Agency Allocation:			
Vo Tech/ABE (10%)	\$56,692	\$122,080	\$221,560
Public Schools (67.5%)	\$382,672	\$824,040	\$1,495,530
Board of Regents (22.5%)	\$127,557	\$274,680	\$498,510
	-----	-----	-----
Reduction in Useable Income	\$566,921	\$1,220,800	\$2,215,600
	=====	=====	=====



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620-2602
(406) 444-6570

Exhibit 2
6-10-86
8:30 A.M.

COMMISSIONER OF HIGHER EDUCATION

TO: Education Joint Sub-Committee

FROM: Carrol Krause
Commissioner of Higher Education

DATE: June 10, 1986

SUBJECT: 5% Cutback - Commissioner of Higher Education's Budget

The recommended reduction of 5% of our general fund totals \$291,906. Of this amount, \$160,919 pertains to the general fund portion of the three community college budgets.

Table I shows the anticipated reductions in the office administration and the student assistance programs.

TABLE I

Commissioner of Higher Education
FY 1986-87

<u>Budget</u>	<u>Source of Cutback</u>	<u>Amount</u>
	REQUIRED GENERAL FUND REDUCTION - 5%	\$ 130,986
\$ 800,633	Administration Program - 5% Reduction	\$ 40,032
1,159,865	WAMI Program - \$0 Reduction	0
133,200	Minnesota Dentistry - Projected Balance	22,200
175,000	SSIG Program (Matching Funds \$1 for \$1)	0
60,000	NDSL Program (Matching Funds \$9 for \$1)	0
291,000	Work Study Program - 23.6% Reduction	68,754
<u>\$2,619,698</u>	TOTAL CUTBACK - 5%	<u>\$ 130,986</u>

Because our office picks up the support for WAMI students in their sophomore year, we recommend the program not be reduced so students who have already completed one year of the program will be allowed to continue. Minnesota dentistry has had a student drop out of the program so \$22,200 can be freed up.

The State Student Incentive Program (SSIG) is a federal/state matching program requiring \$1 of state funds for every \$1 in federal funds. In addition, the federal program requires a maintenance of effort that the state's portion must be equal to the average of the three previous years' expenditures. Because of these requirements, we recommend no reduction. The National Defense Student Loan (NDSL) program provides \$9 in federal money for every \$1 in state funds so we recommend no reduction. Unfortunately, this leaves the State Work Study Program to bear the remainder of the general fund cut of \$68,754. This appears to be the best way to resolve some undesirable choices.

TABLE II

Community College Budget
1986-87

	<u>General Fund</u>	<u>5% Reduction</u>
Flathead Valley Community College	\$1,596,062	\$ 79,803
Dawson Community College	751,088	37,554
Miles Community College	871,262	43,563

I am recommending the language in H.B. 500 pertaining to the percentage of state general fund and local support be changed from 52% state share to 49% state share.

JHN/llt

594T

Exhibit 3
6-10-86 8:30
Dr. Carrol Kraus

MSU/UM PEERS
AVERAGE FACULTY SALARY COMPARISONS
FY 1985-86

<u>Total Faculty</u>	<u>Peer Institutions</u>	<u>Average Salary</u>
546	University of Wyoming	\$35,916
307	University of Nevada - Reno	\$33,986
326	University of Nevada - Las Vegas	\$33,501
554	New Mexico State University	\$31,535
494	Utah State University	\$31,930
354	University of Idaho	\$32,388
737	University of New Mexico	\$31,650
471	Northern Arizona University	\$31,562
413	North Dakota State University (Est.)	\$30,400
429	University of North Dakota	\$29,779
532	Montana State University	\$29,651
374	- University of Montana	\$29,084
271	University of South Dakota	\$28,434
261	Idaho State University	\$27,706
332	South Dakota State University	\$26,993
Weighted Average Salary Excluding MSU/UM		\$31,539
MSU/UM Combined Weighted Average		\$29,420
Percentage of MSU/UM to Peers		93%
Average Dollar Difference		<u>\$ 2,119</u>

Source: HEGIS reports as supplied by campuses to the federal government and the AAUP.

Data compiled by Steve Hample and Kathy Melcher,
Institutional Research Office, Montana State University.

TABLE III (Continued)
—UNIVERSITY SYSTEMS—

KXHIBIT #4
CARROLL KRAUSE
6-10-86 8:30

CHIEF EXECUTIVE OFFICERS:
PRESIDENT/CHANCELLOR

RANK	SALARY
1	178,200
2	156,000
3	154,500
4	139,200
5	131,000
6	125,000
7	120,000
8	115,000
9	112,170
10	110,000
11	108,000
12	101,148
13	101,000
14	100,200
15	100,000
16	100,000
17	97,790
18	96,000
19	95,400
20	95,000
21	92,000
22	91,445
23	90,000
24	87,000
25	86,996
26	85,020
27	85,000
28	85,000
29	81,052
30	78,840
31	77,040
32	71,700
33	61,800

AVERAGE ALL 103,288

ACADEMIC OFFICERS:
VICE PRESIDENT/VICE
CHANCELLOR

RANK	SALARY
1	134,000
2	110,700
3	102,000
4	101,460
5	99,600
6	97,956
7	92,181
8	90,000
9	88,290
10	86,902
11	84,000
12	84,000
13	84,000
14	83,265
15	(83,000)
16	79,192

RANK	SALARY
17	71,500
18	70,445
19	70,000
20	68,100
21	66,744
22	66,500
23	65,208
24	65,040
25	63,277
26	63,030
27	62,460
28	58,000

AVERAGE ALL 81,816

ACADEMIC OFFICERS:
ASSOCIATE VICE PRESIDENT/
VICE CHANCELLOR

RANK	SALARY
1	81,816
2	80,000
3	71,660
4	71,443
5	71,000
6	70,000
7	69,984
8	66,305
9	65,206
10	65,000
11	(58,700)
12	54,700

AVERAGE ALL 68,818

ACADEMIC OFFICERS:
ASSISTANT VICE PRESIDENT/
VICE CHANCELLOR

RANK	SALARY
1	89,500
2	80,000
3	74,592
4	68,550
5	68,247
6	60,225
7	58,512
8	58,151
9	57,500
10	54,000
11	51,825
12	46,750
13	46,000
14	42,500
15	40,855
16	40,000

AVERAGE ALL 58,575

ACADEMIC OFFICERS:
DIRECTOR

RANK	SALARY
1	67,104
2	61,119
3	53,500
4	45,700
5	45,620
6	53,000

AVERAGE ALL 51,007

OPERATIONS OFFICERS:
EXECUTIVE VICE PRESIDENT/
VICE CHANCELLOR

RANK	SALARY
1	144,200
2	110,700
3	106,000
4	95,908
5	92,933
6	92,436
7	87,512
8	84,445
9	(83,000)
10	79,500
11	77,625
12	75,888
13	75,336
14	72,000
15	64,500

AVERAGE ALL 89,459

OPERATIONS OFFICERS:
ADMINISTRATIVE VICE PRES/
VICE CHANCELLOR

RANK	SALARY
1	96,000
2	89,400
3	(84,000)
4	66,930
5	66,000
6	65,604
7	63,277
8	54,192

AVERAGE ALL 73,175

TABLE III (Continued)
—UNIVERSITY SYSTEMS—

OPERATIONS OFFICERS:
ASSOCIATE VICE PRESIDENT/
VICE CHANCELLOR

RANK	SALARY
1	77,500
2	(62,000)
3	53,000
4	51,495
5	47,000

AVERAGE ALL 56,199

OPERATIONS OFFICERS:
EXECUTIVE ASSISTANT/ASST
TO THE PRES/CHANCELLOR

RANK	SALARY
1	72,615
2	(72,500)
3	(72,000)
4	70,000
5	64,596
6	60,000
7	59,500
8	(58,700)
9	56,700
10	55,500
11	55,056
12	53,844
13	53,448
14	53,445
15	52,360
16	52,000
17	47,000
18	46,416
19	40,435
20	40,000
21	35,368

AVERAGE ALL 55,785

OPERATIONS OFFICERS:
LEGAL COUNSEL

RANK	SALARY
1	124,200
2	96,570
3	94,800
4	89,500
5	79,400
6	75,000
7	74,000
8	72,400
9	(71,850)
10	71,660
11	68,500
12	66,900
13	64,500

RANK	SALARY
14	63,000
15	62,800
16	61,850
17	60,624
18	60,000
19	58,770
20	56,268
21	55,000
22	54,557
23	54,000
24	51,200
25	50,000
26	48,520
27	40,000

AVERAGE ALL 67,625

OPERATIONS OFFICERS:
DIRECTOR OF INSTITUTIONAL
RESEARCH

RANK	SALARY
1	(70,209)
2	63,545
3	63,478
4	59,700
5	56,000
6	(53,795)
7	53,248
8	49,700
9	47,880
10	43,260
*11	39,800
12	36,100
13	35,628
14	32,905
15	32,500
16	32,479

AVERAGE ALL 46,139

OPERATIONS OFFICERS:
SECRETARY TO THE BOARD

RANK	SALARY
1	92,700
2	81,900
3	74,263
4	73,250
5	(72,000)
6	(71,850)
7	71,000
8	(60,500)
9	51,200
10	50,530
11	50,000
12	49,091
13	40,000
14	38,000

RANK	SALARY
15	37,747
16	35,856
17	34,500
18	32,097
19	29,220
20	26,000
21	22,075

AVERAGE ALL 52,085

FINANCE AND BUSINESS
OFFICERS: VICE PRES/
VICE CHANCELLOR

RANK	SALARY
1	100,450
2	96,570
3	(95,000)
4	89,400
5	88,000
6	87,400
7	(84,000)
8	80,000
9	79,500
10	78,950
11	76,259
12	76,576
13	73,122
14	73,000
15	72,200
16	71,400
17	69,500
18	68,445
19	67,100
20	65,208
21	65,000
22	64,720
23	63,000
24	61,752
*25	52,880

