

MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
50TH LEGISLATIVE SESSION

The meeting of the Appropriations Committee was called to order by Chairman Rep. Gene Donaldson on March 10, 1987, at 8:00 a.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present except Rep. Bardanouve who was excused and Rep. Iverson arriving late. Also in attendance were Judy Rippingale, Peter Blouke, Dori Nielson, and Jane Hamman of the LFA, and Denise Thompson, Secretary.

FAMILY SERVICES DEPARTMENT:

(50:A:3.43) Rep. Winslow moved that \$48,838 in fiscal 1988 and \$48,751 in fiscal 1989 would be moved from operating expenses to the personal services budget.

Rep. Menahan asked how they arrived at that figure. Mr. Peter Blouke, LFA said there were 3 FTE in the audit and program compliance who were transferred to the social services program. It was an adjustment of personnel to a new program from SRS.

Rep. Quilici called the question. The motion CARRIED unanimously.

(50:A:7.40) Rep. Winslow moved they be given \$45,000 each year of the biennium to operations for social services. Federal funds for distribution of commodities. This is spending authority only.

Rep. Swift asked if that is in the Agency services now. Rep. Winslow said yes. Rep. Peck called the question. The motion CARRIED unanimously.

Rep. Winslow moved \$50,000 each year of the biennium for social services for family services to fund demonstration projects for family crisis services. These are 100 percent federal monies.

MODIFIEDS

Rep. Winslow moved the modified on page D-42 for foster care be accepted for \$250,000 per year of the biennium. Rep. Donaldson asked if the savings would come back to the program. Rep. Winslow answered yes but probably they wouldn't see any money revert. Rep. Thoft called the question. The motion CARRIED unanimously.

(50:A:13.00) Rep. Winslow moved a 2 percent rate increase for foster care providers, modified number 2, page D-42.

Rep. Devlin asked what are the non-general fund monies here. Rep. Winslow replied county funds.

Rep. Quilici asked if there were some of the group homes having 8 or more people in them and were they frozen at the 1986 current level. Rep. Winslow said more at the 1984 current level. Rep. Quilici asked if these group homes were shut down, where would these children go. Rep. Winslow replied out of state.

Rep. Miller asked what the cost over in-state costs per year were per child. Rep. Winslow said approximately \$5,000 more per year per child to send them out-of-state.

(50:A:18.00) Rep. Bardanoue asked how much over the governor's budget this was. Rep. Winslow said \$225,000 per year. Rep. Peck called the question. Rep. Spaeth voted NO. The motion CARRIED.

Rep. Winslow moved modified number 3 for the Children Trust Fund for \$89,000 per year. Again, this is just authority to spend the money. The motion CARRIED unanimously.

(50:A:21.10) Mr. John Wilkenson, Administrator of the Helena Deaconess Homes stated about three-fourths of the kids in out-of-state treatment could have been handled in the state but they can not be because he cannot afford to open the other wing in his institution.

Mr. Dave Lewis said after last session they let invitation for bids to see if these facilities could be obtained in the state. The cost to open the Deaconess addition would be \$305,000 for eight children. The out of state figures are still cheaper so that was why it was not pursued.

(50:A:29.01) Rep. Quilici asked if this intertwines with the Youth Center at Billings. Rep. Winslow stated no, it is close but there is one thing missing and that was a good plan for emotionally disturbed youth.

Rep. Quilici asked how it affected the other facilities other than the Deaconess Home. Dave Lewis stated that was part of the amendment Rep. Bradley was eluding to which is to limit out-of-state placements to \$1 million. At the present time, if they are restricted to out-of-state placement, they have no place to put them in state.

(50:A:32.41) Rep. Swift asked Rep. Winslow if it would cost less to send them out-of-state than to keep them in-state. Rep. Winslow replied it was a question of final end money.

There is no plan for what kind of commitment we have for these youth. Rep. Sswift asked if he knew what it's going to cost for an in-state facility and their care. Rep. Winslow stated no he didn't.

Rep. Poulsen made a recommendation that the necessary people get together and put some figures together for the committee so they will know where they are going and bring it back tomorrow morning so a motion can be made.

(50:B:7.10) Rep. Winslow moved the subcommittee report on the Social Services Area of the Family Services budget plus the modifieds. Rep. Peck called the question. The motion CARRIED unanimously.

Mountain View MODIFIEDS--Rep. Menahan moved to accept the modified for the population increase to 70 girls on page D-44. Rep. Menke called the question. The motion CARRIED unanimously.

Pine Hills School--MODIFIEDS--Rep. Menahan moved the modified be accepted for the population increase at Pine Hills on D-46 of the narrative. Rep. Poulsen called the question. The motion CARRIED unanimously.

Rep. Miller moved the Institution portion of the Family Services Program, subcommittee action be adopted. Rep. Peck called the question. The motion CARRIED unanimously.

This is \$2.1 million over the executive.

Montana State Prison-Industries Training Program (Exhibit 1). Rep. Miller moved to approve the amendment. Rep. Devlin called the question. The motion carried unanimously.

OTHER EDUCATION: (50:B:23.0)

Rep. Dennis Nathe, Chairman of the Education Subcommittee reviewed the Other Education portion of the narrative beginning on page E-1.

Rep. Nathe explained that the School for the Deaf and Blind is responsible to send the children home 9 times a year and the procedure which would be used to do that. He also explained that sometimes these children are left at the school and then teachers are required to remain at the school to watch them.

COMMENTS:

Claudette Morton, Executive Director, Board of Public Education stated she appreciated the work done on their budget and with the exception of the Audiology Program, they concur in the subcommittee proposal.

Mr. Butch Wiedman, Fire Services Training School stated they concurred with the subcommittee recommendation.

Mr. Bob Demming from the School for the Deaf and Blind, thanked the subcommittee stating the only concern was the issue of direct care positions versus non-direct care positions.

QUESTIONS:

Chairman Donaldson asked about delaying the training at the Fire Services Training School for two years and what the result would be. Mr. Wiedman said it could be a detriment to the fire fighters as they need to be trained and brushed up yearly on new techniques etc. They really need to have the training school in operation. He stated the liability issue was also one that had to be considered.

Rep. Thoft asked why the parents of children at the School for the Deaf and Blind were not paying for their children to come home. This was because some of them just don't bother to come and get their children so therefore, someone has to take the responsibility to try to keep the family unit together.

COMMENTS:

Fire Services Training School--E-14 and 15. Chairman Donaldson spoke regarding the reduction of 5 people. Rep. Connelly asked about the training for emergency vehicle drivers. Mr. Tom Chesbro, Budget Director explained that the project at Lewistown was basically to instruct emergency vehicle drivers, bus drivers, ambulance drivers, firemen, anyone who wants to participate in the program. It is located at the old Lewistown airport.

Board of Education--Rep. Bradley stated she had an amendment to return the Audiology Program back to the Board of Education. She was concerned about the Audiology Program being transferred from the Board of Education to OPI. She felt this program belonged with the professionals in the field rather than with school districts.

Claudette Morton stated the Board of Education is constitutionally responsible for the program. The reason it was

moved to the Board of Public Ed, was researched and how it should best work with a variety of proposals (Exhibit 2).

Mr. Eric Feaver spoke in favor of Rep. Bradley's amendment to return the Audiology Program back to the Board of Public Education.

Vo-Ed--Rep. Winslow asked Mr. Christianson about the Carl Perkins funds and if some of those funds could be used for babysitting while people are attending schools, especially AFDC mothers. Mr. Christianson stated these funds come to the department under the 8 percent divisions of the Job Training Partnership Act. Those funds are used for classroom activities as well as adult basic education and other programs across the state. He felt they could not be used for the child care facility. He did say there were other monies that may be used for that.

(51:B:27.30) Mr. Pat O'Leary, Supervisor of the Helena Adult Learning Center, speaking for the Montana Association of adults in the community education. The money does come entirely from the coal tax interest. They are very concerned about the \$35 million shortfall impacting them for this year, and also about what will happen in the future if more raids on the coal tax are made.

Chairman Donaldson expressed concern regarding the federal vo-ed money and whether or not they will be able to use all of that money.

Rep. Peck stated some of the schools were using this money very effectively and others are not. He felt they could use all of the monies.

Montana Arts Council--Mr. Bill Opie, Executive Director of the Montana Council, said the increase in their budget reflects the federal grant award increase. They were notified of the increase after the budget was put together. For fiscal year 1988 and 1989 they are receiving \$120,000 per year as requested.

HIGHER EDUCATION:

Board of Regents--Rep. Nathe stated the subcommittee decided to push for legislation for a study committee to look at the university system operations.

Commissioner of Higher Education--Rep. Connelly asked about the Wellness Program. Why do we need that? Mr. Jack Noble stated that it is the employees own contributions that are put into this fund.

Chairman Donaldson referred to E-6 where the WICHI/WAMI number of students are concerned. He asked if these numbers were budget driven or are they losing interested students.

Carroll Krause, Commissioner of Higher Education stated there is plenty of interest by the students but the subcommittee chose to take two of the medical slots in WICHI and put them into the work study program so there is a continuous demand but the budget constraints are what is driving the numbers. Rep. Donaldson asked if Mr. Krause would furnish the committee with the trends, such as the continuing students they had in 1986-87.

Dennis Lind, Vice Chairman, Board of Regents, stated he appreciated the efforts made by the subcommittee.

Carroll Krause stated he hoped the committee would support the increase in the Board of Regents budget. They have been working one-half the year without any per diem at all. He also asked for support of the WICHE/WAMI program at the present level.

Jami Zink, Associated Students of the Montana State University spoke in regard to the Work Study Program. She presented the committee with a fact sheet regarding the program (Exhibit 2). She stated that students in Montana are particularly hard hit in this area.

Denny Klewin, Montana State University supported what Ms. Zink had said. He stated he had a concern that the Work Study Program might get further diminished and further cut. He stated the value of the program. Retention in the university is the name of the game right now. He is concerned about that as he is the Assistant Dean at the university. They now lose students because they can not make some necessary funding and because they can not work. While the federal financial aid might stay the same, next year as far as total funds, the accessibility criteria is really changing there. The Pell Grant and the GSL Grants are no longer available to the regular income student. It is designed to help the poor family and the poor students.

The committee broke for Lunch. The committee returned at 1:10 p.m.

HIGHER EDUCATION:

QUESTIONS:

Rep. Menahan asked if some the money put aside for marketing rather than experimenting. Rep. Nathe stated with the U.S. Range and Experiment Station in Miles City are in lines with the federal government. The roll and scope of the

Agricultural Experiment Station is pretty much defined under the land grant university system orientated for its research introduction. On the other side, the Cooperative Extension Service might be reorientated, right now this is for increased production.

Rep. Menahan stated production doesn't seem to be the problem, it seems to be selling what we are producing. If we are going to make any headway and get some tax dollars off of it, they are going to have to develop different products and market it as part of their roll.

Rep. Spaeth stated the executive budget was \$16,000 less in 1988 and \$47,000 less in 1989 on F-20, why did we pour more money into this program than the executive. Rep. Nathe stated they settled on a 2 percent rather than a 4 percent on all contract faculty in the Extension Service, the Ag Experiment Stations and the Bureau of Mines. Rep. Spaeth asked why on contract faculty and why the 2 percent. Commissioner Krause said the rational was that vacancy savings is taken on non-instructional positions. The faculty that teach, Montana State University appointments, they do not take the vacancy savings on. These are split, joint and part-time appointments. Part of their time is representing funds from the Montana State University. That is why 2 percent was taken on a portion that generally is in the Cooperative Extension Service.

(52:B:34.10) Mr. Jim Welch, Director of the Ag. Experiment Station commented on the budget and stated that in regard to Rep. Menahan's question relative to the additional research in the value added, research, the marketing area. This is one that is receiving national prominence not just in Montana because they recognize that the system needs to devise ways to get rid of the product in addition to continuing their main struggle on productivity. He said the Ag. Experiment Station in cooperation with their vice-president for research office, grants and contracts, has a series of products on line that they are looking at relationship with private industry to get that technology translated and they are increasing the amount of activity significantly that they are putting in that area. So they concur with his remarks.

Bureau of Mines-Montana Cooperative Extension Service.

QUESTIONS: (53:A:10.00) Rep. Bardanouve asked what the new communication specialist will be doing. President Tietz stated he will maintain the level of communication in the counties. He said the agency had taken significant reductions in the governor's budget and the Graham Rudman fund and was forced to cut back. They had to cut some

services provided by the extension service. They sought to consolidate and re-establish some of those services. Consolidation dollars are going to continue the services to the various counties. Montana, because of the relatively small or low level of funding for their county services, the loss of one individual can effect one or multiple counties. To maintain that level of functions for the 56 counties they serve, it was necessary to move dollars first out of the program to answer the reductions and subsequently find within their own organization, to establish those services. In the process they have looked to improving their communications between agencies. They are not picking up additional federal dollars, they are simply reorganizing or rearranging state dollars to provide services required by the counties.

Social Security--Before they made the benefit adjustment of \$1.3 million, their general fund was 6 percent below 1986. They were at \$2.85 in 1988 and \$2.86 in 1989. Once they plugged in that \$1.3 million, what you are looking at with that big increase is the \$1.3 million they had to stick in for those federal retirement benefits that are line itemed and can't be transferred out, it can only be spent if the federal court determines that those faculty are federal employees. Chairman Donaldson said most of that was picked up by general fund then? Rep. Nathe answered, all of it.

If \$600,000 is added in each year, it would be about \$400,000, which means if it wasn't added it would be about \$200,000 under. Rep. Bardanoue stated whether they are federal employees or state employees, the legislature will have to pay the social security. They have actually been getting a free ride, because the extension service hasn't been paying their fair share into social security. Rep. Nathe said if they determine they are federal employees, then the legislature will have to pick up the full \$1.325 million. If they don't, then on the top of F-26, the language that in order to equalize benefits up to \$221,300 in fiscal 1988 and up to \$227,611 in fiscal 1989, the funds appropriated in line-item two may be spent for social security coverage and retirement benefits for up to 124 professional employees. If they are not federal employees, all they were covering was their Medicare.

Leroy Luft, Acting Director of the Extension Service gave a little background on the subject. "As an agency now with our staff on civil service retirement as opposed to state retirement, our total retirement package costs us about 13.5 percent and that compares to 22 percent if those staff people were all on the teachers retirement within the state of Montana." He stated that state retirement would be cheaper and anyone hired after January 1984 would be covered

under the state program. The ones hired prior to January 1984; they are trying to get them eliminated from the new retirement system.