AVERAGE ALL 76,001

FINANCE AND BUSINESS
OFFICERS: ASSOC VICE
PRES/VICE CHANCELLOR

RANK	SALARY
1	78,000
2	73,500
3	71,579
4	66,000
5	58,500
6	58,000
7	56,928
8	53,400
9	49,035

AVERAGE ALL 62,771

UNIVERSITY OF ARKANSAS
OFFICE OF INSTITUTIONAL RESEARCH
RANK-ORDER DISTRIBUTION OF ADMINISTRATIVE SALARIES
PAID 1985-86

ANALYSIS OF REGENTS COAL TAX FUND
FY 76 - 87

	Legislative Appropriation	WICHE Bill Paid in Dec.	Amount Available	General Fund Loan	Interest Earnings in Current Year	General Fund Loan Payback	Amount Available For Next Year
FY 76	\$ 0.00	\$ 0.00	\$ 0.00	0.00	\$ 15,025.28	\$ 0.00	\$ 15,025.28
FY 77	0.00	0.00	15,025.28	0.00	116,222.94	0.00	131,248.22
FY 78	0.00	0.00	131,248.22	0.00	149,088.38	0.00	280,336.60
FY 79	0.00	0.00	280,336.60	0.00	194,283.94	0.00	474,620.54
FY 80	641,918.00	632,173.76	474,620.54	157,553.22	390,886.20	(157,553.22)	233,332.98
FY 81	641,918.00	621,303.24	233,332.98	387,970.26	792,138.97	(387,970.26)	404,168.71
FY 82	911,000.00	883,804.00	404,168.71	479,635.29	1,190,655.58	(479,635.29)	711,020.29
FY 83	1,143,000.00	1,141,179.00	711,020.29	431,979.71	1,552,908.73	(431,979.71)	1,122,750.02
FY 84	1,714,938.00	1,686,455.00	1,122,750.02	248,000.00	1,715,372.78	(248,000.00)	1,151,667.80
FY 85	2,004,015.00	1,957,544.00	1,151,667.80	489,760.00	1,980,838.62	(489,760.00)	1,174,962.42
FY 86	2,421,642.00	2,381,530.00	1,174,962.42	727,203.83	2,144,488.00	(727,203.83)	937,920.42
FY 87*	2,681,373.00	2,681,373.00	937,920.42	0.00	2,323,000.00	0.00	579,547.42

* FY 87 provides a projection of how much money would be available at the end of the fiscal year if the total appropriation for FY 87 was spent.

EXHIBIT #5
JACK NOBLE



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620-2602
(406) 444-6570

Exhibit 6

6-10-86

8:30 AM

Jack Noble

COMMISSIONER OF HIGHER EDUCATION

FY87 BEGINNING WICHE STUDENTS

<u>FIELD</u>	<u>Number of Applicants</u>	<u>Current No. Eligible For Support</u>	<u>No. Supported With Cutback</u>	<u>No. Supported Original Budget</u>
Medicine	67	10	5	7
Osteopathic Medicine	4	1	2	2
Dentistry	13	11	2 + 2 Minn. Dental	4 + 2 Minn. Dental
Veterinary Medicine	24	10 12	10	12 (Contract Amount)
Optometry	5	2	2	2
Occupational Therapy	2	0	1	1
Public Health	1	0	0	0
Podiatry	1	0	0	0

51B Clack Exhibit 7

6-10-86

Budget Office

UNIT	FY87 Total HB 500 + HB 375	FY87 Total Minus 5% GF only	% Total reduction	FY87 Minus 5% GF and FY87 pay increase	% Total reduction
MSU	\$47,194,557	\$45,812,380	2.93%	\$44,622,380	5.45%
UM	\$37,882,777	\$36,766,906	2.95%	\$35,868,906	5.32%
EMC	\$14,514,260	\$14,073,576	3.04%	\$13,731,576	5.39%
NMC	\$8,022,004	\$7,754,504	3.33%	\$7,564,504	5.70%
WMC	\$4,204,284	\$4,066,433	3.28%	\$3,959,433	5.82%
TECH	\$9,104,036	\$8,834,596	2.96%	\$8,620,596	5.31%
	<hr/> \$120,921,918	<hr/> \$117,308,395	<hr/> 2.99%	<hr/> \$114,367,395	<hr/> 5.42%
AES	\$9,653,924	\$9,356,812	3.08%	\$9,102,812	5.71%
CES	\$4,469,166	\$4,359,733	2.45%	\$4,234,733	5.25%
BM&G	\$1,587,030	\$1,512,728	4.68%	\$1,479,728	6.76%
FCES	\$695,578	\$662,099	4.81%	\$645,099	7.26%
	<hr/> \$16,405,698	<hr/> \$15,891,372	<hr/> 3.14%	<hr/> \$15,462,372	<hr/> 5.75%
BoR	\$23,465	\$22,292	5.00%	n/a	n/a
CHE	\$6,915,201	\$6,784,215	1.89%	\$6,754,846	2.32%
CC's	\$3,354,412	\$3,193,492	4.80%	\$3,101,492	7.54%
	<hr/> \$10,293,078	<hr/> \$9,999,999	<hr/> 2.85%	<hr/> \$9,856,338	<hr/> 4.24%
TOTAL	\$147,620,694	\$143,199,766	2.99%	\$139,686,105	5.37%

EXHIBIT 8
JACK NOBLE
8:30 AM 6-10-86

The University Millage Fund Analysis (Table 5, page F-67) is somewhat misleading. The Ending Fund Balance for Fiscal Year 1985 is shown to be \$3,690,231, but the actual cash available at fiscal year-end was \$2,278,081. The difference is due to non-cash accrual entries made by the Department of Revenue at fiscal year-end that are made to correctly identify in which year collections of the six-mill levy are to be made. This situation arises because not all of the counties report their tax receipts for the May tax assessment to the state by the June 30th fiscal year-end cut-off date.

To help illustrate that there are no excess funds available as this table seems to indicate, the \$2.2 million mentioned above along with all current year six-mill levy collections have been used to pay for the distribution of millage to the campuses so far this year. There is still over \$4 million left to distribute to the campuses, but as of today the cash account only shows \$1,751,139 available to cover the final distribution.

same obligations as if the board of county commissioners had made the levy at the proper time.

History: En. Sec. 3826, Pol. C. 1895; re-en. Sec. 2599, Rev. C. 1907; re-en. Sec. 2151, R.C.M. 1921; Cal. Pol. C. Sec. 3715; re-en. Sec. 2151, R.C.M. 1935; amd. Sec. 148, Ch. 516, L. 1973; R.C.M. 1947, 84-3806.

15-10-105. Tax levy for the university system. There is levied upon the taxable value of all real and personal property in the state of Montana, subject to taxation, 6 mills or so much thereof as is necessary to raise the amount appropriated by the legislature from the state special revenue fund for the support, maintenance, and improvement of the Montana university system and other public educational institutions subject to board of regents' supervision, as provided in referendum measure No. 75 passed by vote of the people at the general election held November 7, 1978; and the funds raised therefrom shall be deposited in the state special revenue fund.

History: En. Sec. 1, Ch. 582, L. 1979; amd. Sec. 1, Ch. 277, L. 1983.

Compiler's Comments

1983 Amendment: Substituted references to state special revenue fund for references to earmarked revenue fund.

Termination Date: Sec. 2, Ch. 582, L. 1979, provided: "This act terminates on January 1, 1989."

Cross-References

Legislature to levy tax for university purposes, 20-25-423.

Part 2

Statement of Levies

Part Cross-References

Resort community tax, 7-6-4462.

15-10-201. Tax levies to be made in mills and tenths and hundredths of mills. Every board of county commissioners, city or town council or commission, and every other board or commission authorized by law to make or fix tax levies for any purpose shall make and fix every such levy in mills and tenths and hundredths of mills.

History: En. Sec. 1, Ch. 123, L. 1935; re-en. Sec. 2148.1, R.C.M. 1935; R.C.M. 1947, 84-3802.

Cross-References

Fixing of county tax levy, 7-6-2321.

Fixing of municipal tax levy, 7-6-4232.

15-10-202. Certification of taxable values and millage rates. (1) At the time that the assessment roll is prepared and published, the department of revenue shall certify to each taxing authority the taxable value within the jurisdiction of the taxing authority. The department shall also send to each taxing authority a written statement of its best estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the value of deletions from the previous assessment roll. Exclusive of such new construction, improvements, and deletions, and the taxable value of property which is the subject of a protest and which remains under protest on the first Monday in August of the current year if the taxable value of such property remaining under protest exceeds 5% of that taxing jurisdiction's taxable valuation, and if requested to do so by the county commissioners, the department shall certify to each taxing authority a millage

1987 BUDGET CONSIDERATIONS

Exhibit 1
6-10-86
Montana Tech.

MONTANA COLLEGE OF MINERAL SCIENCE & TECHNOLOGY

BUDGET & ENROLLMENT

<u>Fiscal Year</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987(T)</u>
Appropriation (\$MM)	9.1	10.2	9.0	9.1
Actual Budget (\$MM)	9.1	10.0	8.8	8.9* 8.6** 8.4***
FTE Actual	2086(+3.6%)	1897(-9.1%)	1638(-13.7%)	1500(-8.4%)
Faculty (except Summer Session)	104.0	107.3	93.9	85.4
Fixed Costs (% of total funds)	93%	94%	98%	96%* 99%** 101%***

* HB500/HB375 less uncollected fees and indirect costs (i.e., adjustments).

** HB500/HB375 less adjustments, less 5%.

*** HB500 less HB375, adjustments, and 5%.

- Engineering enrollments have fallen 32% in three years but appear to be stabilizing; all other students have increased by 10%.
- Faculty has been cut by 21% in the past two years resulting in far fewer course options, larger classes, increasing student/faculty ratio to 18, and serious threats to engineering accreditation (petroleum, mining, metallurgy).
- Staff, administration, and maintenance personnel have been cut about 15% in this period resulting in longer lead times, considerable deferred maintenance on the physical plant that must now be contracted, and expanded administrative duties for all personnel.
- With fixed costs (salaries, benefits, facility operation) near or exceeding 100% of available funds, the ability to improve instructional facilities, purchase or repair laboratory equipment, and adequately maintain physical plant is nonexistent, i.e., no "fat" or flexibility exists in any budget scenario under consideration.

THE REVISED FY 1987 BUDGET (5% reduction)

● Dollar Impact

general fund reduction	- \$269,440
student fee collection reduction	- 208,864
decrease in indirect cost collection	- 60,000

Total Reduction: \$538,304

- Fee collection losses are based on projected 1500 FTE's; losses in indirect costs result from some state agencies refusing to pay these costs and reduced research levels.
- The above estimates assume funds from HB375 (pay plan bill) will be available. The budgetary impact of having to absorb 1987 plan monies is \$214,000. Thus, should pay plan monies be frozen at FY 1986 levels, honoring all negotiated (existing) pay contracts for FY 1987 would result in a total operating budget cut of \$752,304 (\$214,000 + \$538,304), for an effective cut of 8.5%.
- Program/Operating Impact (5% reduction)
 - Critical Position Vacancies would not be filled including:
 - Dean, Research and Graduate Studies
 - Director of Placement and Cooperative Education
 - Director of Small Business Assistance
 - Engineering Faculty (hydrology/engineering science/etc.)
 - Custodial/maintenance on new engineering building, HPER, etc. (75,000+ sq. ft.)
 - Capital budget of \$274,000 needed for essential equipment and maintenance would be eliminated except for library acquisitions; physical plant up-keep would be effectively reduced by 15%.
 - Research money that initiates exploration of new ideas for outside funding would be reduced by 60%; potential multiplier is 2X to 5X.
 - Computer operations would be curtailed by about 20%.

SUMMARY

- Under the current appropriated budget as adjusted, MCMST will continue to operate at the minimum levels needed to maintain its accreditation and its reputation as a prestige engineering institution and meet only the most pressing physical plant requirements. Operating flexibility will be minimal.
- The revised (-5%) budget would severely compromise MCMST's mission and the quality of its programs because the College would cease to be fully staffed, adequately maintained, and technologically competitive. Operating flexibility would be nonexistent.
- Budget reductions beyond 5% would demand fundamental changes away from MCMST's traditional and unique mission supporting Montana minerals, mining and energy development. Program and/or service eliminations would be made.

Lindsay D. Norman
June 1986

Exhibit 10
6-10-86
Emc



EASTERN
MONTANA COLLEGE

1500 North 30th Street, Billings, MT 59101-0298

Office of the President

406/657-2300

IMPACT OF 5% GENERAL REVENUE REDUCTION
and
PROJECTED REVENUE SHORTFALL ON EASTERN MONTANA COLLEGE

Total anticipated reduction at this level is:

\$565,700

In order to meet the necessary reductions the following
actions will be taken:

A. Reduce <u>15</u> staff and administrative positions	\$239,300
B. Reduce <u>8</u> faculty positions	216,500
C. Reduce equipment, supplies, services	<u>109,900</u>
	\$565,700

Layoff notices have been sent to 13 individuals. Eight of these involve reduction in hours from full-time to part-time employment, the remainder are complete layoffs. Additionally, 3 administrators are being sent letters which notify them of reductions in position from full-time to part-time.

We have attempted to maintain the academic integrity of our programs, however we will offer fewer classes and less support to our students next year.

IMPACT OF PAY PLAN REDUCTION

EASTERN MONTANA COLLEGE

Pay Plan represents	\$342,000
---------------------	-----------

In order to meet this need, beyond the already indicated reductions, EMC would require the following reductions:

A. 3 additional faculty positions	\$ 74,000
B. 4 additional staff/admin. positions	64,000
C. Travel, equipment, supplies, printing, and deferred maintenance	<u>204,000</u>
Total	\$342,000

Billings Area Chamber^{of} Commerce

June 2, 1986

Jeff Morrison, Chairman
Board of Regents of Higher Education
1830 Winne
Helena, MT 59601

Dear Mr. Morrison:

Our Billings Chamber of Commerce Committee is encouraged that the funding for the Master of Business Administration program at Eastern Montana College remains intact.

This program is extremely critical to the business community in Billings and Eastern Montana. The need of this program was established over a long period of time by the Regents and the legislature and we urge you to carry out your commitment to this important program.

With the faltering economy and our struggle to attract new business to Montana, it is essential that this program not be delayed any longer.

Sincerely,

Higher Education Task Force

Executive Committee

Tom L. O'Hara, Chairman

Gary A. Kraf

Ernest G. Bengtson

Bill Foster

Carol Bagain

John Ditz

William J. Jensen
James Scott
Robert L. Anderson
Charles J. Hargrave



University of Montana

Ex. 11
1 pm. 6-10-86

Office of the President • Missoula, Montana 59812 • (406) 243-2311

June 10, 1986

TO: Members of the Joint Education Subcommittee
Gene Donaldson, Chairman

FROM: Don Habbe, Acting President *Don Habbe*

SUBJECT: Budget Reduction Description and Impact

The following narrative summarizes the consequences of the 5 percent General Fund reductions proposed in the Governor's Executive Budget for Fiscal Year 1986-87. The Governor proposes reductions that total \$1,115,934, plus delaying the start-up of the Billings MBA program, saving an additional \$266,241. To put the proposed 5 percent reduction in specific perspective, that amount is approximately equivalent to eliminating the instructional funding for the Schools of Forestry and Law while still trying to serve approximately the same number of students currently enrolled at the University.

The University of Montana is not currently experiencing a significant enrollment decline (please see Graph 1). Unrestricted Fiscal Year, Full Time Equivalent (FYFTE) students have declined by much less than one percent (.59%) from FY 1984-85 to FY 1985-86. A drop of 49 unrestricted FYFTE students from 8,193 to 8,144 is indicative of a stable enrollment base. Applications for next fall suggest that our enrollment for next year will approximate our budgeted enrollment. A major reduction of resources in the instructional and support areas of the institution could have a deleterious effect on the vast majority of students who choose to remain at the University. Tragically, significant numbers of students may choose to leave the University for institutions in other states because of a severe erosion in the quality of our programs.

This budget reduction proposal should be understood within the context of an already difficult fiscal situation following upon resource decisions made during the 1985 legislative session. The Legislature funded the University of Montana for FY 1986-87 at 99 percent of the formula for instruction and 97 percent for support. However, an LFA study conducted before the last session found that the support formula provided only 93% of the latest peer average for support. In addition, the latest data show a critical disparity of at least 10 percent between average faculty salaries at the University and those at our peer institutions (please see Graph 2). With the addition of the proposed 5 percent reduction, we face the very real prospect of trying to provide a quality education for Montana students with 10 percent less funding than the average of our peers. This represents a difference of more than \$3,700,000. These are not trivial differences that represent just a student or two more in every class. They do, in fact, represent our growing inability to provide the basic educational services that Montanans have received from the University in the past.

— The proposed reductions required in the **instruction** program would eliminate more than 200 classes already scheduled for next year. Many students will be unable to complete their academic program in a timely manner due to class closures and scheduling conflicts. Valuable teaching opportunities will be denied graduate students,

and important support for quality programs would be lost. Accreditation of several academic programs may be threatened.

The proposed reductions required in the **research** program would reduce much of our ability to provide "seed" money to faculty to foster competitive grant applications by young faculty and those following promising research directions. This will have a major impact on bringing outside money into the state. Other reductions in the research and **public service** programs would seriously reduce our support of several programs that have brought meaningful information and experiences from the University to the citizens of Montana.

The proposed reductions required in the **academic support** program would end planning for important curricular development and would further reduce already meager support provided our academic programs. The proposed reductions in the **student services** program would reduce services and opportunities provided to both traditional students and our growing numbers of returning older students. In addition, students may be asked to bear new costs on top of recent large tuition increases and decreased availability of financial aid.