SIX UNITS OF UNIVERSITY: (53:B:6.15)

Rep. Nathe reviewed the budget of the six units of the university system.

QUESTIONS: Chairman Donaldson spoke in regard to the inflation of the projected enrollments for Tech, is that a modified; leveling out their student population.

Rep. Nathe answered they are not using projections at 1550, they just flattened them out.

Chairman Donaldson also asked about the MSU phasedown process. He felt that should be addressed as a modified. Rep. Nathe agreed.

Rep. Menahan stated the enrollment at Mont. Tech right now is higher than the subcommittee projected. He stated it is about 1575. Rep. Nathe said they used projected figures that nobody could even agree on and they spent money they don't even have. He stated a formula was used to project the enrollment. The one thing that had a bearing on Tech was they had a low retention in their freshman class, that is one of the projections that is used.

President Lindsey Norman stated there really are two totally different issues. The 1550 base enrollment was arrived at because there is a base enrollment that you need to put into the formula to maintain for the engineering accreditation programs. That is how they came up with the 1550. The enrollment on the other hand, current enrollment, is 1574. Their projections of enrollment next year are approximately 1600. What do they base this on? They have a 15 percent increase this year and 20 percent increase in engineers. For the first time in Tech history, they had a stronger enrollment in the spring semester than they did in the fall semester.

Rep. Bradley stated she felt the MSU cushion for the phasedown process is not a modified. She wanted to change the figure at the top of F-44 so that in fiscal 1989 instead of 9,248 it would say 9,403. The committee kept the figure going down because it has been historically been going down, but no one really thinks it will go down that far. Everyone agreed that it would level off. She is not changing that sum, from the sum of \$400,000. It was put in assuming that that level would be 9,403. Therefore, it would not be a modified at all, it would reflect reality. She proposed

that the difference between the LFA and the two units estimates and change those figures accordingly. What it would do for MSU on F-48 is to add and subtract \$198,000 the first year and subtract and add \$212,000 the second year. For Missoula it would be \$207,000 the first year, and \$298,000 the second year. This is not according to what those two units actual statistics are. It just takes the difference between the LFA and the units.

Rep. Quilici asked in the projected budget he calculated out of, the amount of cuts that were made or pluses that were made in this total budget like MSU, took an across the board cut of about 4.6 percent. U of M got a one tenth of one percent, Eastern 4.6 and Northern Montana 1.8 percent plus. Mont. Tech -7.2. With their projected enrollment, why would the subcommittee see fit to make this type of cut in Montana Tech's budget. Rep. Nathe stated he didn't think they had made that kind of cut. They had increased their support rate. The budget, when the enrollment is dropping for fiscal 86, was built on over 1800 students. By Tech's own admission they are 1575. You are moving budgeted from over 1800 down to 1575, they are bound to show a drop. Rep. Quilici stated he worried that if it is at 1575 now, and it is budgeted at 1550, and then there is an increase in the number of students, you will have to rewrite the formula.

Rep. Rehberg added he planned to make a couple of amendments. In the phasedown process, he is proposing a \$250,000 appropriation for Eastern Montana College to soften the blow in the phasedown they are receiving. He is having information drawn up about the Masters Program at Eastern and he is not one of those who believes in new programs. He said if these fees can be generated 100 percent tuition, if it can't be he will not make the amendment. If it can be, he hopes to structure it so that the entire cost of the Masters program at Eastern would be tuition generated.

Rep. Bardanouve asked about item 5 on page F-47, why \$34,000 for security guards and less for professors. Rep. Nathe pointed out there was an error in the narrative, the 1 FTE should read 2 FTE security guards.

Rep. Nathe stated the issue has been raised about the mix of in-state and out-of-state tuition. Keep in mind that it is probably a valid issue, but if you are going to buy it one way you can't really justify buying it both ways. You might be able to buy a mix. If enrollment is dropping, and you want to level it out, you can't say that all of your out-of-state enrollment is going to keep on dropping also. You can't level out one and have the other one going down for the benefit of everybody. There has to be a happy medium there someplace.

UNIVERSITY COMMENTS:

Mr. Carroll Krause stated there is a difference in the budget this time and is the use of the average enrollment over the past two or three years. This time the enrollments are based on projections in the future. He stated there is some concern with this because it uses an unknown to project enrollments.

He also stated they still believe in order to retain a system of reasonable program options for the students, they still need to look at the possibility of retaining last time HB 500 funding.

Jeff Morrison of the Board of Regents commented on Rep. Bardanouve's concern about whether or not the committee is stepping on the toes of the Regents. He assured him they are not. The Architecture Program is a program that has been in existence for many years and is a valuable program. They have had a lot of public input in and out of the state on trying to save this program. He thinks it was more of an effort on the part of the committee and the Regents, and everyone else concerned to try to save this program.

Mr. William Tietz, President, MSU stated he had no particular comments to make but would answer questions.

Dr. James V. Koch, President of the University of Montana, stated that the issue he wished to bring up was the tuition issue. The enrollment went up in state and out of state enrollment went down from 17.5 percent in 1983 to 13.7 percent this fall. They project going down to the 12 percent range for next fall. He felt with Rep. Bradley's amendments which would compromise between the LFA level and university figures is a fair and appropriate approach and something that really reflects the reality they will have.

President Carpenter stated he had no comment.

President Norman stated they wished to express their appreciation to the members of the subcommittee who worked very diligently with them, they were very fair.

Western had no comment.

President Norman stated they expressed their concern regarding the enrollment, he felt the 1550 was in fact penalizing Montana Tech in its formula. If the committee were to decide that disaster will strike Montana Tech in the next biennium and their enrollment will be so low and not what the campus is projecting, then he asked the committee to give serious consideration for phasedown funding for Montana Tech as well.


Todd Hudack, Associated Students of Montana State University pointed out that with the enrollment decreases the university will have to raise tuition and throw all the responsibility back on the students.

(54:A:36.24) Bill Bevus, English professor from U of M presented Exhibit 4, stating that the quality has been and is being butchered for the 5 or 6 years at the campuses. He stated that they are digging a hole that will take them generations to crawl out of.

Mr. John Toole, said what Mr. Bevus said is true. He thinks what it would cost if the word gets around that higher education is below standard and it is going that way very rapidly it will cost the people of Montana to send their children out-of-state to go to school.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 8:00 p.m.



Rep. Gene Donaldson, Chairman

DAILY ROLL CALL

APPROPRIATIONS

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date

3/10/87

NAME	PRESENT	ABSENT	EXCUSED
DONALDSON, GENE Chairman	✓		
THOFT, REP. BOB Vice Chair	✓		
WINSLOW, REP. CAL	✓		
BARDANOUE, FRANCIS			✓
BRADLEY, DOROTHY	✓		
CONNELLY, MARY ELLEN	✓		
DEVLIN, GERRY	✓		
IVERSON, DENNIS	✓	late	
MANUEL, REX	✓		
MENAHAN, RED	✓		
MENKE, LARRY	✓		
MILLER, RON	✓		
NATHE, DENNIS	✓		
PECK, RAY	✓		
POULSEN, HAROLD	✓		
QUILICI, JOE	✓		
REHBERG, DENNIS	✓		
SPAETH, GARY	✓		
SWIFT, BERNIE	✓		
SWITZER, DEAN	✓		

DATE 3/10/87
HB 2

Language to be Included in the General Appropriations Act
House Bill 2
For the Industries Training Program, Montana State Prison

The Department is authorized to maintain a fund balance of not more than \$15,000 at the end of each fiscal year, in the Industries Training Program, Proprietary Account.

DATE 3/10/87
HS 2

RESPONSE TO
EDUCATION SUB-COMMITTEE REPORT
ON
HEARING CONSERVATION PROGRAM

Sub-committee Recommendations:

- 1) Place the program in the Office of Public Instruction
- 2) Give screen, rescreen, and referral responsibility to the local school district
- 3) Fund referrals on a fee for service basis -- including child study team participation. Total Cost - \$310,000.

Comment:

- 1) Various states have the program located in various agencies (Department of Health, Department of Human Services, Department of Education, etc.) The program is not just educational. It relates to acoustics, medicine, speech, language, etc. It deals with sophisticated equipment maintenance and calibration. When schools had the program before, they immediately contracted it out to audio professionals. Protection and security of the program is assured with the State Board of Public Education. There is no real need for another move of the program or a completely different service delivery pattern. The program currently has no logistics or identity problems at the State Board of Public Education.
- 2) Local district responsibility for screen, rescreen and referral raises serious issues:
 - A) Uniformity and equalization of quality of the service,
 - B) Equipment needs and duplication of same,
 - C) Care in the maintenance and calibration of equipment,
 - D) Skill level of the person screening,
 - E) Complications of over referral (medical and audio),
 - F) Mechanism for training in "how to screen" statewide out of one central location,
 - G) No central registry for tracking the hearing impaired child,
 - H) Serious doubts regarding infant and pre-school testing.
- 3) Fee for service follow-up would eliminate the field audiologist. It is the field audiologist who has been the driving force for program quality and stability. Fee for service centers are largely non-existent east of Great Falls or north of Billings (see diagonal line on attached map). Existing equipment (sound rooms and clinical sets), which are expensive, would set idle in the child's local area while he is referred many miles further away for evaluation. This is not cost effective when a local level contract or 1/2 contract could provide:
 - A) Evaluation at local level,
 - B) Training for school screening,
 - C) Equipment maintenance and calibration - inventory to prevent duplication,

- D) Expertise for infant and pre-school testing,
- E) Audio-educational-medical liaison,
- F) Indepth parent-teacher counseling,
- G) Area-wide registry and technical advisement. Local areas will not store "state" equipment or cover the space costs for free. Dismantling sound rooms and payment for storage decreases funds which could/should be used for children. It is not reasonable to send children great distances for follow-up while dismantling the local clinic if the visa-versa costs are similar.

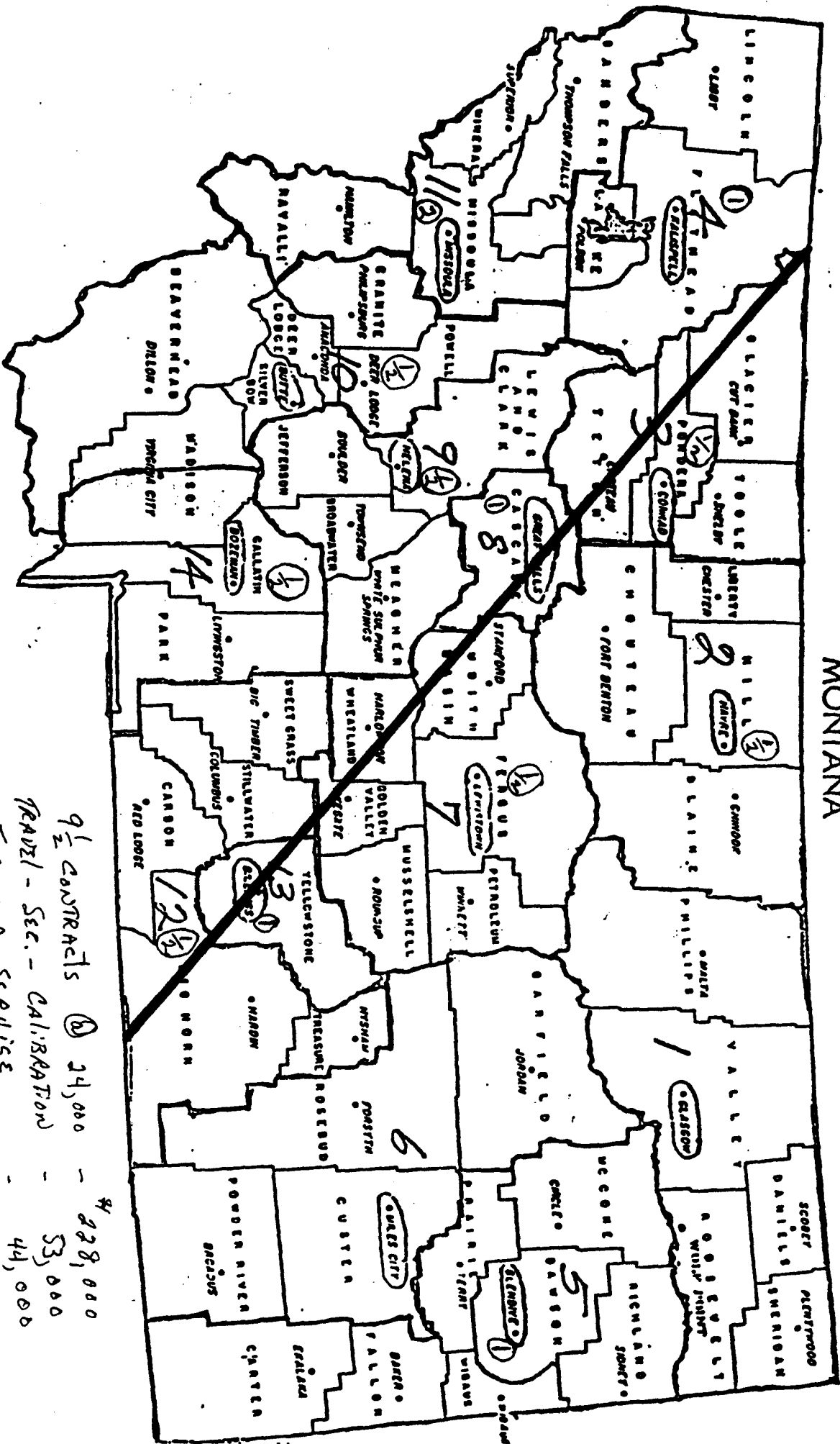
Please see proposal for maintaining area audiologist (9 1/2 contracts statewide) on page 3 herein. As noted earlier, the proposal maintains:

- A) A technical advisor in each audio area,
- B) The local clinic open (Conrad, Lewistown, Glendive, and Kalispell),
- C) A smoother transition of screen, rescreen, and referral to schools,
- D) Inventory, calibration, and maintenance of equipment,
- E) Program quality control and accountability on an area-wide basis,
- F) A central registry for hearing impaired children,
- G) Expertise for infant and pre-school testing,
- H) Integration with fee for service follow-up where private centers exist nearby.

The total (\$388,700) reflects a 22% reduction from the \$500,000 set by the Special Session. That \$500,000 was a 25% cut from the \$673,000 appropriated for FY '87. This proposal, therefore, reflects a 47% reduction for FY '88-'89. This should certainly be considered this program's full participation in budget balancing efforts.

BID AREAS
EDUCATIONAL HEARING CONSERVATION PROGRAM FOR

MONTANA



No. 1822 - County Outline Map
STANLEY PUBLISHING COMPANY
Items

100 Peds-Q-YA

9 1/2 CONTRACTS @ 24,000 - 228,000
TRAVEL - SEC. - CALIBRATION - 53,000
FEE FOR SERVICE - 44,000
ADMIN. - 40,000
EQUIPMENT - 20,000
BOARDING RES. - 3,200
388,700

ALL TIME PRIVATE COUNTERS ARE ALL WEST OF DIAGONAL LINE

	<u>AUDIOLOGIST</u>	<u>TRAVEL-SEC.- CALIBRATION</u>	<u>FEE FOR SERVICE</u>	<u>TOTAL</u>
Area 1	See Area 5	See Area 5	\$ 6,000	\$ 6,000
Area 2	1/2 Contract-12,000	\$ 4,000	4,000	20,000
Area 3	1/2 Contract-12,000	4,000	NONE	16,000
Area 4	1 Contract-24,000	5,000	NONE	29,000
Area 5	1 Contract-24,000 (For 1-5-6)	6,000 (For 1-5-6)	NONE	30,000
Area 6	See Area 5	See Area 5	6,000	6,000
Area 7	1/2 Contract-12,000	4,000	NONE	16,000
Area 8	1 Contract-24,000	4,000	NONE	28,000
Area 9	1/2 Contract-12,000	4,000	5,000	21,000
Area 10	1/2 Contract-12,000	4,000	5,000	21,000
Area 11	2 Contracts-48,000	7,000	8,000	63,000
Area 12	1/2 Contract-12,000	4,000	5,000	21,000
Area 13 Billings School	1 Contract-24,000	3,000	NONE	27,000
Area 14	1/2 Contract-12,000	4,000	5,000	21,000
TOTALS	\$228,000	\$53,000	\$44,000	\$325,000

Administration	40,000
Equipment	20,000
Browning Res.	3,700
	<u>\$388,700</u>

20-2-121. Board of public education -- powers and duties. The board of public education shall:

(1) - (9) Remain the same.

(10) Administer and contract for the delivery for audiological services to those children in accordance with 20-7-402.

~~(10)~~ (11) Remain the same.

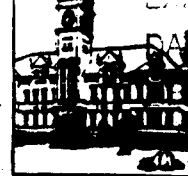
~~(11)~~ (12) Remain the same.

~~(12)~~ (13) Remain the same.

20-7-403. Duties of superintendent of public instruction. The superintendent of public instruction shall supervise and coordinate the conduct of special education in the state by:

(1) - (13) Remain the same.

~~(14) - contracting -- for -- delivery -- of -- audiological -- services -- to those -- children -- allowed -- by -- Montana -- law -- in -- accordance -- with policies -- of -- the -- board -- of -- public -- education.~~



ASSOCIATED STUDENTS MONTANA STATE UNIVERSITY • BOZEMAN, MT 59717 • (406) 994-5783



STATE WORK STUDY FACT SHEET March 9, 1987

Work Study is a student assistance program which pays approximately seventy (70%) of a student's wages while the employer pays the remaining thirty percent (30%). It is awarded on the basis of need and state Work Study money goes to MONTANA RESIDENTS ONLY.

The ethic behind Work Study is not one that is begging for money or claiming that "society owes us an education". Work Study students are asking for the chance to work for their education- they want to help themselves.

We have many testimonial letters from Work Study students but we will quote from only one. Shelley Allison, an MSU student, writes: "We Work Study students at Montana State University and on other campuses across the state provide invaluable services to our respective institutions... unquestionably, Work Study students perform a vast array of time consuming tasks, freeing the classified personnel for more important duties. Elimination of the Work Study program and consequently the services which Work Study students provide would necessitate the hiring of more salaried employees in many offices to fill the void. In these cost-conscious times the creation of new classified positions would most certainly be viewed as a financial irresponsibility. The Work Study program is unique among all forms of student aid. It is not a gift, a grant, or a loan."

"The expectations and aspirations which bring students to college are as diverse as the individuals themselves. But for all the goal is the same: To become informed, conscientious, and productive members of society. The cornerstone of our success lies in our ability to receive and utilize a quality education. For those of us who rely upon Work Study to finance our educations, the preservation of the program is absolutely vital. I am certain I speak for thousands of students when I say that if the Work Study program should be eliminated I would be forced to drop out of school."

The most recent "hit list" of suggested cost saving measures includes the following item:

**1985-86 ANNUAL REPORT
MONTANA WORK STUDY PROGRAM**

	UM	MSU	TECH	EMC	WMC	NWC	MUS Total	Dawson CC	Miles CC	Flathead Valley CC	CC Total	Program Total
Actual Expenditures												
Gross Payroll	\$103,965	\$165,569	\$22,516	\$55,515	\$12,750	\$27,014	\$387,329	\$6,526	\$6,688	\$9,117	\$22,331	\$409,660
State Share	72,776	115,898	15,761	38,860	8,925	18,349	270,569	4,568	4,682	6,382	15,632	286,201
(Percent)	70%	70%	70%	70%	70%	68%	70%	70%	70%	70%	70%	70%
Institutional Share	19,570	24,206	6,755	16,655	3,825	8,188	79,199	1,958	2,006	2,236	6,200	85,399
(Percent)	19%	15%	30%	30%	30%	30%	20%	30%	30%	25%	28%	21%
Other Employee Share	11,619	25,465	0	0	0	477	37,561	0	0	499	499	38,060
(Percent)	11%	15%	0%	0%	0%	2%	10%	0%	0%	5%	2%	9%

Student Data

Student Participating	110	349	36	54	16	37	602	26	15	11	52	654
Need Based Awards	107	343	36	54	16	33	589	24	11	11	46	635
(Percent)	97%	98%	100%	100%	100%	89%	98%	92%	73%	100%	88%	97%
Non-Need Based Awards	3	6	0	0	0	4	13	2	4	0	6	19
(Percent)	3%	2%	0%	0%	0%	11%	2%	8%	27%	0%	12%	3%
Campus Allocation												
of Funds	\$ 76,563	\$112,898	\$18,761	\$38,912	\$ 8,925	\$18,917	\$274,976	\$4,568	\$4,682	\$6,774	\$16,024	\$291,000
Transfers		3,000	(3,000)				0					
Less: State Share												
Expended	72,776	115,898	15,761	38,860	8,925	18,349	270,569	4,568	4,682	6,382	15,632	286,201
Allocation Returned	3,787	0	0	52	0	568	4,407	0	0	392	392	4,799
(Percent)	5%	0%	0%	0.1%	0%	3%	2%	0%	0%	6%	2%	2%
Average Student Compensation	\$ 945	\$ 474	\$ 625	\$ 1,029	\$ 797	\$ 730	\$ 643	\$ 251	\$ 446	\$ 829	\$ 429	\$ 626

may hinder farm children

By DAVID FENNER
Tribune Staff Writer

Many students from Montana farm families are going to find they no longer qualify for Guaranteed Student Loans when their applications are processed this spring, according to state financial aid officials.

Cost-cutting changes made in the federal Guaranteed Student Loan Program will require all loan applicants to undergo a needs test previously required only of families with \$30,000 or more in annual income. Among other factors, the needs test will take into account an applicant's assets, such as the family farm.

Jim Craig, financial aid director at Montana State University in Bozeman, said the assets factor is important because farming — especially in these hard economic times — is one of the few occupations in which low income coexists with abundant assets.

"When you have farm families with two or three hundred thousand dollars in assets, it's going to mean they will probably not qualify for Guaranteed Student Loans," he said.

Henry Babs, extension marketing specialist at MSU, said an average farm in the mountain states region has about \$204,316 in assets, which include land and buildings, inventories

of crop and livestock, and farm machinery and equipment.

A person who works in the state Guaranteed Student Loan office but asked not to be identified agrees the new regulations will affect farm families. "In Montana it will be farmers that are going to be the hardest hit, or anyone that owns land or has property assets," the source said.

Tom Lyon, Department of Education public affairs officer for loans, said he had not been questioned yet about the concern over the effect of the new regulations on farmers.

"It's the first time that's come up for me," he said. "That's an interesting point."

Lyon referred questions to Bill Moran, director of the division of policy and program development in the Department of Education's Office of Assistance.

Moran said the issue is not as cut and dried as it may appear. He said the regulations take into account a family's debt because a farmer's assets are often tied up in a mortgage, loans on equipment and machinery, liens against crops or livestock and other bills.

In addition, Moran said, financial aid directors have the discretion to "adjust parental contributions on a case-by-case basis" and waive or re-

duce payments.

"There are circumstances that mitigate the problem," he said. "It's not as black and white as it looks on the surface ... When you get beyond what a computer spits out, the financial aid director has discretion to make changes anyway."

Also under the revised regulations, many middle-income families will have a tougher time getting the key federal help for school they have been depending on for years.

The revisions were made in the Federal Education Act, which was adopted in 1980 and reviewed by Congress last autumn. Congress approved the more-stringent rules to save money and help reduce the soaring national deficit. Interest and defaults in the program are reported to cost taxpayers \$3 billion a year.

The stricter regulations, signed by President Reagan last October, are also expected to stymie many students who want to declare themselves independent from their parents — a move many students have made to drop themselves into a lower income bracket and, in turn, qualify for more financial aid.

The first major revision requires that the loans be granted according to need. Previously, they were avail-

See LOANS, 1A

If Work Study is cut,
other programs will not-
be able to pick up
the slack.

Lo

able to anyone with a yearly income of less than \$30,000.

Now, all applicants — regardless of income — will have to undergo a complex evaluation of factors, including income, assets, savings, number of children, number of children in college and cost of the school the applicant plans to attend.

Ed Nelson, director of the state Guaranteed Student Loan Program, said the new rules are going to catch many people off guard.

"It is going to have some people standing there and saying 'But, how come?' because it's certainly going to impact some people that it didn't impact before," he said. "And your guess is as good as mine as to how many."

He said his office has tried to warn people about the new rules, but he fears the warnings have gone unnoticed.

"Even though we've tried to advise people," he said, "... the fact of the matter is that you're not going to hit everybody that needs to be hit."

He said he doesn't agree with the new regulations but is helpless to do anything about them.

Another group that will be hit particularly hard is working adults, returning to school while earning between \$10,000 and \$20,000 a year.

FOR EXAMPLE, Nelson said, consider a married couple with children, and the breadwinner decides to return to school after years of work and making substantial income the year before. Nelson said that income and any assets such as a house and cars will be taken into consideration in the needs test.

Last year's income goes into the "formula whether you spent it or not," Nelson said. "... that money gets counted whereas previously it would not have been."

A less-appealing alternative called a supplemental loan has been developed for independent students who are phased out of the Guaranteed Student Loan program. However, the government does not subsidize the interest on the supplemental loan, which is 12 percent.

As a result, Nelson said, "It would definitely increase their debt."

The Department of Education projects the across-the-board needs analysis test will reduce loans by 19 percent at the undergraduate level and 35 percent at the graduate level, saving about \$674 million. Moran said the savings projection takes into account that the revisions increase the amount of money students can borrow.

Montana financial aid officials offer no estimates on how much the loan volume will decrease here, but "I'm sure we're going to follow national averages," Craig said.

NELSON SAID THAT in fiscal 1980, his office processed 18,000 Guaranteed Student Loans, for a total loan value of \$33 million.

"Our loan volume has gone up each year" since the program began in August 1980, he added.

So, at a time when students are borrowing more money to get through college, they will have a tougher time getting Guaranteed Student Loans.

"One of the problems for the students is the price of school goes up and the opportunity for funding it goes down," Nelson said. "And they are kind of caught in that kind of crunch."

Craig agreed. "It doesn't take too long to see that if you reduce the cost here, the burden is going to fall on the borrower," he said.

A Guaranteed Student Loan pays for a student's education. Students do not have to begin repaying the loan until their education is completed or until they have dropped out of school. They carry a federally subsidized 8 percent interest rate.

With Guaranteed Student Loans, undergraduate students can borrow up to \$17,250 for school while graduate students can borrow up to \$24,750, which would include the money borrowed in the years as an undergraduate.

Dependents who fail to qualify for Guaranteed Student Loans — such as farmers' children — have an alternative, but it's not near as appealing as the Guaranteed Student Loan.

PARENTS OF dependent students may take out PLUS — or parent — loans for their children without collateral backing. But there are two hitchhikes: the 12-percent interest is not federally subsidized and parents have to begin paying off the loan almost immediately.

Parents can borrow up to \$4,000 a year with the agreement that they will begin making payments within 60 days. A PLUS loan requires a minimum monthly payment of \$50. Craig said, adding that the monthly payment would increase along with the total amount borrowed.

"If you don't have the money to service the debt, you're not going to get the money," Craig said.

He said farm families are going to be forced to make some difficult decisions, and as he sees it, they have three choices: change their lifestyle to save money for their children's education, or money through PLUS loans at market rate or discontinue payments for their kids' education.

The second major change prompted by new federal regulations affect the way students declare themselves independent for financial aid. Such students previously had live away from their parents for a year and could not be claimed as dependents for tax purposes.

But now, students must be 18 years old to declare independence unless they are orphans, wards of court, veterans, married, have no dependents or meet other standards.

Great Falls Tribune

Sunday, January 25, 1981

EXHIBIT 2
DATE 3-10-87
ASSOCIATED STUDENTS OF MONTANA STATE UNIVERSITY 2
STATE WORK STUDY FACT SHEET
MARCH 10, 1987

The main reason the State Work Study Program has been slated for cuts is because an anticipated cut in federal funds for student aid did not occur. We would argue that this is not true and that President Reagan's fiscal 1988 budget, if adopted, would, in fact, repeal the primary federal role in assuring post secondary educational opportunities. It calls for a 46 percent cut in student aid funding and the elimination of most other Education Department programs supporting higher education.

The Administration proposes to drop over a million students from the Pell Grant Program by limiting eligibility to students with family incomes under \$20,000.