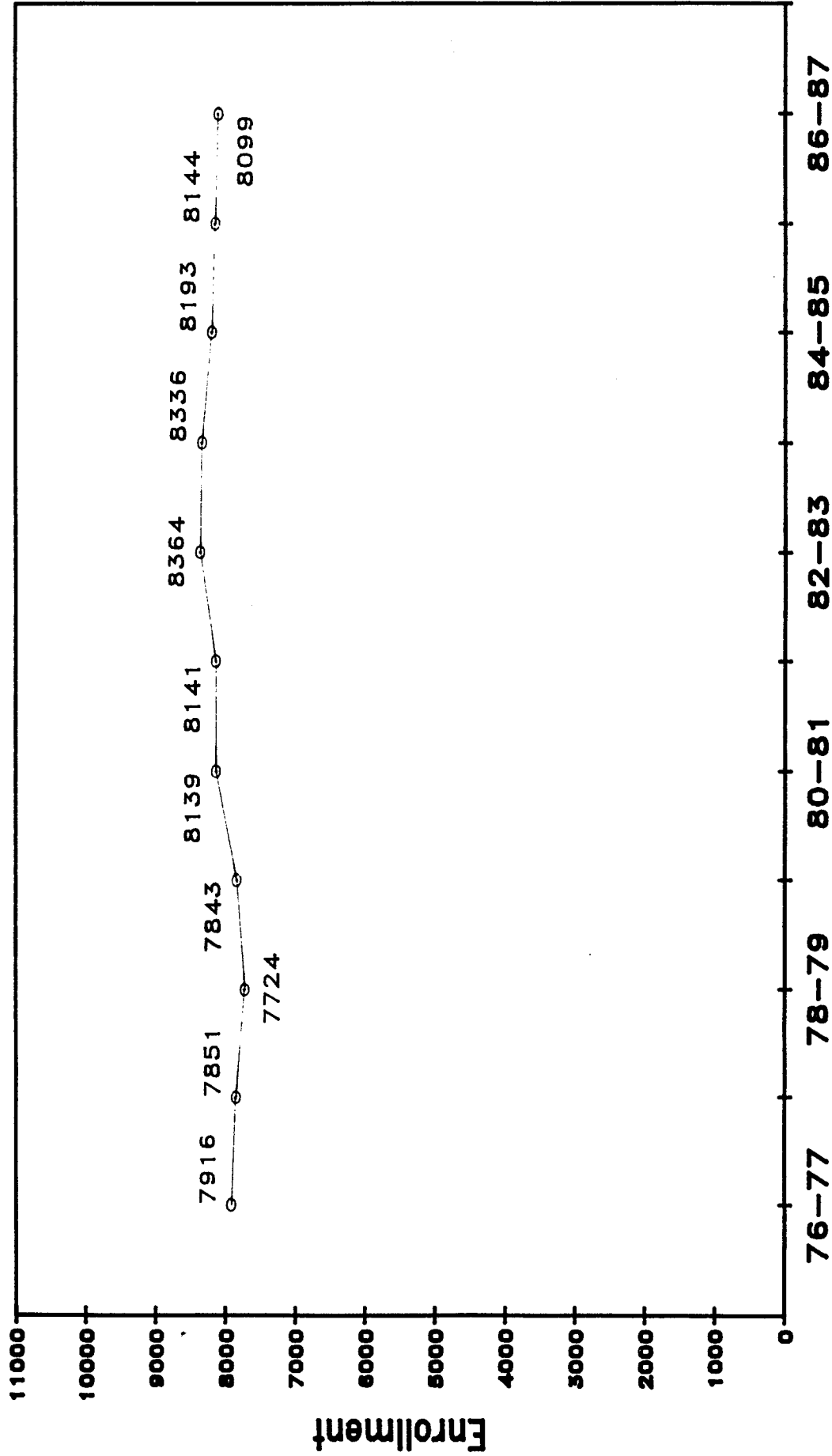
The proposed reductions required in the **institutional support** program would reduce service provided to all other programs. Several support activities that are now provided efficiently as a central service would have to be done hit-or-miss at the department level or not at all. Delays in processing both internal and external transactions should be expected. Internal controls would be less stringent, resulting in increased potential for errors and audit exceptions.

The proposed reductions required in the **operation and maintenance of plant** programs would result in accelerated deterioration of buildings, grounds, and equipment due to reduced maintenance. Progress on several health and safety issues would be significantly slowed. The reductions in the **scholarships and fellowships** program would reduce our ability to attract truly outstanding students to our programs through the waiver of a portion of their fees.

During the 1981 Legislative session, the critical funding situation of Higher Education in Montana was recognized and the current formula funding mechanism was adopted. Significant progress was made in bringing support for the Montana University System up to the peer average. That progress will, in large part, be severely hampered by the proposed reductions. The retreat back to "bare bones" funding is tremendously demoralizing to this campus. We are once again experiencing increasing difficulty recruiting quality faculty and administrators. The inability to attract and retain quality faculty is a real threat to the long-term quality of this institution and, ultimately, to the economy and quality of life in Montana.

By any reasonable measure, the Montana University System is not "fat" and is pursuing system-wide efforts to further reduce costs. While some savings will be realized, quality will be further compromised or students turned away unless stable new state revenue is introduced. We would be pleased to assist your Committee in its deliberations or provide any additional information as necessary.

University of Montana
FY FTE Enrollment
 FY 1976-77 to 1985-86

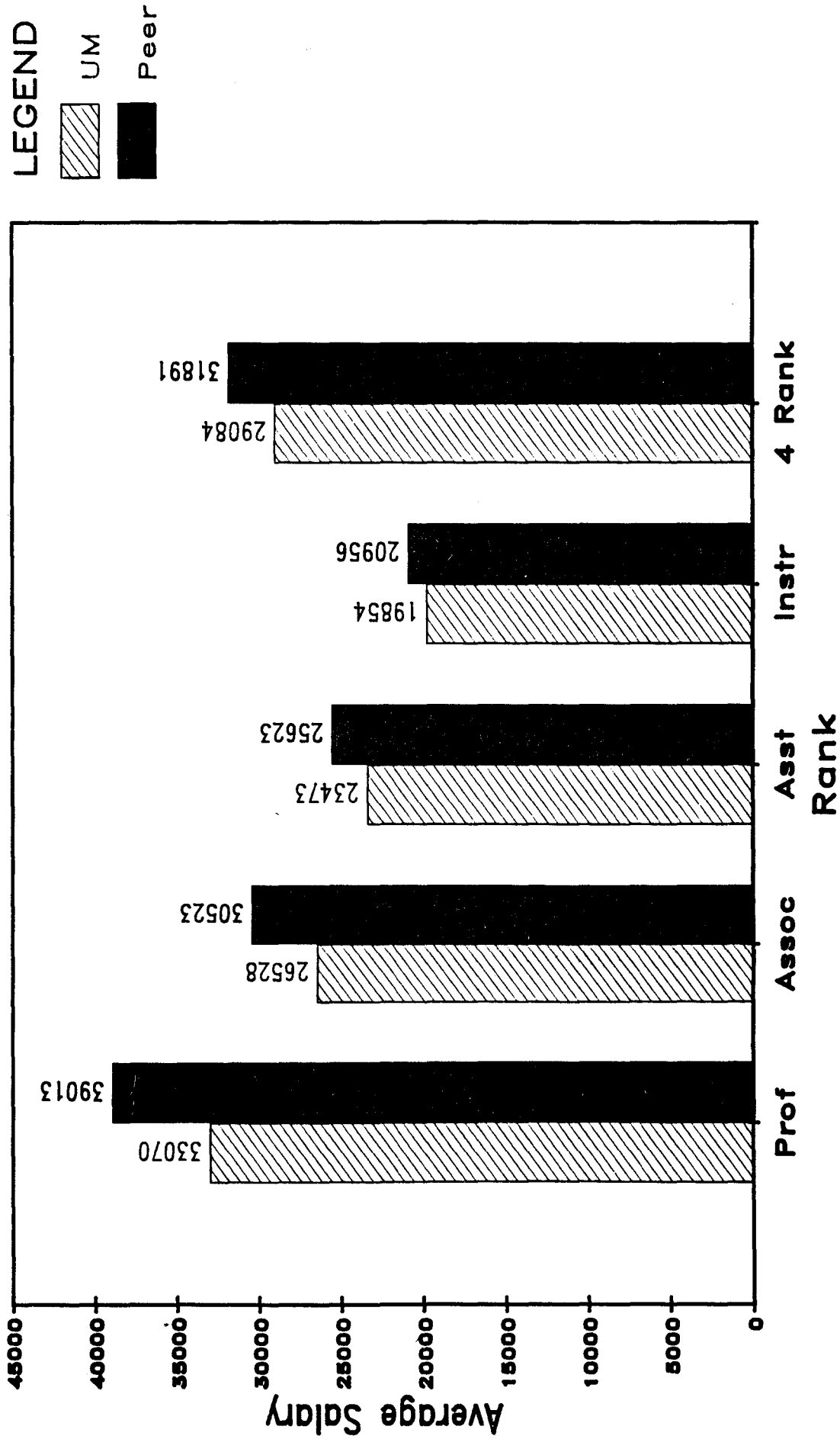


Fiscal Year

Note: FY 86-87 FTE = Appropriated FTE

Budget: UMEnrFTE

University of Montana **Faculty Salary Comparisons** Fiscal Year 1985-86



June 10, 1986

University of Montana
Budget Reduction Impact Assessment
Governor's Executive Budget
Fiscal Year 1986-87

The Governor's Executive Budget for Fiscal Year 1986-87 proposes reductions that total \$2,013,934, or 8.4 percent of the General Fund support for continuing programs. The reductions include a 5 percent General Fund reduction (\$1,115,934) and a pay-plan freeze (\$898,000). In addition, delay of the start-up of the Billings MBA program is proposed. The adverse impacts of the five percent General Fund reduction are detailed in a separate memorandum to the Joint Education Subcommittee.

The implications of an additional reduction, in the form of a pay-plan freeze, are particularly onerous for several reasons. The current salaries for faculty and administrative staff average at least 10 percent behind that of our peer institutions. Even with the appropriated pay increase for next year, we would lose further ground to the planned pay increases for our peers. We are experiencing increasing difficulty recruiting the quality faculty and administrators that are and will be the core of the quality of the institution for years to come. If pay increases were frozen, we find it unlikely that this loss would be fully restored in future years.

Given the critical disparity in our salaries and the union contracts currently in effect, we have no choice but to increase the pay of our employees in accord with the appropriated pay plan. Thus a pay-plan freeze would represent nothing less than an additional reduction. One way to describe the effect of the cumulative reductions is if we were to make equivalent prorata reductions to the staffing levels and our operations and equipment budgets as detailed in the LFA Appropriations Report.

	<u>Appropriation</u>	<u>Reduction</u>
Faculty	392.12 FTE	23.60 FTE
Graduate Teaching Asst	66.12 FTE	3.98 FTE
Classified	309.26 FTE	18.65 FTE
Professional	93.40 FTE	5.62 FTE
Hourly	<u>15.34 FTE</u>	<u>0.92 FTE</u>
Total FTE	876.84 FTE	52.77 FTE
Operations including Utilities	\$ 9,291,272	\$ 559,244
Books, Periodicals, and Equipment	1,782,017	107,260

The magnitude of the combined reductions is such that the University would be hard pressed not to pursue reductions in every phase of its operations. Reductions would, of necessity, fall in some areas of critical importance simply because a vacancy occurred there. Layoffs of staff, as well as reductions in already meager operations and equipment allocations, would also be required.