Four other major programs would be abolished, eliminating over 2 million more federal aid awards. These include:

- Supplemental Grants
- Federal College Work Study
- Direct loans
- State Student Incentive Grants

It would be a serious mistake for us to take President Reagan's recommendations lightly. With the looming budget deficit, major cuts in domestic programs will have to be made. Congress will be forced to seriously consider these cuts, and undoubtedly, some of them will become reality. This is a grim reality for Montana students.

It is difficult to overstate the damage that would result from cutting federal grant assistance as it provides three-fourths of the total national expenditure for student assistance.

In Montana, it will be farmers who will be hardest hit, or anyone who has property assets, such as small business owners. All loan applicants will have to undergo a needs test previously required only of those students with family incomes over \$30,000. The needs test will take into account many factors including property assets and calculate them into the formula. Farming is one of the few occupations in which low incomes coexist with abundant assets.

Please maintain the State Work Study Program to help ease the burden put on the backs of the students by these proposed cuts in Federal student aid.

MONTANA PEOPLES ACTION

208 E. Main
Missoula, MT 59802
(406) 728-5297

436 N. Jackson
Helena, MT 59601
(406) 449-6597

March 10, 1987

Montana Peoples Action stands in opposition to any move by the legislature that would reduce or eliminate the state work study program.

Our membership is quite diverse, composed of urban families of low and moderate income people, family farmers and ranchers, and union families throughout central and western Montana.

1. Many of our low income members are single mothers living in subsidised housing and attending school, managing to get through with the help of work study programs.
2. The sons and daughters of our family farms and ranches depend on work study programs to complete their education.
3. Our urban families most often could not even think of having their children attend an institution of higher learning without the work study programs.

We therefore urge you to refrain from reducing or cutting the state work study program.

Joseph Moore
Legislative Coordinator



**MONTANA
FARMERS
UNION**

P.O. Box 2447
300 River Drive North
Great Falls, Montana 59403
(406) 452-6406
1-800-332-5903

The Montana Farmers Union is strongly in favor of adequate funding for the Montana University System to continue its service to Montana and its people. We realize that "adequate" means different things to different people, but the ability of Montana students to attend Montana institutions of higher learning certainly must be a very high priority item in the equation.

One program which has proven its worth is Work Study. The examples are many and varied. We feel that the Work Study program definitely needs to be continued. We must not allow our higher education system to become available only to the wealthy. In farming areas the need for this program is especially notable, because children of property owning families have a very hard time qualifying for student aid even though their usable income may be far below average.

In short, Work Study is a program that should be declared a priority and left in place. We urge the Legislature to do just that.

Thank you.

Sincerely,

Terry Murphy, President
Montana Farmers Union



JAMES W. MURRY
EXECUTIVE SECRETARY

Box 1176, Helena, Montana

ZIP CODE 59624
406/442-1708

March 9, 1987

The Honorable Gene Donaldson, Chairman
House Appropriations Committee
Montana House of Representatives
Capitol Station
Helena, MT 59620

Dear Mr. Chairman:

I am submitting this letter to your committee to express the Montana State AFL-CIO's deep concern over cutbacks in student financial aid. We are particularly worried about the work/study programs in our state colleges and Universities.

The need for an education in today's highly competitive and technological society has never been greater. Our students must have a first-rate education to find good jobs and to participate fully in society.

However, many of our young people couldn't afford to pay for a college education without financial assistance. The work/study program, with other student aid programs, is absolutely necessary to help fund the education of Montana students.

The sons and daughters of Montana workers rely heavily on financial aid programs. Without these programs, higher education would be unaffordable and unavailable to these prospective students.

We believe that the work/study program is one of the more valuable financial aid programs available to our students. Work/study programs encourage a strong work ethic. Work/study also teaches students the value of a dollar, provides needed work experience and references for jobs after graduation.

With all of the problems our society faces today, our students deserve our utmost cooperation. What we do today will directly reflect on our children's ability to succeed and prosper; not only as individuals, but as future leaders of our state. Through supporting the work/study program we move one step closer to achieving these goals. Thank you for considering our feelings.

Sincerely, *JW*

James W. Murry, Executive Secretary
Montana State AFL-CIO



MONTANA FEDERATION OF TEACHERS

AMERICAN FEDERATION OF TEACHERS, AFL-CIO



Box 1246

Helena, Montana 59624

(406) 442-2123

Jim McGarvey
Executive Director

March 9, 1987

To: The Members of the Joint Appropriations Committee,-

The Montana Federation of Teachers is opposed to the proposed abolition of state support for the student aid program known as work study. There is a clear need for this program.

The Reagan budget for fiscal 1988 calls for a 46 percent cut in funding for student aid programs ranging from Pell grants and guaranteed student loans to graduate fellowships. The children of farmers are a group that will be hit hard by these cuts because of a needs test for loans that weighs property assets heavily. As we Montanans know, farming and ranching are among the few occupations where a low income and abundant assets exist together.

State funded work study is available only to Montana residents. It is not a handout. It offers students a chance to work their way through college while supplying local businesses with cheap, reliable and often highly trained labor.

In Missoula, for example students with majors like early childhood development provide workers for the ASUM Daycare and other daycare facilities in the town. The state pays 70 percent of the students wages while the employer picks up the other 30 percent. This helps businesses in college towns, that may be suffering economic setbacks, to continue to provide part-time jobs for Montanans who want and need to work to pay for their own education.

On behalf of our members, we ask that you do not cut this important item out of the higher education budget in HB 2.

Sincerely,

Jim McGarvey
Executive Director
Montana Federation of Teachers
AFT, AFL-CIO

Democracy in Education — Education for Democracy



Montana State University
Bozeman, Montana 59717-0019

Student Financial Assistance Programs
(406) 994-2845
Student Employment Center
(406) 994-3432

Office of Financial Aid Services

March 6, 1987

To Whom It May Concern:

Please accept this letter in support of continuing funding for the Montana Work-Study Program.

This is an extremely important program for students at Montana State University. For the past two years, nearly three hundred students per year have participated in the State Work-Study Program; earning an average of approximately \$550 per student.

The value of this program is the fact that it gives students the opportunity, many for the first time, to work in the real world and quite often, in their chosen course of study. This gives them valuable practical experience in working with others while developing their own academic and personal skills. In doing so, they are also helping themselves significantly in meeting college expenses.

Without this type of program, students and their families will be forced to rely more heavily on loans and increase an already growing debt burden.

Sincerely,

A handwritten signature in cursive script that reads 'Andre' Altans'.

Andre' Altans
Assistant Director

AA:1a



DEPARTMENT OF ANIMAL & RANGE SCIENCES

COLLEGE OF AGRICULTURE

MONTANA STATE UNIVERSITY, BOZEMAN 59717

March 9, 1987

House Appropriations Committee
Senate Finance and Claims Committee
State of Montana
Capitol Building
Helena, MT 59620

Dear Committee Members:

May I briefly present my feelings concerning the possibility of the Montana work-study program through the Financial Aids Office at MSU being eliminated.

I have been in my current position with the Department of Animal & Range Science for only six months. However, we have used three work-study student employees to great satisfaction to date. With budget situations what they are, we plan to recruit and use more in the future. The program creates a fine opportunity for the student as well as for our farm program.

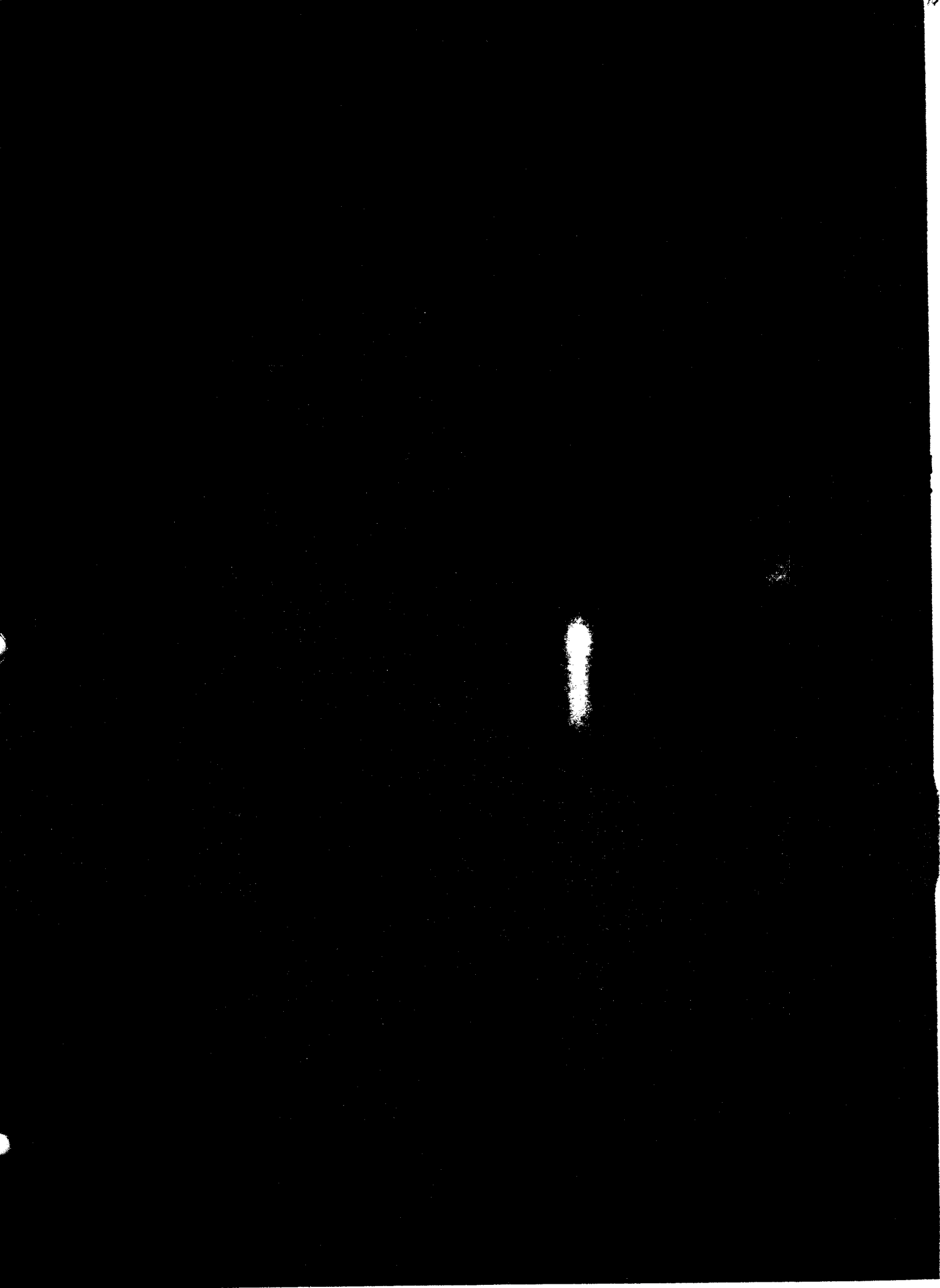
I would encourage continuation of the program and hope funding can be obtained to make it feasible.

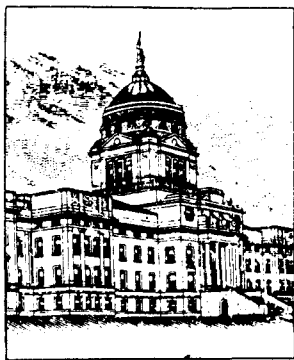
Sincerely,

A handwritten signature in cursive script that reads "Tom Stromberg".

Tom D. Stromberg
Farm Manager

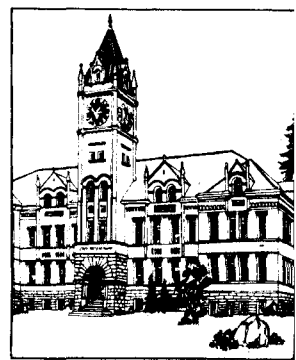
TDS:dkb





ASUM Student Legislative Action

University Center 105
University of Montana
Missoula, Montana 59812
(406) 243-2451



March 10, 1987

Dear Legislators,

The following poll was conducted by the Associated Students of the University of Montana, under the direction of the Student Legislative Action. The students conducted this research because they sensed the need to gauge public opinion in support of raising new revenue to maintain quality in the Montana University System.

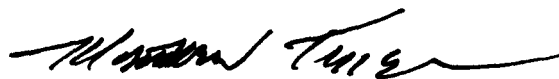
It is the strong belief of ASUM that Montanans do support higher education, and support maintaining adequate funding levels to ensure its stability. During these tough economic times it should be the legislature's priority as well, to maintain a state service that returns five dollars for every one invested.

The University System needs approximately 11 million dollars above the Governor's proposed budget just to stay at the current operating level. Is it any wonder more and more young people are leaving the state to continue their educations? The University System's concerns deserve much more serious attention in the legislature.

Please take the time to read through the information contained in this package; Montanans support you in your efforts to maintain

the University System, making higher education an integral part of the state's long-term social and economic stability.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Thiel", with a long horizontal flourish extending to the right.

Matthew Thiel
ASUM Lobbyist

ASUM PUBLIC OPINION POLL-----

This January 1987 opinion poll is based on systematic telephone interviews with 367 registered voters in Montana. The Bureau of Business and Economic Research at the University of Montana supplied the random, geographically correct sample.

How would you rate the quality of education at Montana's state colleges and Universities? Do you feel the quality is:

Excellent	: ██████████	19%
Good	: ████████████████████████████████████████	58%
Fair	: ██████████	15%
Poor	: ███	5%
No Answer	: █	3%

Do you agree or disagree that the Montana University System plays a role in developing and improving Montana's economy?

Strongly Agree	: ██████████	42%
Agree	: ██████████	45%
Disagree	: █████	10%
Strongly	: █	1%
No Answer	: █	2%

Do you feel the Montana University system receives _____ amount of money?

Too much : 15%
Right : 31%
Not enough : 48%
No Answer : 6%

Do you agree or disagree that it is important for Montanans to be able to attend college in their home state?

Strongly Agree	: ██████████	71%
Agree	: ████████	26%
Disagree	: █	3%
Strongly Disagree:	0%	
No Answer	:	0%

Are you familiar with Governor Schwindem's proposed budget for funding the Montana University system?