The impact of the proposed reductions on the students would be severe, disrupting many academic programs and diluting the quality for all. The impact on the employees, the economy, and citizens of Montana would be comparable to an equivalent size primary industry closing its doors, if not more.

EX H 10
PAUL T. U.S.S.
UN OF M.

6-10-86
1.p.m.

MONTANA POSTSECONDARY STUDENTS RESPONSE
TO THE LFA POLICY OPTIONS CONCERNING HIGHER EDUCATION
June 10, 1986

Within the L.F.A.'s Budget Analysis of the June 1986 Special Session, Montana postsecondary students are concerned with the following areas:

- 1) WAMI
- 2) WICHE and Minnesota Rural Dentistry
- 3) Student Payments

Anticipated cuts totaling \$911,359. would have a detrimental impact on Montana college students. The primary purpose of the WAMI/WICHE programs are to provide access for students to professional programs which are not available in the state of Montana.

Montana pays for WAMI/WICHE slots in eight disciplines: dentistry, medicine, occupational therapy, optometry, osteopathic medicine, podiatry, public health and veterinary medicine. The WAMI/WICHE program represents a tremendous bargain for the state of Montana as compared to establishing its own professional schools or even to paying the full cost of instruction at an out-of-state school.

The statutes passed in the creation of the WAMI/WICHE clearly imply that these programs are to be an extension of public higher education for Montana schools. It is important to remember that WAMI/WICHE programs only pay a support fee to the receiving institution. Student payments, under the LFA guidelines, would place added financial burdens on aspiring Montana students.

The students in the WAMI/WICHE programs are still liable for in-state tuition, other fees, cost of instruments and supplies and living expenses. For instance, a recent study has shown that those students who are graduating from medical school average nearly \$32,000 in indebtedness.

The students of Montana strongly urge the members of the Legislature to realize the consequences of budget reductions aimed at the vital WAMI/WICHE programs.

Exhibit # 14

Bill Merwin

6/10/86 1:15

W.C. Merwin
President
June 10, 1986

Northern Montana College

A 5% Reduction in FY 87 General Fund Budget

1. Unfilled vacancies and job restructuring	5.0 F.T.E.	100,000
2. Reduction in class sections taught by part-time personnel	3.5 F.T.E.	70,000
3. Sabbatical Replacement Costs	1.0 F.T.E.	22,000
4. Utility Costs		20,000
5. Faculty/Staff travel		20,000
6. Abolish track/field athletic program		10,000
7. Library Capital Expenditures		25,000
	9.5 F.T.E.	<u>267,000</u>

2 x 15
6-10-86

WESTERN MONTANA COLLEGE
OF THE
MONTANA UNIVERSITY SYSTEM
DILLON

LEGISLATIVE BRIEFING

JUNE 10, 1986

Western Montana College's contingency plan for budget reduction in FY 87 in the event of a 5% loss of State support combined with a potential 5% decline in tuition revenues:

Administration - \$137,000

Leave vacant 4 positions: professional librarian and development officer and 2 clerical personnel

Reduce equipment and supplies budgets in administrative offices

Athletics - \$41,000

Eliminate the full-time position of Athletic Director and consolidate that position with the Men's Basketball Coach

Reduce equipment and supplies budgets

Instruction - \$34,000

Leave vacant 1 full-time faculty position in Education

Consolidate the Vice President for Academic Affairs and Chair of the Education Division positions for 1 year

Total Reductions - \$212,000

Sources:

\$138,000 Reduction in State Support 5%

\$ 40,000 Reduction in Tuition Revenues 5%

\$ 34,000(1 Year) Transfer from Athletics to Instruction

\$212,000

Handwritten notes:
Total Reductions = \$212,000
Total Sources = \$212,000
Total Reductions = Total Sources

Exhibit 16
6/10/86
MSU
6-10-86

Montana State University
The Budgetary Impacts of the
Governor's Recommendations

1.	5% Reductions	1,382,197	
	Contract Faculty	535,744	17.06
	Professional	135,935	4.20
	Classified	311,851	17.82
	Hourly	78,820	5.47
	GTA	79,962	4.45
	Benefits	<u>239,885</u>	<u>-</u>
	Total	1,382,197	49.00
2.	Pay Plan	1,741,000	
	Contract Faculty	674,817	21.48
	Professional	171,222	5.29
	Classified	392,804	22.44
	Hourly	99,280	6.89
	GTA	100,719	5.60
	Benefits	<u>302,153</u>	<u>-</u>
	Total	1,741,000	61.70
3.	Tuition Shortfall	875,000	
	Contract Faculty	339,152	10.80
	Professional	86,053	2.66
	Classified	197,417	11.27
	Hourly	49,897	3.46
	GTA	50,620	2.81
	Benefits	<u>151,861</u>	<u>-</u>
	Total	875,000	31.00
4.	Total Reductions	3,998,197	
	Contract Faculty	1,549,713	49.34
	Professional	393,210	12.15
	Classified	902,072	51.53
	Hourly	227,997	15.82
	GTA	231,301	12.86
	Benefits	<u>693,904</u>	<u>-</u>
	Total	3,998,197	141.70

6/10/86 MS

THE SATURDAY EVENING POST

Founded A

nklin

March '86

\$1.95

**Billy Graham:
The World Is
His Pulpit**

**Carl Sagan
on Comets**

**Great Seafood
for Lent**

**Plastic Surgery's
"Good Guys"**

**Less Protein
to Avoid
Kidney
Failure**

**Prevent
Breast
Cancer**

**Oat
Recipe
Contest
Winner**

**Aviation's
Frank
Borman**

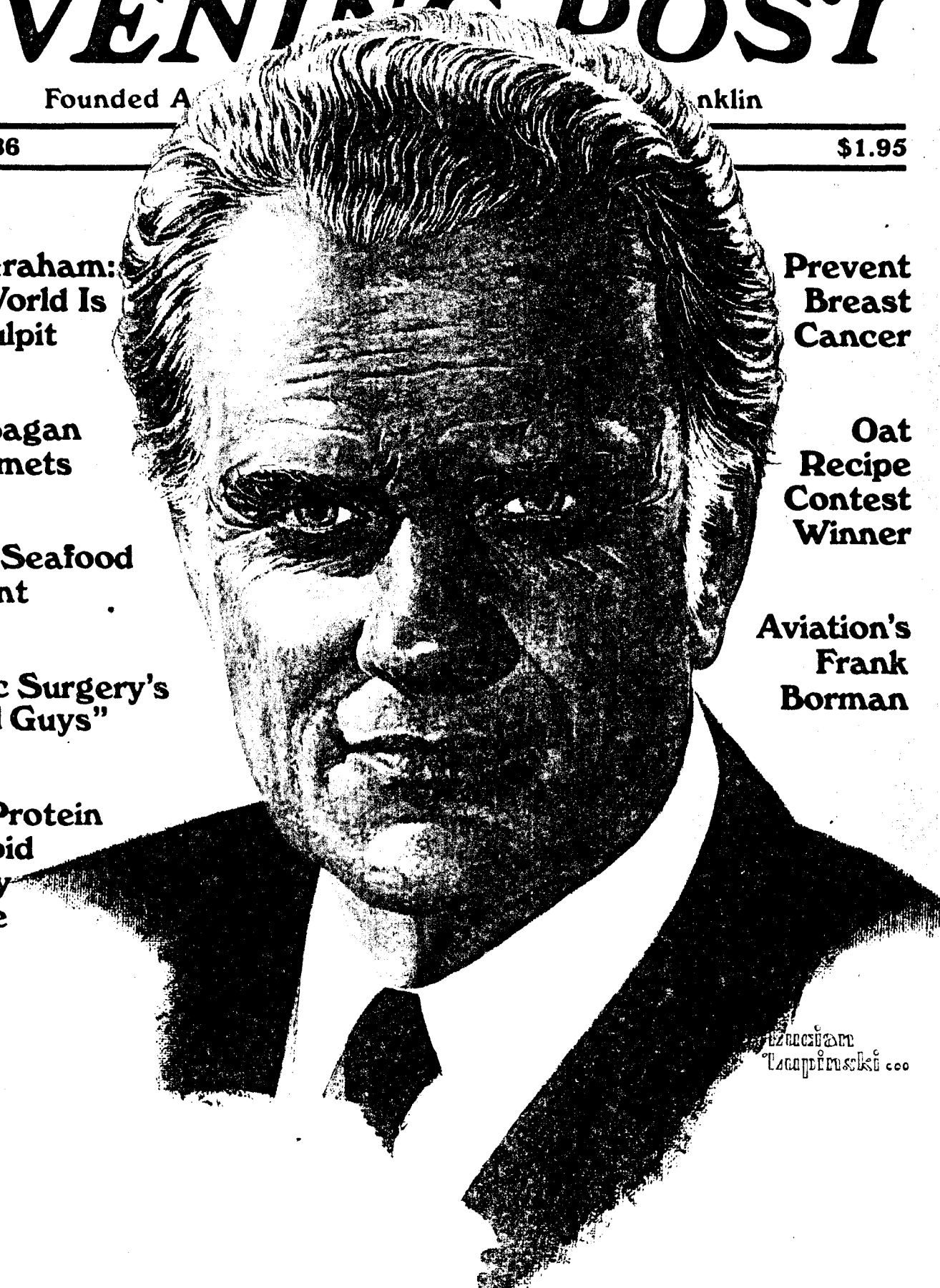


Illustration
by Tompkins & Co.

New hulless, high-in-lysine barley in the kitchen, *The Saturday Evening Post* on the coffee table. It's the perfect combination for good health and wholesome reading. And the bag of hulless barley is yours FREE just for bringing the *Post* to your family mailbox.

The *Post* you already know—you may have *thought* you knew barley. But now, from the research facilities of Montana State University has come a revolutionary hulless variety. This exciting barley makes the entire grain edible and far more nutritious than the usual "pearled" barley, which has many of its nutrients destroyed in the process of removing the inedible husks.

While studying hulless barley in Montana, Drs.