Yes : ██████████ 51%
No : ██████████ 46%
No Answer : ■ 2%

Of those responding YES to familiarity with the Governor's proposed budget:

What is your opinion of the proposed budget? Do you:

173 Responding

Strongly Approve	: 9%
Approve	: 28%
Disapprove	: 30%
Str. Disapprove	: 33%

Would you support an increase in state income taxes if a portion were earmarked for funding the University system?

Yes	: 46%
No	: 38%
Undecided	: 16%

Would you support a state sales tax if a portion were earmarked for funding the University system?

Yes	: 49%
No	: 43%
Undecided	: 8%

HIGHLIGHTS OF PUBLIC SUPPORT FOR HIGHER EDUCATION

1978- HIGHER EDUCATION 6 MILL LEVY PASSED BY A TWO TO ONE MARGIN

Vote tally: 181,920 to 88,641

1986- GALLOP POLL/NEA

59% favored more funds for public education and training even if it meant higher taxes

1987- NATION WIDE POLL COMMISSIONED BY AFSE

69% wanted more government support for higher education

1987- UNIVERSITY OF MONTANA BUREAU OF BUSINESS AND ECONOMIC RESEARCH

61% of Montanans said that University System funding should remain at current levels

14% favored giving more money to higher education



JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

ATTACHMENT 1
DATE 3/10/87
PB 2

March 10, 1987

Representative Gene Donaldson
Seat #5
Montana House of Representatives
Helena, MT 59620

Dear Representative Donaldson:

The following is in response to your request for information regarding the cost of foster care out-of-state placements vs. in-state placements and more specifically the costs associated with expansion of the Deaconess Home in Helena.

Background:

The average rate paid by SRS per child for in-state treatment ranges from \$32.57 to \$78.27 per day for an average cost of \$54.00 per day for in-state treatment. These rates do not include education costs paid through local school districts or through the Office of Public Instruction. According to SRS, there are currently 127 children placed in residential facilities in-state (this does not include group homes or foster families).

The average rate paid by SRS per child for out-of-state treatment ranges from \$46.03 to \$89.00 per day for an average cost of \$70.00 per day for out-of-state treatment. These rates do not include transportation costs or educational costs paid through the local school districts or through the Office of Public Instruction. According to SRS, there are currently 35 children placed in out-of-state residential facilities (this does not include group homes or foster families).

Deaconess Home Proposal

The current rate paid by SRS for treatment at the Deaconess Home is \$70.10 per day per child.

According to the Deaconess Home, their actual current cost is \$134.00 per day per child.

Because the type of facility and characteristics of children served are similar, The Colorado Christian Home was used in the following cost comparison of the Deaconess Home and out-of-state treatment facilities. The current rate paid by SRS to the Colorado Christian Home is \$78.00 per day per child.

The Deaconess has proposed opening an additional 8 bed cottage. It is estimated by SRS and the Deaconess that 4 out-of-state placements could

be avoided. The remaining 4 beds would be used for children currently on the waiting list or other in-state placements.

Because the Deaconess has indicated that they would require a campus wide rate increase from the current \$70.10 per day to \$84.00 per day as part of the agreement to open 8 new beds, there would be an additional \$121,764 per year in costs for the current population of 24 children: $24 \times \$13.90 \times 365 = \$121,764$; the cost for the 8 new children served would be \$245,280: $8 \times \$84.00 \times 365 = \$245,800$. The "savings" from avoiding placement of 4 children in out-of-state facilities would be \$113,800: $4 \times \$78.00 \times 365 = \$113,800$. The following table summarizes these costs, the "savings" and funding for the Deaconess proposal.

Table 1
Costs For Additional 8 Foster Care Beds
Montana Deaconess Home

	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Biennium</u>
Rate Increase for current residents	\$121,764	\$121,764	\$243,528
Cost of Additional 8 beds	<u>245,280</u>	<u>245,380</u>	<u>490,560</u>
Total Additional Cost	\$367,044	\$367,044	\$734,088
Less out-of-state (4 new children)	<u>113,800</u>	<u>113,800</u>	<u>227,600</u>
Net Cost	<u><u>\$253,244</u></u>	<u><u>\$253,244</u></u>	<u><u>\$506,488</u></u>
Funding			
County Funds	\$ 31,656	\$ 31,656	\$ 63,312
General Fund	<u>221,588</u>	<u>221,588</u>	<u>443,176</u>
Total Funds	<u><u>\$253,244</u></u>	<u><u>\$253,244</u></u>	<u><u>\$506,488</u></u>

If I can be of further assistance, please call.

Sincerely,

Peter Blouke
Senior Fiscal Analyst

ATTACHMENT

E. OTHER EDUCATION

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	State	Federal	General	Special	State	Federal	General	Special
	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
				<u>Total</u>			<u>Fund</u>	<u>Total</u>
1								
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4	General	Special	Special		General	Special	Special	
5	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>
6	BOARD OF PUBLIC EDUCATION							
7	1. Board Administration							
8	a. Operations							
9					104,834		104,755	
10	b. Audit							
11					2,400			
12	-----							
13	Total							
14		107,234			107,234		104,755	
15	2. Fire Services Training School							
16	a. Operations							
17			2,000	12,000	210,814		199,440	
18	b. Audit							
19		2,400			2,400			
20	-----							
21	Total							
22		199,214	2,000	12,000	213,214		199,440	
23	3. Montana School for the Deaf & Blind							
24	a. Administration							
25		179,849			179,849		179,838	

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
	<u>General</u>	<u>Special</u>	<u>Special</u>		<u>General</u>	<u>Special</u>	<u>Special</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
				<u>Total</u>				<u>Total</u>
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3	General	Special	Special		General	Special	Special	
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
5	b. General Services							
6	248,725			248,725	259,536			259,536
7	c. Student Services							
8	686,096		35,000	721,096	691,805		35,000	726,805
9	d. Education							
10	909,039		373,370	1,282,409	907,878		372,926	1,280,804
11	e. Audit							
12	16,800			16,800				
13	-----							
14	Total							
15	2,040,509		408,370	2,448,879	2,039,057		407,926	2,446,983
16	OFFICE OF PUBLIC INSTRUCTION							
17	1. Chief State School Officer							
18	124,190		21,568	145,758	124,062		13,068	137,130
19	2. Basic Skills							
20	852,788	237,905	122,514	1,213,207	854,869	237,944	122,651	1,215,464
21	3. Vocational Education							
22	274,812		389,077	663,889	274,467		388,881	663,348
23	4. Administrative Services							
24	a. Operations							
25	849,051	437,612	617,759	1,904,422	852,423	437,493	617,920	1,907,836

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	State		Federal		State		Federal	
	General	Special	General	Special	General	Special	General	Special
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
				<u>Total</u>				<u>Total</u>
5	b. Audit							
6	36,000			36,000				
7	5. Special Services							
8	441,688		1,332,804	1,774,492	441,588		1,332,392	1,773,980
9	-----							
10	Total							
11	2,578,529	675,517	2,483,722	5,737,768	2,547,409	675,437	2,474,912	5,697,758
12	State and federal funds appropriated in items 1 through 5 include internal transfers of indirect costs. The amount							
13	of indirect costs in excess of \$408,612 in fiscal 1988 and \$408,493 in fiscal 1989 that are recovered shall cause a like							
14	reversion of general fund.							
15	OFFICE OF PUBLIC INSTRUCTION -- DISTRIBUTION TO SCHOOLS							
16	1. School Transportation							
17	6,200,918			6,200,918	6,200,918			6,200,918
18	2. School Lunch							
19	594,751			594,751	594,751			594,751
20	3. Gifted and Talented Grants							
21	95,000			95,000	95,000			95,000
22	4. Secondary Vocational Education							
23	400,000			400,000	400,000			400,000
24	5. Adult Basic Education							
25	147,523			147,523	147,523			147,523

Fiscal 1988

	State	Federal		State	Federal
	General	Special	General	Special	Special
	Fund	Revenue	Revenue	Proprietary	Revenue
			Total	Fund	Revenue
					Proprietary
					Total
6. Special Education			27,361,646	27,361,646	
27,361,646					27,361,646
7. Special Education Contingency					
500,000			500,000	500,000	500,000
8. State Impact Payments					
5,000			5,000	5,000	5,000
Total					
35,157,315	147,523		35,304,838	35,157,315	147,523
13					35,304,838
14					
15					
16					
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	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
1								
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3	General	Special	Special		General	Special	Special	
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
5								
6	3. Adult Basic Education Grants		3,350,000				3,350,000	
7								
8	4. Education of the Handicapped -- Part B		425,000				425,000	
9								
10	5. Preschool Incentive Grants		450,000				400,000	
11								
12								
13	Total							
14			4,850,000				4,760,000	
15	Items 1 through 5 are biennial appropriations.							
16								
17								
18								
19	BILLINGS VOCATIONAL-TECHNICAL CENTER							
20	1. Instruction							
21								
22	2. Plant Operation & Maintenance							
23								
24	3. Equipment							
25								

	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>		
	General Fund	Current Unrestricted	Total	General Fund	Current Unrestricted	Total
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	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>		
	<u>General</u>		<u>Current</u>	<u>General</u>		<u>Current</u>
	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>
3						
4	8,000		8,000			
5						
6	<u>Total</u>			<u>Total</u>		
7	799,486	440,547	1,240,033	748,039	432,983	1,181,022
8	Total audit costs are estimated to be \$20,000 for the biennium. Ten percent of these costs are to be paid from					
9	funds other than those appropriated in items 1 through 4.					
10	The current unrestricted funding for equipment in item 3 shall come from federal funds.					
11	GREAT FALLS VOCATIONAL-TECHNICAL CENTER					
12	1. Instruction					
13	428,870	394,727	823,597	428,870	394,727	823,597
14	2. Plant Operation & Maintenance					
15	98,030	83,507	181,537	102,197	87,057	189,254
16	3. Equipment					
17	21,609	21,610	43,219	21,609	21,610	43,219
18	4. Support					
19	a. Operations					
20	220,421	156,686	377,107	171,217	205,924	377,141
21	b. Audit					
22	8,000	10,000	18,000			
23						
24	<u>Total</u>			<u>Total</u>		
25	776,930	666,530	1,443,460	723,893	709,318	1,433,211

	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>		
	General	Current		General	Current	
	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>
1						
2						
3						
4	Total audit costs are estimated to be \$20,000 for the biennium. Ten percent of these costs are to be paid from					
5	funds other than those appropriated in items 1 through 4.					
6	The current unrestricted funding for equipment in item 3 shall come from federal funds.					
7	HELENA VOCATIONAL-TECHNICAL CENTER					
8	1. Instruction					
9	716,489	586,219	1,302,708	716,489	586,219	1,302,708
10	2. Plant Operation & Maintenance					
11	172,168	140,864	313,032	176,183	144,150	320,333
12	3. Equipment					
13	25,518	25,518	51,036	25,518	25,518	51,036
14	4. Support					
15	a. Operations					
16	316,347	99,550	415,897	162,758	253,177	415,935
17	b. Audit					
18	7,000	10,000	17,000			
19	-----					
20	Total					
21	1,237,522	862,151	2,099,673	1,080,948	1,009,064	2,090,012
22	Total audit costs are estimated to be \$20,000 for the biennium. Fifteen percent of these costs are to be paid from					
23	funds other than those appropriated in items 1 through 4.					
24	The current unrestricted funding for equipment in item 3 shall come from federal funds.					
25	MISSOULA VOCATIONAL-TECHNICAL CENTER					

	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>		
	General	Current		General	Current	
	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>
1						
2						
3						
4	1. Instruction					
5	552,073	608,090	1,160,163	552,073	608,090	1,160,163
6	2. Plant Operation & Maintenance					
7	129,477	158,251	287,728	144,150	155,643	299,793
8	3. Equipment					
9	24,355	24,355	48,710	24,355	24,355	48,710
10	4. Support					
11	a. Operations					
12	146,816	274,262	421,078	282,779	138,338	421,117
13	b. Audit					
14	7,000	10,000	17,000			
15	-----	-----	-----	-----	-----	-----
16	Total					
17	859,721	1,074,958	1,934,679	1,003,357	926,426	1,929,783
18	Total audit costs are estimated to be \$20,000 for the biennium. Fifteen percent of these costs are to be paid from					
19	funds other than those appropriated in items 1 through 4.					
20	The current unrestricted funding for equipment in item 3 shall come from federal funds.					
21	The Superintendent of Public Instruction may transfer county millage collections among centers. Millage received					
22	by the centers from the 1.5 mill levy which, in the aggregate, exceeds \$800,291 in fiscal 1988 and \$808,294 in fiscal					
23	1989 shall cause a general fund reversion of a like amount each year. Any voted millage funds available for the					
24	vocational-technical centers are appropriated.					
25	If a vocational-technical center can provide match for federal funds in excess of its share of the \$807,474 federal					

		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
		General	Current	General	Current
		<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
		<u>Total</u>		<u>Total</u>	
1					
2					
3					
4	funds included in the current unrestricted funds each fiscal year of the biennium, then the center may request a budget				
5	amendment for the matching and federal funds to pay for the additional equipment, training, and programs. The matching				
6	funds for any budget amendment shall not come from the current unrestricted funds appropriated in the general				
7	appropriations bill.				
8		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
9		State	Federal	State	Federal
10	General	Special	Special	General	Special
11	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>
12	STATE COUNCIL FOR VOCATIONAL EDUCATION		<u>Total</u>		<u>Total</u>
13	1. Operations				
14			117,120		120,000
15	2. Audit				
16			2,880		
17					
18	Total				
19			120,000		120,000
20	TOTAL SECTION E				
21	44,504,326	4,805,642	7,861,212	12,000	57,183,180
22	NOTE: The total of state special revenues for section E includes the following amounts of current unrestricted				
23	funds:				
24	Fiscal 1988 -----		\$3,982,602		
25	Fiscal 1989 -----		\$4,090,066		