A free bag of new whole-grain h

with each pay ...or renewa

Rosemary and Walter Newman discovered that chickens eating barley didn't gain weight as well. University of Wisconsin researchers also found that barley suppressed weight gain in chickens. Barley alters the fat metabolism. If it works for

chickens, it just might work for people—we hope! Might we eat our way to a weight loss by adding barley to the diet?

There is excellent rationale for believing that barley will have good cholesterol-lowering capabilities in humans.

Nutritionist Dr. Rosemary Newman was introduced to hulless barley by her husband, Professor Walter Newman at Montana State University. They have pioneered in animal experiments that point to possibilities of human weight loss and lower cholesterol with barley consumption.



It's fun to make Swedish flat bread with hulless barley developed at Montana State University. We call them barley buns.

ew high-lysine hulless barley...

1 subscription to the Post

If you're interested in lowering your cholesterol level, ask your doctor to test your cholesterol now...then eat a high-in-barley diet for 60 days. Then test your cholesterol again. If large numbers of you show a substantial lowering in cholesterol, you will give medical researchers incentive to study barley more seriously.

And weigh in before you start eating barley. Please let us know if you lose weight while on the high-in-barley diet.

Dr. Newman has made it easy for you to follow her delicious gourmet recipes involving hulless barley. We've tried them all in the *Post* test



We tried Dr. Newman's gourmet hulless barley cuisine, which includes these delectable appetizers—barley-stuffed mushrooms.

kitchens and can vouch for her culinary skills.

Dr. Newman keeps hulless boiled barley in the refrigerator to toss into salads, casseroles, and stir-fry vegetables and for soup thickening.

We like to boil the hulless barley the night before, leave it to soak up moisture overnight, and add it to oatmeal or cold cereal the next morning. It has a marvelous chewy texture.

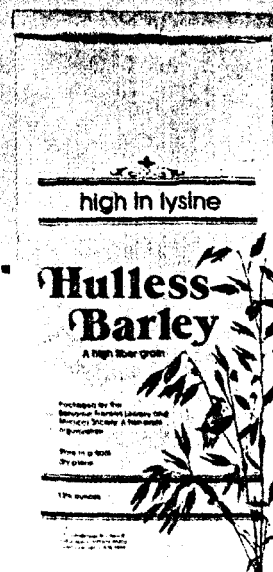
Breads made from combinations of hulless barley and wheat have up to 90 percent higher lysine than breads made with wheat only.

Can't wait to get started on both—the wholesome *Post* and your bonus bag of hulless barley?

It's up to you to start them both on the way. Just fill out and mail in the card or coupon. We'll take it from there.



On a cold day Dr. Newman's hulless barley and mushroom soup with chives made a big hit with *Post* editors and tasters.



The Saturday Evening Post Society

P.O. Box 10675 • Des Moines, IA 50336

FREE bag of high-lysine, hulless whole-grain barley with paid subscription or renewal.

- ☐ MasterCard ☐ Bill me later ☐ VISA
- ☐ 1 year (9 issues)—\$12.97 ☐ Payment enclosed
- ☐ 2 years (18 issues)—\$23.97
- ☐ 3 years (27 issues)—\$32.97

Card # _____ Exp. date _____

Signature _____

Name _____

Address _____

City _____ State _____ Zip _____



Eat Barley for Health!

We want to make it possible for everyone who helps support our research to obtain a trial bag of hulless barley and a bag of unprocessed wheat bran. Dr. Rosemary Newman, who teaches nutrition at Montana State University, has provided us with delicious recipes for hulless barley soups, stuffed mushrooms, stir-fries, salads, muffins, poultry stuffings, and more. We'll enclose them with your bag of hulless barley.

Research scientists at the University of Wisconsin believe barley contains a substance that inhibits cholesterol production in the body.

Atherosclerosis and coronary heart disease are rare in areas of the world where barley is a staple part of the diet.

We want you to start on your own cancer and heart disease prevention program by trying our new hulless barley along with

unprocessed wheat bran.

We wish we could mail gift bags to all our members, but we must limit them to those who send a contribution to support our cancer and heart disease research.

If you can send a tax-deductible

contribution, please know that it will be spent on practical medical research to find out how to prevent cancer and heart disease. Our gift to you is for your good health. Your gift to us helps others as well.

The Saturday Evening Post Society

P.O. Box 567 • Indianapolis, IN • 46206

Yes, I want to start on high-lysine, whole-grain hulless barley and unprocessed miller's wheat bran. Please send me a bag of each, along with a free copy of high in lysine hulless barley recipes. I'm enclosing a contribution to the medical research for:

☐ Cancer prevention ☐ Heart disease

My Donation \$5 _____ \$10 _____ \$15 _____ Other _____

☐ Check/money order is enclosed. Charge to: ☐ VISA ☐ MasterCard

Card no. _____ Expir. date _____

Signature _____

Name _____

Address _____

City _____

State _____ Zip _____

326050



The Saturday Evening Post · SOCIETY ·

Dear Reader:

An exciting new grain has been developed by Montana State University. It's barley without a hull. This hullless barley develops a coarser outer layer that makes it higher in fiber than regular "pearled" barley. Ordinary barley grains are covered by two inedible outer husks that cover the embryo (or germ) and by a thin, protein-rich layer called the aleurone. When this barley is processed for human consumption, the husks, aleurone, and germ are nearly always removed, resulting in "pearled" barley. Unfortunately, without the aleurone, much of the nutritional value of barley is lost, including valuable protein, fiber, and B vitamins. No "pearling" is necessary with hullless barley. The whole grain can be eaten just as it is grown.

Barley contains water-soluble fibers (pentosans and glucans), which as Dr. James Anderson has shown, are so important for lowering cholesterol and lessening the amount of insulin required for diabetics. In addition, barley is also very high in lysine, containing about twice as much as wheat.

Researchers at the University of Wisconsin became interested in barley when they reviewed reports that in some areas of Asia, humans consuming barley as the major dietary cereal had a low incidence of cardiovascular disease. Wisconsin studies showed that cholesterol production in the livers of chickens was reduced 45 to 65% when they were fed barley. And there was less weight gain on the barley diets! Substantial cholesterol reductions were also noted in barley-fed swine. The researchers theorized that the barley inhibited enzymes which produce cholesterol in the liver. They concluded that the low blood cholesterol levels caused by barley feeding might be extrapolated to coronary artery disease in humans.

Barley also has a high amount of the type of fiber that seems to be very hygroscopic, or water-holding, according to nutritionist Dr. Rosemary Newman at the University of Montana. This should aid in gastrointestinal function and in preventing constipation.

For our readers, we're packaging both whole-grain hullless barley and unprocessed wheat bran in lined brown paper bags to help more of you discover the amazing benefits of eating fiber--both insoluble fiber for a healthier digestive tract, and water-soluble fiber for lowering cholesterol and the chances for a heart attack.

If you care about wellness, I hope you will read the next page.

To your good health,

Cory SerVaas, M.D.

Cory SerVaas, M.D.
Research Director

WITNESS STATEMENT

NAME Jaime Zink BILL NO. University System - Gov. and LFA proposed cuts
ADDRESS Student Union Building, ASMSU, Bozeman 59715 DATE 6-12-86
WHOM DO YOU REPRESENT? Associated Students of Montana State University
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Mr. Chairman and members of the committee:

My name is Jaime Zink. I represent the associated students of MSU.

Many students feel that their opportunity for a higher education is threatened - and they're right, it is. We understand that higher education makes a large part of the state's budget and ^{that} cuts will be made. We ask you to ~~\$~~ consider the impacts on students as you consider ~~these~~ ^{your} options.

The extended campus in Butte for nursing students is a good example of these impacts. Without that opportunity, some of those students will not be able to become nurses. Likewise, without work study support or after a tuition increase many students are denied the opportunity to acquire a college degree. ~~E~~ Those students that stay in school will suffer as a result of these cuts - programs may lose accreditation, classes offerings reduced, and the like.

Those of us who are students at Montana's institutions of higher education - Northern, Eastern, Western, Tech, LL of M, and MSU - work for our education. It's not something that is handed to us. Please keep the students of the University System in mind as you consider these cuts.

Testimony submitted to the Joint Subcommittee on Education
June 10, 1986

Re: The proposed closure of the Butte Extended Campus of the
Montana State University College of Nursing

Mr. Chairman and members of the Committee:

All students of the MSU College of Nursing must begin their studies by completing required courses on the Bozeman campus. A year and a half ahead of time, they must petition for placement at one of the four upper division nursing campuses located in Butte, Great Falls, Missoula, and Billings. In the spring quarter of their sophomore year, students are informed by letter of their "guaranteed placement" at one of those campuses. More than 200 nursing students are now within the upper division system, and more have been guaranteed placement to enter it.

On May 23, students at the Butte campus of the College of Nursing were informed that their campus might be closed this fall in order to comply with cuts in the MSU budget. Please recognize that this notice was only two weeks before the end of the school year.

We, the current and incoming students of the Butte campus, assert that immediate closure of the campus is unacceptable.

1. Most of us chose Butte very deliberately as the desired site for our clinical training. We have a variety of reasons for this choice, but it is true that several students would not have entered the College of Nursing at all were it not for the availability of this campus.

2. We feel that the letters of guaranteed placement to the Butte campus for upper division coursework constitute a contract in good faith between students and the University. It is a common understanding among students at all campuses that, as long as they successfully pass their courses, they will be allowed to complete their clinical experience in the same place in which they begin it.

3. Over 75 percent of the Butte students have families, jobs, or other support networks in the Butte area. Inability to complete the nursing curriculum in Butte would cause considerable emotional and financial hardship to both students and their families. Costs would include relocation expenses, higher living expenses at the other campuses, additional costs for materials and textbooks, and other financial burdens. Many of us rely on jobs and family financial resources in Butte to partially or completely support ourselves. Finding jobs in new locations would be virtually impossible.

4. Many students have young children in day care and local schools. Closure of the Butte campus would demand that these children be uprooted again, as they were when they moved from Bozeman to Butte only a year ago. It would be a great hardship for all involved to sever ties in one community and create new ones in another city.

5. In Butte we have developed working relationships with local people, faculty, and health care facilities. It would be professionally detrimental--in fact a major setback--to start all over in new professional settings.

Thirty-two students are now on the Butte campus, and 20 more have received letters of guaranteed placement for Fall 1986 and Winter 1987. These students and their families--not to mention the Butte community as a whole--would bear the financial, emotional, and professional burdens created by the closure of the Butte campus.

We wish to make it clear that we are NOT requesting additional funding for our nursing program. We are asking only that the Butte campus remain open while MSU meets its contractual obligation to those students currently within the system and while the proposed campus closure is reevaluated.

~~(Petitions of signatures submitted)~~

Submitted by the nursing students of the Butte Extended Campus of the College of Nursing of Montana State University, Patricia Carrick, representative.

WITNESS STATEMENT

NAME KATHERINE M. HOPKINS BILL NO. _____
 ADDRESS 3028 Green Missoula MT DATE 6/10/86
 WHOM DO YOU REPRESENT? University of Montana
 SUPPORT _____ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

From what I have seen and heard in Missoula and here in Helena the spending cuts proposed in the Montana University system and at the University of Montana in particular would be detrimental to the future of Montana. I am a graduating senior at the University of Montana. My friends who are graduating this year are talking about the urgency and necessity of obtaining a career track job now ~~or~~ in the next two years at the very latest because after that a degree from the University of Montana will not carry the prestige that it does today because of the budget faculty and program cuts.

I have a sister who has just graduated from high school. At her commencement ceremonies the student body president at Sentinel High School listed the class accomplishments and boasted that this ~~graduate~~ more graduates were going to college out of state than any previous graduating class. So the number of potential students for the Montana colleges and universities is decreasing even more than a simple measure of past and future high school populations would project. My sister who will attend UM before even entering her first class is already looking at it as a "loser school" that she is almost ashamed to tell people who she is going to attend for financial reasons. The UM is a good school with many Rhodes Scholars and other academic ~~awards~~ distinctions, but if people like my sister ~~look at this institution~~ (who has received many academic distinctions and scholarships) think of UM as a reject school. They will try every means possible to transfer out of state especially if they are frustrated by difficulties getting into the classes they need and other problems.

Being from Missoula I did not want to attend UM when I graduated from high school. "Fred's cheap state school." I called it. But as I traveled and had internships around the country and talked to students at many other universities I learned that I was attending a competitive institution and my diploma would be something I could be proud of. I feel as though graduating next year in stead of this year could have changed all that and that my sister ~~has serious doubts about the education~~ she takes her degree and looks for a job.

WITNESS STATEMENT

NAME PATRICIA CARRICK BILL No. _____
ADDRESS P.O. BOX 724 / DILLON, MT. DATE 6/10/86
WHOM DO YOU REPRESENT MSU nursing college
SUPPORT _____ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Wish to proffer testimony regarding
proposed closure of the Butte extended
campus of the College of Nursing.

WITNESS STATEMENT

NAME Paul Jura BILL No. _____
ADDRESS 440 University, Missoula, MT 59801 DATE 6-10-86
WHOM DO YOU REPRESENT Associated Students - U. of Montana
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME Howard Crawford UM College Democrats BILL NO. _____
ADDRESS 314 B Sisson Missouri DATE 6/10/80
WHOM DO YOU REPRESENT? UM Students
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

I do not wish to testify, but
I just wanted to express my
opposition to the 5% Ed. Cut.

Thank You.

According to the Student at UM -
the UM Administration does have
priority when it comes to the
budget exp. for that the
programs, faculty and Students
suffer!

WITNESS STATEMENT

NAME Dennis Small BILL No. _____
ADDRESS 624 E Pine A-5 DATE 6-10-86
WHOM DO YOU REPRESENT Associated Students of the University of Montana
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Right now 38% of the student body at U of M is age 25 or over. Within 5 years the percentage will reach 50%. In order to both attract and keep these older students, programs need to be more flexible to accomodate the different needs those students have. Many of these older students have children - a recent survey taken at U of M revealed that there are over 3000 children of students who are 18 years old or younger. Daycare is an issue that is being addressed feebly or not at all by school administrations. With the local economy slumping, even those minimum wage jobs traditionally held by students are virtually non-existent. Education is not cheap and with cutbacks in Federal aid, Finances for school become impossible for large numbers of people. The future of Montana depends upon a strong educational system and crippling it now will cause unacceptable damage to our futures.

Thankyou.

WITNESS STATEMENT

NAME Jerry Schoener BILL NO. _____
ADDRESS University of MT DATE 6/10/86
WHOM DO YOU REPRESENT? Higher Education
SUPPORT _____ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Trying to address higher education by a broader perspective, I urge you to consider not only my immediate future and the future of my fellow students, but the future of our state as well. Support higher education. its an investment we cant afford to reduce.

P.S. Please consider and support
ADMINISTRATIVE CONSOLIDATION.

WITNESS STATEMENT

NAME Brenda D. Miller BILL NO. _____
ADDRESS 938 Rimini Ct. DATE 6-10-86
WHOM DO YOU REPRESENT? Associated students of the U of M
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME Raine Zink BILL No. _____
ADDRESS 420 W. 9th St, Laurel MT 59044 DATE 6-7-86
WHOM DO YOU REPRESENT Associated Students of MSU
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME Vincent Burns BILL NO. _____
ADDRESS 1504 S. 5th DATE _____
WHOM DO YOU REPRESENT? MSU Disabled Student Services
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Sid CLACK
Budget Office
6-10-86- 8:30

UNIT	FY87 Total HB 500 + HB 375	FY87 Total Minus 5% GF only	% Total reduction	FY87 Minus 5% GF and FY87 pay increase	% Total reduction
MSU	\$47,194,557	\$45,812,380	2.93%	\$44,622,380	5.45%
UM	\$37,882,777	\$36,766,906	2.95%	\$35,868,906	5.32%
EMC	\$14,514,260	\$14,073,576	3.04%	\$13,731,576	5.39%
NMC	\$8,022,004	\$7,754,504	3.33%	\$7,564,504	5.70%
WMC	\$4,204,284	\$4,066,433	3.28%	\$3,959,433	5.82%
TECH	\$9,104,036	\$8,834,596	2.96%	\$8,620,596	5.31%
	<hr/> \$120,921,918	<hr/> \$117,308,395	<hr/> 2.99%	<hr/> \$114,367,395	<hr/> 5.42%
AES	\$9,653,924	\$9,356,812	3.08%	\$9,102,812	5.71%
CES	\$4,469,166	\$4,359,733	2.45%	\$4,234,733	5.25%
BM&G	\$1,587,030	\$1,512,728	4.68%	\$1,479,728	6.76%
FCES	\$695,578	\$662,099	4.81%	\$645,099	7.26%
	<hr/> \$16,405,698	<hr/> \$15,891,372	<hr/> 3.14%	<hr/> \$15,462,372	<hr/> 5.75%
BoR	\$23,465	\$22,292	5.00%	n/a	n/a
CHE	\$6,915,201	\$6,784,215	1.89%	\$6,754,846	2.32%
CC's	\$3,354,412	\$3,193,492	4.80%	\$3,101,492	7.54%
	<hr/> \$10,293,078	<hr/> \$9,999,999	<hr/> 2.85%	<hr/> \$9,856,338	<hr/> 4.24%
TOTAL	\$147,620,694	\$143,199,766	2.99%	\$139,686,105	5.37%

EDUCATION SUBCOMMITTEE

June 16, 1986

Organizational and philosophical points were raised during the hearings and are summarized herein to enable the Education Subcommittee to consider whether or not any follow-up action should be taken.

1. Administrative Changes or Consolidation

a. The subcommittee voted to send a letter to the Cooperative Extension Service and Agricultural Experiment Station directors, with copies to the Commissioner of Higher Education and the MSU president, requesting that they work with the LFA to prepare an administrative consolidation plan for submission to the Fiftieth Legislature. What issues are involved and what are the subcommittee expectations?

b. During the Fire Services Training School hearing, reference was made to improving support from the State Board of Public Education or to possible relocation under the Department of Justice Fire Marshall Bureau or Department of Commerce Licensing Bureau. It was suggested the subcommittee send a letter encouraging further study of these options, but no action was taken. Does the subcommittee wish to take any action?

c. During the Vocational Technical Centers hearing, references again were made that the present system is not working. This matter is being studied by an interim study committee. Does the subcommittee wish to discuss administration or governance?

2. Administrative and Faculty Contracts

Representative Peck provided copies of pertinent MCA sections and personnel administrative rules indicating that lack of work and lack of funds may be used to relieve employees from duties. There appear to be three related issues.

a. The perception of education agency administrators that these laws and rules do not apply to their agencies and, for all university units, agencies, and community colleges under the Board of Regents, apparent legal opinion that they do not apply. Is this true? Is legal research required?

b. For this reason, some agencies appear to be eliminating new, priority programs in their 5 percent cuts. For example, the community colleges and the vo-techs reported retention of traditional classes and elimination of the evening and summer non-traditional secretarial word processor training, computer technology, and job skills

upgrading and retraining programs. At the same time, the institutions reported these non-traditional programs are providing their greatest student growth because that is the priority need. Does the subcommittee wish to comment on this?

c. Incongruously, the six units spoke the loudest about being unable to break contracts and then presented 5 percent reduction plans which were primarily comprised of FTE cuts. The units' personal services cuts were \$3,356,152 for up to 187.11 FTE, with \$697,434 for operating expense and \$300,000 for equipment and capital. Does the subcommittee wish to comment on this?