F. HIGHER EDUCATION

1
2 Fiscal 1988
3 State Federal
4 General Special Special
5 Fund Revenue Revenue Proprietary Total Fund Revenue Revenue Proprietary Total
6 All funds, other than plant funds and current unrestricted operating funds, may be spent and are appropriated
7 contingent upon approval by the Board of Regents by July 1 of each year of the comprehensive program budget. The budget
8 must contain detailed revenues and expenditures and anticipated fund balances of current funds, loan funds, and
9 endowment funds. All movement of funds between the current unrestricted subfund and the designated subfund account
10 entities must be clearly identified in the state budgeting and accounting system.
11 Programs for the university budgets include instruction, organized research, public service, academic support,
12 student services, institutional support, operation and maintenance of plant, and scholarships and fellowships.
13 The six university units shall account for expenditures consistently within programs and funds across all units and
14 shall use the National Center for Higher Education Management Systems program classification structure along with the
15 College and University Business Administration (CUBA) system as a minimum standard for achieving consistency.
16 Each year of the biennium the portion of indirect cost reimbursements which exceeds the amount set forth in the
17 current unrestricted operating subfund appropriation for each unit is appropriated to the respective unit. All indirect
18 cost reimbursement not expended in the current unrestricted operating subfund account shall be clearly identified and
19 separately accounted for during the 1989 biennium. Each university system unit shall submit a written report to the
20 legislative finance committee by October 14, 1988, of the activities supported and accomplishments achieved with all
21 indirect cost reimbursements expended in funds other than the current unrestricted operating subfund for fiscal 1988.
22 Included within current unrestricted funds to the six institutions is the sum of \$12,864,200 in fiscal 1988 and
23 \$12,906,000 in fiscal 1989 from revenues generated under the provisions of section 20-25-423, MCA. The Department of
24 Revenue shall levy the full six mills as authorized in section 20-25-423, MCA. Revenues received by the University
25 System under the provisions of section 20-25-423, MCA, that exceed \$12,864,200 in fiscal 1988 and \$12,906,000 in fiscal

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	State	Federal	General	Fund	State	Federal	General	Fund
1								
2	General	Special	Special		State	Special	Special	
3								
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>
5	1989 shall cause a general fund reversion of a like amount each year.							
6	BOARD OF REGENTS							
7	1. Administration							
8	27,951				27,951	28,008		
9	COMMISSIONER OF HIGHER EDUCATION							
10	1. Office Administration							
11	a. Operations							
12	773,253				773,253	774,104		
13	b. Audit							
14	12,940				12,940			
15	2. WICHE Dues							
16	59,000				59,000	62,000		
17	3. WICHE - Student Assistance							
18	1,830,434				1,830,434	1,677,868		
19	4. WAMI							
20	1,665,941	232,677			1,898,618	1,471,629	520,092	
21	5. Minnesota Rural Dentistry							
22	90,400				90,400	69,000		
23	6. State Student Incentive Grants							
24	210,000				420,000	210,000		
25	7. National Direct Student Loan							

	<u>Fiscal 1988</u>					<u>Fiscal 1989</u>				
	<u>State</u>		<u>Federal</u>			<u>State</u>		<u>Federal</u>		
	<u>General</u>	<u>Special</u>	<u>Special</u>	<u>Special</u>		<u>General</u>	<u>Special</u>	<u>Special</u>	<u>Special</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
1										
2										
3	General	Special	Special			General	Special	Special		
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5	55,000				55,000	55,000				55,000
6	8. State College Work Study									
7	300,450				300,450	300,450				300,450
8	9. Talent Search									
9	a. Operations									
10			161,568		161,568			161,429		161,429
11	b. Audit									
12			500		500					
13	10. Guaranteed Student Loan									
14	a. Operations									
15			815,392		815,392			866,925		866,925
16	b. Audit									
17			2,400		2,400			2,400		2,400
18	-----									
19	Total									
20	3,107,984	2,122,111	1,189,860		6,419,955	2,880,183	2,259,960	1,240,754		6,380,897
21	In each fiscal year, the Commissioner of Higher Education is allowed to transfer appropriation authority between									
22	the amounts included in the WICHE appropriation for dentistry, which is \$120,534 in fiscal 1988 and \$122,668 in fiscal									
23	1989, and the Minnesota Rural Dentistry appropriation.									

		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
		General	Current	General	Current
		<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
		<u>Total</u>		<u>Total</u>	
1					
2					
3					
4	COMMUNITY COLLEGES				
5	1. Dawson Community College				
6	a. Operations				
7		709,912	709,912	713,832	713,832
8	b. Audit				
9		8,820	8,820		
10	2. Flathead Valley Community College				
11	a. Operations				
12		1,646,996	1,646,996	1,656,090	1,656,090
13	b. Audit				
14		8,820	8,820		
15	3. Miles Community College				
16	a. Operations				
17		731,209	731,209	735,247	735,247
18	b. Audit				
19		8,820	8,820		
20		-----	-----	-----	-----
21	Total				
22		3,114,577	3,114,577	3,105,169	3,105,169
23	The above appropriation provides 49% of the total unrestricted budgets for the community colleges, which budgets				
24	shall be approved by the Board of Regents.				
25	The general fund appropriation for each community college includes 49% of the total audit cost. The remaining 51%				

	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>		
	General	Current		General	Current	
	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>
1						
2						
3						
4	of these costs are to be paid from funds other than those appropriated in items 1 through 3. Audit costs may not exceed					
5	\$18,000 for each unit for the biennium.					
6	Dawson, Flathead Valley, and Miles Community Colleges are prohibited from including in student enrollment, used in					
7	calculating the unrestricted budget referred to in section 20-15-310, MCA, student FTEs from out-of-district centers not					
8	approved under Board of Regent Policy 220.1.					
9	BUREAU OF MINES					
10	1. Research					
11	1,232,850	53,000	1,285,850	1,233,523	53,000	1,286,523
12	AGRICULTURAL EXPERIMENT STATION					
13	1. Agricultural Experiment Station					
14	6,124,968	1,998,303	8,123,271	6,177,135	1,998,303	8,175,438
15	2. U.S. Range Laboratory					
16		385,954	385,954		385,954	385,954
17	-----					
18	Total					
19	6,124,968	2,384,257	8,509,225	6,177,135	2,384,257	8,561,392
20	COOPERATIVE EXTENSION SERVICE					
21	1. Public Service					
22	1,954,375	1,829,268	3,783,643	1,955,847	1,829,268	3,785,115
23	2. Professional Retirement Benefit Increase					
24	659,420		659,420	665,731		665,731
25	3. Improved Communications					

	<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
	General	Current	General	Current
	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
1				
2				
3				
4	70,068		70,068	
5				
6				
7	2,683,863	1,829,268	4,513,131	2,691,646
8				
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		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
		General Current		General Current	
		<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
		<u>Total</u>		<u>Total</u>	
1					
2					
3					
4	2. Research		597,925	597,925	597,925
5					
6	3. Public Service				
7		10,300		10,300	10,300
8	4. Academic Support, Student Services, and Institutional Support				
9		1,709,300	10,161,662	11,870,962	1,860,880
10	5. Audit				
11		20,000	20,800	40,800	
12	6. Operation and Maintenance of Physical Plant				
13		1,729,299	3,684,970	5,414,269	1,860,880
14	7. Scholarships and Fellowships				
15			1,125,273	1,125,273	3,745,120
16					5,606,000
17	Total	27,694,007	15,730,930	43,424,937	28,047,934
18					15,404,555
19	Total audit costs are estimated to be \$81,600 for the biennium. Fifty percent of these costs are to be paid from				43,456,174
20	funds other than those appropriated in items 1 through 7.				
21	UNIVERSITY OF MONTANA				
22	1. Instruction				
23	a. Instruction Program				
24		18,586,558		18,586,558	18,645,270
25	b. Law/Pharmacy				18,645,270

	<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
	General	Current	General	Current
	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
1				
2				
3				
4		174,000		174,000
5				
6		445,254		446,534
7				
8		195,892		195,904
9				
10		1,883,300		8,291,820
11				10,152,700
12		20,000		39,600
13				
14		1,729,299		1,060,880
15		3,528,478		3,534,186
16				5,395,066
17		983,741		945,218
18				985,218
19				
20		22,219,157		22,367,030
21		13,600,984		13,627,662
22		35,820,141		35,994,692
23				
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	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>General</u>		<u>Current</u>		<u>General</u>		<u>Current</u>	
	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>		<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>	
1								
2								
3								
4		231,435	231,435			231,447	231,447	
5	3. Academic Support, Student Services, and Institutional Support							
6		850,296	3,216,247	4,066,543	873,888	3,182,518	4,056,406	
7	4. Audit							
8		20,000	10,600	30,600				
9	5. Operation and Maintenance of Physical Plant							
10		870,296	1,147,702	2,017,998	873,887	1,198,562	2,072,449	
11	6. Scholarships and Fellowships							
12			353,209	353,209		353,099	353,099	
13								
14	Total							
15		8,209,268	4,959,193	13,168,461	8,226,325	4,965,626	13,191,951	
16	Total audit costs are estimated to be \$52,800 for the biennium. Twenty-five percent of these costs are to be paid							
17	from funds other than those appropriated in items 1 through 6.							
18	NORTHERN MONTANA COLLEGE							
19	1. Instruction							
20		4,190,393	4,190,393	4,266,713			4,266,713	
21	2. Public Service							
22			8,891	8,891		8,891	8,891	
23	3. Academic Support, Student Services, and Institutional Support							
24		563,571	1,561,036	2,124,607	536,756	1,622,803	2,159,559	
25	4. Audit							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>General</u>		<u>Current</u>		<u>General</u>		<u>Current</u>	
	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>		<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>	
1								
2								
3								
4	20,000	12,400	32,400					
5	583,570	496,793	1,080,363		626,756	478,740	1,105,496	
6								
7								
8		274,815	274,815			271,722	271,722	
9								
10	Total							
11	5,357,534	2,353,935	7,711,469		5,430,225	2,382,156	7,812,381	
12	Total audit costs are estimated to be \$43,200 for the biennium. Twenty-five percent of these costs are to be paid							
13	from funds other than those appropriated in items 1 through 6.							
14	WESTERN MONTANA COLLEGE							
15	1. Instruction							
16	2,321,136		2,321,136		2,297,033		2,297,033	
17	2. Academic Support, Student Services, and Institutional Support							
18	326,621	828,246	1,154,867		335,721	805,298	1,141,019	
19	3. Audit							
20	20,000	11,500	31,500					
21	4. Operation and Maintenance of Physical Plant							
22	346,620	381,476	728,096		335,721	407,728	743,449	
23	5. Scholarships and Fellowships							
24		83,472	83,472			82,469	82,469	
25								

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>General</u>		<u>Current</u>		<u>General</u>		<u>Current</u>	
	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>		<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>	
1								
2								
3								
4	<u>Total</u>				<u>Total</u>			
5	3,014,377	1,304,694	4,319,071		2,968,475	1,295,495	4,263,970	
6	Total audit costs are estimated to be \$42,000 for the biennium. Twenty-five percent of these costs are to be paid							
7	from funds other than those appropriated in items 1 through 5.							
8	MONTANA COLLEGE OF MINERAL SCIENCE & TECHNOLOGY							
9	1. Instruction							
10	a. Instruction Program							
11	3,995,761		3,995,761		4,002,548		4,002,548	
12	2. Research							
13		43,718	43,718			43,747	43,747	
14	3. Academic Support, Student Services, and Institutional Support							
15	574,728	1,755,233	2,329,961		588,412	1,741,604	2,330,016	
16	4. Audit							
17	20,000	20,500	40,500					
18	5. Operation and Maintenance of Physical Plant							
19	594,728	911,485	1,506,213		588,412	948,888	1,537,300	
20	6. Scholarships and Fellowships							
21		202,189	202,189			202,189	202,189	
22	-----							
23	<u>Total</u>				<u>Total</u>			
24	5,185,217	2,933,125	8,118,342		5,179,372	2,936,428	8,115,800	
25	Total audit costs are estimated to be \$54,000 for the biennium. Twenty-five percent of these costs are to be paid							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General		Current	Total	General		Current	Total
	<u>Fund</u>	<u>Unrestricted</u>			<u>Fund</u>	<u>Unrestricted</u>		
1								
2								
3								
4	from funds other than those appropriated in items 1 through 6.							
5	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
6	State	Federal			State	Federal		
7	General	Special	Special		General	Special	Special	
8	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>
9	TOTAL SECTION F							
10	88,615,288	47,271,497	1,189,860	137,076,645	88,979,979	47,136,407	1,240,754	137,357,140
11	NOTE: The total of state special revenues for section F includes the following amounts of current unrestricted							
12	funds:							
13	Fiscal 1988	-----	\$45,473,471					
14	Fiscal 1989	-----	\$45,168,060					

AGENCY: DEPARTMENT OF FAMILY SERVICES

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	0.00	557.88	541.38	545.71	557.88	541.38	545.71	N/A
Personal Services	\$0	\$13,005,191	\$12,646,626	\$12,765,608	\$13,028,380	\$12,670,762	\$12,786,051	N/A
Operating Expenses	0	2,761,925	1,929,233	2,637,407	2,807,298	1,955,431	2,640,744	N/A
Equipment	0	482,179	8,500	156,298	478,148	8,950	114,298	N/A
Non-Operating	0	14,560,621	13,915,532	14,386,294	14,555,621	13,969,860	14,381,294	N/A
TOTAL EXPENSES	0	\$30,809,916	\$28,499,891	\$29,945,607	\$30,869,447	\$28,605,003	\$29,922,387	N/A
FUNDING								
General Fund	\$0	\$20,307,588	\$18,448,066	\$19,498,103	\$20,317,806	\$18,497,613	\$19,477,494	N/A
State Special Revenue	0	164,451	75,151	75,151	163,542	74,242	74,242	N/A
Federal Revenue	0	10,337,877	9,976,674	10,372,353	10,388,099	10,033,148	10,370,651	N/A
TOTAL FUNDING	\$0	\$30,809,916	\$28,499,891	\$29,945,607	\$30,869,447	\$28,605,003	\$29,922,387	108.47

Program Description: As a result of the Governor's Council on Reorganization of Youth Services, House Bill 325 was introduced to implement the recommendations of the council. This budget reflects the intent of House Bill 325 to reorganize youth services provided within the Departments of Institutions and Social and Rehabilitation Services into a new Department of Family Services. House Bill 325 in its current form does not include the county probation officers as originally proposed, therefore, the budgets do not reflect the county probation budget with 87.50 FTE and total operating costs of \$2,846,447 in each year of the biennium.

The proposed Department consists of six programs: Management Support, Social Services, Mountain View School, Pine Hills School, Aftercare Services, and Youth Evaluation. Each of these programs is discussed in the narrative that follows.

AGENCY, DEPARTMENT OF FAMILY SERVICES

LEGISLATIVE ACTION

PROGRAM, MANAGEMENT SUPPORT

BUDGET ITEM	FY 1986	Fiscal 1988		Fiscal 1989			
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	0.00	15.50	0.00	15.50	15.50	0.00	15.50
Personal Services	\$0	\$401,124	\$0	\$401,124	\$400,791	\$0	\$400,791
Operating Expenses	0	321,833	0	321,833	324,200	0	324,200
Equipment	0	17,000	0	15,025	22,000	0	8,025
TOTAL EXPENSES	\$0	\$739,957	\$0	\$737,982	\$746,991	\$0	\$735,016
FUNDING							
General Fund	\$0	\$467,405	\$0	\$466,158	\$472,799	\$0	\$463,954
Federal Revenue	0	272,552	0	271,824	274,192	0	269,062
TOTAL FUNDING	\$0	\$739,957	\$0	\$737,982	\$746,991	\$0	\$735,016

Program Description: The Management and Support program provides the administrative and fiscal support for the department as well as overall policy development and program supervision.

Budget: The program includes 15.5 administrative staff. However, because this is a new program the specific functions of each position have not been finalized. Operating costs of \$321,033 in fiscal 1988 and \$324,200 in fiscal 1989 were approved by the subcommittee. Because there is no historical base, the level of funding for operations was based on the executive estimate of initial costs to establish the new department and comparable historical expenditures from the Administration and Support Program of SRS. Due to the newness of the program, it was the subcommittee's intent that the program be allowed some flexibility in adjusting funds within various operating budget categories. Equipment approved by the subcommittee include office furniture for five regional offices, and data and word processing equipment.

Funding: Funding for the program is a combination of federal and general funds. The amount of federal funds actually received by the program depends on a time-study cost allocation system that assesses other programs in the department according to the amount of time Management Support staff are involved in specific federally funded programs. Because a large portion of the programs in the new Family and Youth Service department are primarily general funded, the percent of general fund in the Management support program is approximately 63 percent of total funds.

AGENCY, DEPARTMENT OF FAMILY SERVICES

LEGISLATIVE ACTION

PROGRAM, SOCIAL SERVICES

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	376.64	344.12	359.92	341.55	344.12	359.92	341.55	-35.09
Personal Services	\$ 8,319,168	\$ 8,032,394	\$ 8,459,274	\$ 7,968,469	\$ 8,033,393	\$ 8,462,979	\$ 7,969,193	-4.22
Operating Expenses	1,117,980	1,155,852	1,045,969	1,085,065	1,199,978	1,045,212	1,088,327	-2.94
Equipment	23,059	424,445	6,245	106,273	424,445	6,245	106,273	360.87
Total Operating	\$ 9,460,207	\$ 9,612,691	\$ 9,511,488	\$ 9,159,807	\$ 9,657,816	\$ 9,514,436	\$ 9,163,793	-3.18
Benefits								
West Yellowstone	\$ 7,150	\$ 7,150	\$ 7,149	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	0.00
Special Adopt/Children's Trust	15,820	89,000	0	0	89,000	0	0	-100.00
Home Health	30,035	15,047	15,047	15,047	15,047	15,047	15,047	-49.90
Legal	50,000	0	0	0	0	0	0	-100.00
Child Abuse	98,395	81,617	81,617	81,617	81,617	81,617	81,617	-17.05
Domestic Violence	131,404	131,871	100,000	135,700	131,871	100,000	135,700	3.27
Subsidized Adopt	147,955	175,531	146,658	175,531	175,531	145,712	175,531	18.64
Refugee	180,941	200,000	180,941	200,000	200,000	180,941	200,000	10.53
Big Brothers	217,301	203,400	203,400	150,000	203,400	203,400	150,000	-30.97
Alcohol & Drug	201,286	213,750	205,000	205,000	213,750	205,000	205,000	1.85
Day Care	390,102	418,761	389,983	418,761	418,761	389,983	418,761	7.35
SSI	819,500	919,790	819,500	919,790	919,790	819,500	919,790	12.24
Aging	4,177,728	4,326,750	4,283,427	4,549,744	4,321,750	4,278,427	4,544,744	8.90
Foster Care	7,027,031	7,777,954	7,482,810	7,527,954	7,777,654	7,543,084	7,527,954	7.13
Total Benefits	\$13,494,648	\$14,560,621	\$13,915,532	\$14,386,294	\$14,555,621	\$13,969,861	\$14,381,294	6.61
TOTAL EXPENSES	\$22,954,855	\$24,187,612	\$23,427,020	\$23,546,101	\$24,227,737	\$23,484,297	\$23,545,087	2.58
FUNDING								
General Fund	\$13,715,347	\$14,711,299	\$14,100,624	\$14,066,940	\$14,702,946	\$14,101,530	\$14,064,970	2.56
Federal Revenue	9,239,508	9,476,313	9,326,396	9,479,161	9,524,791	9,382,766	9,480,117	2.59
TOTAL FUNDING	\$22,954,855	\$24,187,612	\$23,427,020	\$23,546,101	\$24,227,737	\$23,484,296	\$23,545,087	2.58

Program Description: The Social Services Division provides a variety of social services to children, adults, and senior citizens to ensure their health, welfare, and safety. Services to children include foster care, protective day care, Big Brothers and Sisters, adoption referral and counseling, and coordination of youth court and school programs to reduce instances of delinquency. Services to adults include spouse abuse counseling, services to unmarried parents, health and nutrition programs, and work incentive programs. Services to senior citizens include congregational meals, transportation, funding for senior centers, homemaker services, and legal advocacy. The Social Services Division is also responsible for administration of the state's supplemental security income payments to eligible recipients.

This program was transferred from the Department of Social and Rehabilitation Services, SRS, to the new department of Family and Youth Services. No significant changes were made in either the mission of the program or the types of services provided.

Legislative Intent: Within the subsidized adoption program, it was the committee's intent that SRS continue its policy of only accepting children who are eligible for IV-E funding as new clients for the program. The committee also requested that if allowed under federal regulations, the department reduce the state's portion of the supplemental security income payment an amount equal to any increase in the federal portion of the payment.

Budget: Total funds for the Social Services Program increased 2.6 percent from fiscal 1986 to fiscal 1989. General fund increased at about the same rate as federal funds. The reduction in FTE from the fiscal 1986 level of 376.64 results from 1) the transfer of the 20 percent of the cost of county welfare directors and clerical staff to SRS which is the equivalent of 15.8 FTE; 2) the department's elimination of 16.54 homemaker FTE positions in response to the 5 percent reduction; and 3) 2.57 FTE who were eliminated as part of the reduction proposed during special session III. Prior to the transfer of the Social Services Program to the new Family and Youth Services Department, this program paid 20 percent of the cost of the county welfare directors and their clerical staff. The remaining 80 percent was paid in the Eligibility Determination Bureau of SRS. The significant increase in equipment is primarily to purchase computers and word processing equipment for the program. The subcommittee did reduce the equipment request that was included in the executive request from \$424,445 per year to \$106,273 per year of the 1989 biennium.

The following describes the subcommittee's action on the benefit portion of the Social Services Program.

West Yellowstone: Services provided under this grant include social services to the West Yellowstone community where there is no full time department employee. Funding for this grant is 75 percent General fund and 25 percent local funds.

Home Health: This grant is similar to the West Yellowstone grant and provides home health services to Lewis and Clark County. In addition to the \$15,047 of General fund included in the grant, Lewis and Clark County provides an equal amount of local funds in support of the program.

Special Adoption: This was a one-time federal grant to help place children with special needs. No funds were available for the 1989 biennium.

Legal Services: During the 1987 biennium the department contracted with Montana Legal Services to provide legal counseling to low income persons. This program was eliminated during Special Session III.

Child Abuse: This is a 100 percent federally funded program. Services provided include education and information dissemination about physical and sexual abuse of children. The department contracts with a number of local agencies to provide these services. Total funding for the program was according to the amount of federal funds anticipated to be available.

Domestic Violence: It was the subcommittee's intent that funding for this program be offset by revenue collected through the marriage license fee. The current level projection of the revenue from the marriage license fee is \$100,000 per year of the 1989 biennium. The committee has requested an increase of \$5.00 in the fee to raise an additional \$35,700 that could offset the increase in the domestic violence program from the \$100,000 projected under the current level.

Subsidized Adoption: This program is designed to assist families in adopting children with special needs such as physical or mental handicaps, or in adoption of sibling groups. The actual amount of the subsidy paid to the family varies according to the severity of the disability and the financial resources of the family. If the child is eligible for federal Title IV-E, funding of the program is shared at the same federal matching rate as medicaid. If the child is not IV-E eligible, the cost is 100 percent general fund. Under current department administrative rules, an eligible family may continue to receive the subsidy payment until the child is 18 years old. During fiscal 1986, the department instituted a policy that only IV-E eligible children would be accepted as new clients for the subsidized adoption program. The subcommittee adopted the executive recommendation for the level of subsidized adoption for the 1989 biennium. Funding for the program is approximately 62 percent general fund. The subcommittee also intended that the department continue the policy of only accepting IV-E eligible children into the program.

Refugee: Funds under this program provide a variety of social services for Indo-Chinese refugees including day care, social services, and employment referral. Funding for the program was set by the subcommittee at the level of anticipated available federal funds.

Big Brothers and Sisters: During the 1987 biennium, this program was funded with a combination of 75 percent general fund and 25 percent local funds. The subcommittee adopted a general fund level of \$150,000 per year of the 1989 biennium which is equivalent to the amount of additional revenue that is expected as a result of a \$25.00 increase in the marriage dissolution fee as proposed under HB 460. Local funds are no longer included in the appropriation for this program; therefore, the level of state funding is nearly equal to the amount provided during the 1987 biennium. Because this program primarily provides services to children from divorced families, it was the intent of the committee that future funding for this program be tied to revenue generated from the marriage dissolution fee.

Alcohol and Drug Treatment: Funding for this program is general fund that is offset by a \$.30 tax per barrel of beer. Funding for the 1989 biennium was set at the level of anticipated revenue that would be generated through the beer tax.

Day Care: This program provides day care services to abused and neglected children as an alternative to foster care. The funding for this program is equivalent to the anticipated fiscal 1987 expenditure level. Funding for this program depends on the eligibility of the client for AFDC related day care, refugee funding or non-AFDC related day care which is 100 percent general fund. Because a large percent of the service provided are to children who do not meet the AFDC eligibility criteria, total funding for the program is approximately 67 percent general fund.

Supplemental Security Income: The state currently supplements the federal Supplemental Security Income payment. Because the state supplement is intended to assist people in remaining in the community rather than being institutionalized, the amount of the state supplement is based on the recipient's type of community residence. The amount of the supplement ranges from \$26.00 per month for someone living in a developmental disability semi-independent living home, to \$94.00 to someone living in a developmental disabilities group home. The subcommittee adopted the executive funding level which included the anticipated level of payments for fiscal 1987. Funding for this program is 100 percent general fund.

Aging Services: Aging services are provided through contracts with eleven regional Area Agencies on Aging. Services include a variety of supportive social services intended to enable seniors to maximize their independence and remain in their homes. Included are legal advocacy, training of volunteers, congregate meals, home delivered meals, and statewide coordination of the aging program network of services. Funding for the program was set according to the level of anticipated available federal funds. The following table shows the Aging Services funding from fiscal 1984 through the 1989 biennium.

Table 1
Aging Services
Fiscal 1984 through Fiscal 1986 and 1989 Biennium

	Fiscal 1984	Fiscal 1985	Fiscal 1986	Fiscal 1988	Fiscal 1989
Federal Funds					
Social Services III-B	\$1,249,054	\$1,141,222	\$1,328,720	\$1,264,878	\$1,264,878
Cong. Units III-C1	1,741,457	1,813,467	1,584,757	1,654,613	1,654,613
Home Del. Meals III-C2	370,897	392,575	229,665	352,143	352,143
Cash-in-lieu of Comm.	445,344	504,849	377,424	626,980	626,980
Title IV Training	31,517	38,927	24,439	30,000	30,000
Total Federal Funds	\$3,838,269	\$3,891,040	\$3,545,005	\$3,928,614	\$3,928,614
General Fund					
State Match	\$ 189,828	\$ 178,027	\$ 178,867	\$ 192,449	\$ 192,449
Information/Referral	126,685	135,808	126,065	137,681	137,681
In-Home Service	273,600	257,357	289,627	291,000	286,000
Legacy Legislature	5,000	5,000	5,000	0	0
Total General Fund	\$ 595,113	\$ 576,192	\$ 599,559	\$ 621,130	\$ 616,130
Total Program Costs	\$4,433,382	\$4,467,232	\$4,144,564	\$4,549,744	\$4,544,744

State matching funds for the federal Aging grant is equal to 5.88 percent of the federal funds available. The \$5,000 that was included in the current level for the legacy legislature was moved to in-home services.

Foster Care: Through contracts with local providers, the foster care program provides a continuum of alternative residential services for children. During fiscal 1986, foster care services were provided to 2,581 children at an overall average cost of \$2,882 per child. The following table shows the average number of children served and the cost of care by service for fiscal 1984 through fiscal 1986.

The increase in total foster care costs are attributable to the increase in the average cost per child for intensive residential care services both in-state and out-of-state. In fact, for out-of-state placements, despite an actual decline in the number of children served from 56 in fiscal 1985 to 48 in fiscal 1986, the cost per child increased \$2,057 as a result of increases in the length of stay and the daily cost of service. The less intensive (and less expensive) services did not experience a similar rate of growth. The average cost per child actually declined for group home care, while shelter care and foster family experienced only a moderate rate of growth.

Funding for the foster care program is a mix of federal, state, and county funds that depend on the eligibility of the child for a particular type of program and whether the child is located in a county where the state has assumed responsibility for the welfare program. In addition to increases in the total cost of the foster care program, the general fund portion of the total costs has also increased. The following table shows funding for the foster care program from fiscal 1984 through fiscal 1989.