3. Pay Plan Impacts/Equity Issues *Consideration wait*

The pay plan freeze would appear to have significant impact on higher education agencies because the six units and the experiment stations would probably implement the scheduled 3.6 percent increase and make further reductions. In this regard, the subcommittee may wish to discuss three points:

a. Implementation would increase the disparity between education salaries and other state salaries;

b. Implementation would require deeper program cuts;
and

c. Utilization of the six mill levy fund balance solely for the six units may require further consideration.
Options may include:

- (1) Appropriating \$2,941,000 to fund the pay plan of the six units and reverting \$201,000 to the general fund;
- (2) Appropriating the entire \$3,142,800 to fund 85 percent of the pay plan totaling \$3,706,977 for all agencies under the Board of Regents' supervision, consistent with the comprehensive purpose of the levy as stated in 15-10-105, MCA;
- (3) Appropriating a sum sufficient to fund a given percentage of the six units' pay plan and reverting the balance;
- (4) Appropriating a sum sufficient to fund a given percentage of agencies under the regents and reverting the balance;
- (5) Reverting the entire fund balance to (a) help prevent cuts in all agencies or (b) to fund

*all future
no contract
action*

no contract

one-third of the pay plan for all state employees, including higher education;

(6) Advise the Department of Revenue the levy can be reduced during the coming fiscal year by the amount of the fund balance; or

(7) Take no action.

4. Federal Funding

General fund reductions approved by the subcommittee to date have a potential to impact only vocational education in terms of maintenance of effort and matching federal funds requirements. Because the legislature appropriates the funds for the foundation and permissive program, the LFA position is that they are state funds and could be used for maintenance of effort purposes, if necessary. Does the subcommittee wish to consider this? The subcommittee may also wish to consider whether DPI could provide technical assistance to the vo-techs in preparing federal proposals to meet all requirements of the Perkins Act.

*Sen. K. Schmitt
1 1/2 mill Maintenance
to LFA
Maint. Effort*

In addition, the subcommittee may wish to consider the proposed amendment to MCA 20-7-324 to bring the one-and-one-half mill county levy into consideration as state revenue for the vo-tech system and alleviate shortfall in maintenance of effort.

5. Program Plans Tied to Fiscal Plans

It was suggested that program plans integrated and submitted with the biennial budget request forms would help the subcommittee make more informed and priority-conscious decisions than is possible now from hearing testimony. Does the subcommittee wish to discuss this?

6. Viability of Tech

It was suggested that Montana Tech might be removed from the funding formula and appropriations be made based on program budgets. Related to this proposal are accreditation requirements and the question of whether Tech should be a college among the six units or a specialty school. Does the subcommittee wish to discuss this?

EDUCATION SUBCOMMITTEE ACTION AND SELECTED OTHERS
ESTIMATED FISCAL IMPACT ON LOCAL PROPERTY TAXES

Two tables are referenced in this report. Table 1 is a summary of the education subcommittee action which is thought to have a potential impact on local property taxes and of selected other issues to be addressed in Special Session III. Table 2 calculates the estimated impact upon the mill levy in each county, where measurable, and the average mill levy increase for the state.

Table 1 has three columns. The first column is the dollar amount of the reduction approved by the education subcommittee, the second column is the "worst case" scenario, and the third column is one entitled "Options". These two columns are discussed in detail below.

Worst Case

The assumption here is that, in almost every instance of general fund reduction and Local Government Block Grant shortfall, the entire amount will be shifted to local taxpayers. The two exceptions to this are the state impact aid grant and the LGBG shortfall to the university system. The Office of Public Instruction indicated in subcommittee testimony that the \$7500 cut from the state impact aid will not be needed in fiscal 1987 as the fiscal 1987 cost is presently known. Because the university six mill levy account has a useable \$3.3 million fund balance, the assumption is any LGBG shortfall could be absorbed by the fund balance.

Options

1. Community Colleges - The community colleges could reduce current unrestricted operating expenditures as testified to before the education subcommittee. Reductions would occur in summer and evening classes and off-campus centers. If the community colleges do reduce expenditures as presented to the education subcommittee, no tax increase would occur because of the 5 percent general fund reduction.
2. Secondary Vo-Ed Grants - Local school districts could reduce expenditures. The reduction represents approximately .5 percent of the total estimated fiscal 1986 secondary vocational education expenditures statewide.
3. Special Education - Local school districts could reduce expenditures as the number of children being served has decreased 2 percent from fiscal 1985 to 1986. If school districts reduced special education expenditures (foundation & permissive) 2 percent in fiscal 1987, the potential local tax increase remaining from the general fund grant reduction would be \$864,052. Local districts could also absorb the grant reduction by reducing expenditures further.

4. School Lunch - Local school districts had an approximate \$1.8 million ending balance in their school lunch fund in fiscal year 1985. The \$32,750 reduction represents less than 2 percent of the ending fund balance. The school districts could utilize their reserves.

Another option would be to increase prices. Total fiscal 1985 school lunch receipts were \$13.3 million of which approximately 40 percent, or \$5.3 million was from food sales. Increasing prices to absorb a \$32,750 reduction would cause prices to increase less than 1 percent.

5. Transportation - The legislature appropriates the state share of the anticipated cost of student transportation calculated from statutory schedules. The \$304,300 reduction will likely be requested in a supplemental to the 1987 legislature. The assumption in the options column on table 1 assumes the legislature will fund the anticipated supplemental.

6. Gifted and Talented - The local school districts could reduce expenditures. The assumption in the options column on table 1 is that the schools will either reduce or eliminate the gifted and talented program in their respective districts to absorb the grant reduction.

7. Vo-Tech Centers - The vo-techs could reduce expenditures as they testified to in subcommittee hearings. Reductions will occur in evening classes, summer school offerings, some low enrollment programs, and educational supplies. If the vo-techs reduce expenditures, no tax increase would be necessary.

Four of the five school districts have already set their voted levies, while the fifth district is voting on Tuesday, June 17. Time is quickly running out for boards of trustees to call another special election. State law requires 40 days notice for an election. Final school budgets are adopted, by law, no later than the 4th Monday in July (or, if meeting daily, no later than the 2nd Monday in August).

8. School Foundation - The school districts could reduce expenditures, utilize available reserves, or increase local taxes in order to address an anticipated \$11.23 million decrease if the FY 87 schedules are held at the FY 86 level.

The option presented in the Options column on table 1 makes the following assumptions:

a. All school districts with at least a 4 percent general fund reserve will utilize their reserves to fund the reduction;

b. The remaining 21 school districts without a 4 percent reserve will hold a successful special election in time to include the additional tax revenue in their FY 87 budgets; and

c. School districts will not reduce their general fund expenditures.

9. Local Government Block Grant (LGBG) - These funds are counted as revenue for education programs reliant upon local property taxes as they replace the property tax revenue lost when vehicle fees were instituted in 1981. If the legislature does not fully fund the LGBG in fiscal 1987, the education programs will have several options to deal with the shortfall: reduce expenditures, utilize available reserves, or raise local taxes. The option presented under the option column on table 1 uses the following assumptions:

a. The shortfall to the university will be made up from available cash reserves;

b. The shortfall to the foundation and permissive program will be made up by the state (i.e. increase the foundation supplemental in fiscal 1987); and

c. The shortfall to the non-foundation education programs will be made up by available reserves. At FYE 85, other education programs reliant upon property tax revenue had \$89 million in reserve. The \$3.4 estimated shortfall represents about 3.8 percent of the FYE 85 reserves.

FISCAL IMPACT TO LOCAL PROPERTY TAXES RESULTING FROM EDUCATION JOINT
SUBCOMMITTEE ACTION AND SELECTED OTHER ACTION

Education Subcommittee Action	REDUCTION FY 87	WORST CASE	OPTIONS
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Reduce Community College Support	\$160,920	\$160,920	\$0
Reduce Secondary Vo Ed Grants	\$80,000	\$80,000	\$0
5 Percent Cuts in Distribution to Public Schools Program			
Special Education	\$1,440,087	\$1,440,087	\$864,052
School Lunch	\$32,750	\$32,750	\$0
Transportation	\$304,300	\$304,300	\$0
Gifted and Talented	\$5,000	\$5,000	\$0
State Impact	\$7,500	\$0	\$0
Vo-Tech 5 percent cuts	\$224,464	\$224,464	\$0
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Total Education Subcommittee	\$2,255,021	\$2,247,521	\$864,052
 Other Potential Action			

Hold School Foundation Schedules at FY 86 level	\$11,240,000	\$11,240,000	\$930,092
Do not fund Local Govt Block Grant			
Schools - Foundation	\$2,222,000	\$2,222,000	\$0
Schools - Nonfoundation	\$3,425,000	\$3,425,000	\$0
University System	\$242,000	\$0	\$0
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Total Other Potential Action	\$17,129,000	\$16,887,000	\$930,092
 TOTAL EDUCATION SUBCOMMITTEE AND SELECTED OTHERS			
	\$19,384,021	\$19,134,521	\$1,794,144
	=====	=====	=====

WORST CASE IMPACT IN DOLLARS AND MILLS

AGENCY	1986 Taxable Value	Additional Cost	No. of Mills

Community Colleges			
Dawson County	\$29,361,690	\$37,554	1.28
Flathead County	\$89,333,836	\$68,551	0.77
Lincoln County	\$35,862,494	\$11,252	0.31
Custer County	\$18,545,146	\$43,563	2.35

Total Community Colleges	\$173,103,166	\$160,920	0.93

Vocational Technical Centers			
Yellowstone County	\$210,995,106	\$39,809	0.19
Silver Bow County	\$44,455,146	\$38,324	0.86
Cascade County	\$91,643,719	\$38,843	0.42
Lewis & Clark County	\$61,857,651	\$64,424	1.04
Missoula County	\$124,716,123	\$43,064	0.35

Total Vocational Technical Centers	\$533,667,745	\$224,464	0.42

Remaining Reductions--Statewide Impact	\$2,370,133,344	\$18,749,137	7.91
=====			
TOTAL REDUCTIONS		\$19,134,521	