Table 2
Comparison of Foster Care Funding
Fiscal 1984 through Fiscal 1989

Type of Fund	Fiscal 1984	Fiscal 1985	Fiscal 1986	Fiscal 1988	Fiscal 1989	% Increase 1984-1989
County Funds	\$ 657,832	\$ 862,796	\$1,155,602	\$1,324,167	\$1,324,167	102.0
Federal Funds	1,451,651	1,298,903	1,429,245	1,675,813	1,675,813	15.4
General Funds	2,804,019	3,510,968	4,442,184	4,527,974	4,527,974	61.4
Total Funds	\$4,913,502	\$5,672,667	\$7,027,031	\$7,527,954	\$7,527,954	53.2

Funding for the foster care program during the 1989 biennium was set at the fiscal 1987 anticipated level of expenditure. As may be seen from the above table, costs for the foster care program have increased from \$4,913,502 in fiscal 1984 to \$7,527,954 in fiscal 1988 or an increase of 39.4 percent in four years.

Modifieds Recommended:

1. Foster Care: The subcommittee approved additional funding of \$250,000 per year to provide community intervention services as a method of reducing more expensive residential treatment programs for foster care youth. Funding for the additional services are \$218,750 general fund and \$31,250 county funds each year of the biennium.

2. A 2 percent rate increase for foster care providers: A 2 percent increase was approved by the subcommittee for each year of the biennium. Cost of the increase will be \$103,425 in fiscal 1988 of which \$76,535 is general fund and \$208,919 in fiscal 1989 of which \$154,600 is general fund.

3. Children's Trust Fund: \$89,000 per year of the 1989 biennium was approved to be used by the department to develop and implement a state plan for abused children and to better coordinate services currently provided. These funds are state special revenue funds from the Children's Trust Fund Account.

AGENCY: DEPARTMENT OF FAMILY SERVICES

LEGISLATIVE ACTION

PROGRAM: MOUNTAIN VIEW SCHOOL

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
FTE	64.49	67.49	64.49	62.69	67.49	64.49	62.69		-1.80	
Personal Services	\$1,381,287	\$1,528,116	\$1,482,997	\$1,450,169	\$1,536,372	\$1,490,576	\$1,457,610		4.99	
Operating Expenses	245,108	324,747	266,692	302,454	323,502	273,612	300,037		23.40	
Equipment	359	1,902	0	3,000	1,259	0	0		735.65	
TOTAL EXPENSES	<u>\$1,626,754</u>	<u>\$1,854,765</u>	<u>\$1,749,689</u>	<u>\$1,755,623</u>	<u>\$1,861,133</u>	<u>\$1,764,188</u>	<u>\$1,757,647</u>		7.92	
FUNDING										
General Fund	\$1,519,239	\$1,739,326	\$1,619,151	\$1,631,795	\$1,746,590	\$1,636,546	\$1,634,715		7.41	
State Special Revenue	1,715	15,982	15,982	15,982	14,982	14,982	14,982		831.90	
Federal Revenue	105,800	99,457	114,556	107,846	99,561	114,660	107,950		1.92	
TOTAL FUNDING	<u>\$1,626,754</u>	<u>\$1,854,765</u>	<u>\$1,749,689</u>	<u>\$1,755,623</u>	<u>\$1,861,133</u>	<u>\$1,764,188</u>	<u>\$1,757,647</u>		7.92	

Program Description: Mountain View School is responsible for the care, education and rehabilitation of juvenile girls who are committed to the school by district courts. The school also contracts with the federal government to care for girls who are in federal custody. The school is reflected in the proposed Department of Family Services as proposed in House Bill 325.

The average daily population of the school was nearly 56 girls in fiscal 1986 compared with 39 in fiscal 1984 and a budgeted population of 45. The population is continuing to grow in fiscal 1987 with a current average daily population of nearly 59 girls.

The fiscal 1986 expenditures reflected in the table above do not include expenditures of the youth detention facility funded in fiscal 1986 but eliminated during Special Session III in June 1986.

Budget: To meet the pay plan shortfall in fiscal 1987, 1.8 FTE are deleted. A vacancy savings rate of 1 percent is applied to direct care staff while a 4 percent rate is applied to non-direct care staff. Operating expenses increase 23.4 percent as a result of adding the medical costs of \$22,781 each year that were budgeted and paid out of the corrections medical budget in fiscal 1986. Contracted services have been increased \$9,619 to provide housekeeping

services, the school does not have housekeeping staff, psychiatrist consultations were increased \$1,370 and insurance fees increased \$1,401. Audit fees for the biennial audit are included at \$9,240. Merchandise for resale is increased \$12,000 to expand the school's canteen operation to meet the anticipated demand. Federal indirect costs are included at \$3,500 each year of the biennium.

A biennial appropriation of \$3,000 was approved to allow equipment purchases at the discretion of the Department.

Funding: The school is funded primarily from the general fund, however, the school operates a canteen funded through the sale of products to the girls with authority in a state special revenue canteen fund. The school also has state special revenue donated funds of \$3,000 in fiscal 1988 and \$2,000 in fiscal 1989.

The school's federal funds consist of Federal boarder reimbursement of \$10,000 each year, school foods of \$58,704 each year and ECLA title I funds of \$39,142 in fiscal 1988 and \$39,246 in fiscal 1989.

Modifieds Recommended:

1. Population Increase: The subcommittee approved a modified request for staff and the incremental operating expenses of an anticipated population increase to 70 average daily population. This action adds 4.8 FTE costing \$86,104 in fiscal 1988 and \$86,422 in fiscal 1989. Operating costs increase \$27,399 each year.

AGENCY, DEPARTMENT OF FAMILY SERVICES

LEGISLATIVE ACTION

PROGRAM, PINE HILLS SCHOOL

BUDGET ITEM	FY 1986		Fiscal 1988		Fiscal 1989		FY 86-88 % Change
	Actual		Executive	Current Level	Executive	Current Level	
FTE	116.97		118.77	116.97	118.77	116.97	-3.00
Personal Services	\$2,568,577		\$2,765,373	\$2,704,355	\$2,779,705	\$2,717,207	3.86
Operating Expenses	596,603		678,612	616,572	678,737	636,607	10.31
Equipment	14,517		605	2,255	450	2,705	-86.22
TOTAL EXPENSES	\$3,179,697		\$3,444,590	\$3,323,182	\$3,458,892	\$3,356,519	4.66
FUNDING							
General Fund	\$2,594,337		\$2,809,366	\$2,728,291	\$2,823,577	\$2,761,537	6.30
State Special Revenue	45,571		59,169	59,169	59,260	59,260	29.84
Federal Revenue	539,789		576,055	535,722	576,055	535,722	-5.38
TOTAL FUNDING	\$3,179,697		\$3,444,590	\$3,323,182	\$3,458,892	\$3,356,519	4.66

Program Description: Pine Hills School is responsible for the care and custody of juvenile boys aged 10 to 21, who have been sentenced to the institution by the courts. Title 53-30-202, MCA, establishes Pine Hills as a correctional facility to diagnose, care for, train, educate, and rehabilitate children in need of these services. Pine Hills has a capacity of 115 students in five cottages. However, due to the sharp increase in the institution's population, during fiscal 1986, the institution opened an old cottage to house the additional population, which reached a high of 135 students in May 1986. The average daily population at the facility was 120 with an average length of stay of 9 months. The fiscal 1986 current level budget was for an average daily population of 88 with an average length of stay of 6.5 months. The 1989 biennium current level is based on an average daily population of 120 students.

Budget: To meet the pay plan shortfall in fiscal 1987, 3.0 FTE are deleted. A vacancy savings rate of 1.7 percent was applied to direct care staff while a 4 percent rate was applied to non-direct care staff. Operating expenses have been increased \$41,923 for medical costs that were previously budgeted and paid out of the corrections medical budget. Audit fees are increased \$10,618 in fiscal 1988 to reflect the full cost of the schools biennial audit. The canteen authority is increased \$10,942 to allow sufficient authority for the anticipated demand.

A biennial appropriation of \$2,000 was approved to allow the agency to purchase equipment at their discretion.

Funding: The school is funded primarily from the general fund which increases 6.3 percent from fiscal 1986 to fiscal 1988. The school's state special revenue consists of alcohol earmarked funds to fund a 1.0 FTE alcohol counselor costing \$29,669 in fiscal 1988 and \$29,760 in fiscal 1989, canteen funds of \$25,000 each year and donations of \$4,500 each year of the biennium.

Federal and other funds consist of school foods of \$90,000 each year, ECIA title I funds of \$80,802 each year, ECIA title IV funds of \$900 each year, and federal boarder reimbursement of \$54,020 each year of the biennium. The school also receives funds from an interest and income account managed by the Department of State Lands. These revenues are projected to be \$285,000 each year of the biennium. *285,000 for the biennium*

Modifieds Recommended:

1. Population Increase: A modified request was approved to add staff and the incremental operating cost for an anticipated population increase to an average daily population of 130 for the 1989 biennium. This action adds 4.8 FTE costing \$82,035 in fiscal 1988 and \$82,279 in fiscal 1989 while additional operating costs add \$17,427 in fiscal 1988 and \$17,845 in fiscal 1989. Additional medical costs of \$3,064 each year are added for the additional population.

AGENCY: DEPARTMENT OF FAMILY SERVICES

LEGISLATIVE ACTION

PROGRAM: AFTERCARE SERVICES

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current	Level	Subcommittee	Executive	Current	Level	Subcommittee	
FTE	0.00	6.00	0.00	0.00	6.00	6.00	0.00	0.00	6.00	N/A
Personal Services	\$0	\$158,062			\$158,062	\$158,116		\$0	\$158,116	N/A
Operating Expenses	0	240,986		0	243,764	240,986		0	243,764	N/A
Equipment	0	36,071		0	30,000	29,138		0	0	N/A
TOTAL EXPENSES	\$0	\$435,119		\$0	\$431,826	\$428,240		\$0	\$401,880	N/A
FUNDING										
General Fund	\$0	\$432,319		\$0	\$429,026	\$425,440		\$0	\$399,080	N/A
Federal Revenue	0	2,800		0	2,800	2,800		0	2,800	N/A
TOTAL FUNDING	\$0	\$435,119		\$0	\$431,826	\$428,240		\$0	\$401,880	N/A

Program Description: This program is transferred from the Department of Institutions Corrections Division. The program provides supervision for adjudicated youth in need of supervision or juvenile delinquent. The program provides placements in four group homes or in independent living.

Budget: The budget provides for 6.0 FTE aftercare counselors and an average daily population of 26 youths. A biennial appropriation of \$30,000 was approved for the purchase of equipment. There were no specific items that correspond to the equipment appropriation; however, much of the discussion centered on the need to replace 10 year old vans.

Funding: This program is funded entirely with general fund except for \$2,800 of interest and income each year of the biennium.

PROGRAM: YOUTH EVALUATION

Program Description: The Youth Evaluation Program is transferred from the Department of Institutions Corrections Division. The program provides 45-day evaluations of youths aged 10-17 who have been referred by the courts. These evaluations are provided in a less restrictive community environment rather than in an institutional setting such as Pine Hills or Mountain View.

Budget: The budget provides for an average daily population of 6 youth. The program has 6.0 FTE, including 4.0 FTE cottage life attendants, 1.0 FTE program officer, and a 1.0 FTE social worker.

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AGENCY: BOARD OF PUBLIC EDUCATION

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00
Personal Services	\$ 65,323	\$ 69,191	\$ 68,117	\$ 73,992	\$ 69,090	\$ 68,007	\$ 73,822	13.27
Operating Expenses	37,932	34,505	38,564	33,242	32,221	36,195	30,673	-12.36
Equipment	2,420	0	0	0	0	0	0	-100.00
TOTAL EXPENSES	<u>\$105,675</u> =====	<u>\$103,696</u> =====	<u>\$106,681</u> =====	<u>\$107,234</u> =====	<u>\$101,311</u> =====	<u>\$104,202</u> =====	<u>\$104,755</u> =====	<u>1.46</u> =====
GENERAL FUND	<u>\$105,675</u> =====	<u>\$103,696</u> =====	<u>\$106,681</u> =====	<u>\$107,234</u> =====	<u>\$101,311</u> =====	<u>\$104,202</u> =====	<u>\$104,755</u> =====	<u>1.46</u> =====

Program Description: The Board of Public Education is responsible for exercising general supervision over the public school system and is the statutorially designated governing board of the Montana School for the Deaf and Blind and the Montana Fire Services Training School. The board consists of seven members appointed by the Governor and confirmed by the senate.

Budget: Two additions were made to personal services: 1) travel per diem was raised \$2,537 each year to allow board members per diem on the days they must travel to meetings, and 2) other per diem was increased \$2,262 to \$5,600, which will allow \$50 per day per member for eight board meetings each year.

Several adjustments were made to operating expenses: 1) audit costs of \$2,400 were added in fiscal 1988, 2) NASBE dues of \$4,420 were eliminated, 3) secretarial service costs were reduced \$1,425, as the expense was incurred during a temporary staff shortage, 4) legal fees were reduced \$2,982, as it is anticipated one of the lawsuits currently pending before the board will be settled, 5) \$590 was added each year for administrative rules, 6) \$662 in advertising costs were deleted, and 7) travel was increased \$1,805 to allow board members to attend meetings of interest around the state.

AGENCY: FIRE SERVICES TRAINING SCHOOL

LEGISLATIVE ACTION

PROGRAM: FIRE SERVICES TRAINING SCHOOL

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	% Change
FTE	6.00	5.00	5.00	5.00	5.00	5.00	5.00	-1.00
Personal Services	\$183,293	\$156,349	\$162,571	\$162,571	\$156,116	\$162,964	\$162,964	-11.31
Operating Expenses	53,215	58,198	50,643	50,643	56,846	48,476	48,476	-4.83
Equipment	5,553	0	0	0	500	2,000	2,000	-100.00
TOTAL EXPENSES	\$242,061	\$214,547	\$213,214	\$213,214	\$213,462	\$213,440	\$213,440	-11.92
FUNDING								
General Fund	\$227,940	\$200,547	\$199,214	\$199,214	\$199,462	\$199,440	\$199,440	-12.60
Federal Revenue	12,501	2,000	2,000	2,000	2,000	2,000	2,000	-84.00
Proprietary Revenue	1,620	12,000	12,000	12,000	12,000	12,000	12,000	640.74
TOTAL FUNDING	\$242,061	\$214,547	\$213,214	\$213,214	\$213,462	\$213,440	\$213,440	-11.92

Program Description: The Fire Services Training School, located in the Great Falls Vocational-Technical Center, is supervised by the Board of Public Education. The purpose of the school is to provide support and training for the state's fire services. The school also provides some public education programs to promote fire safety and prevention.

Budget: The subcommittee budget provides an 11.9 percent decrease from fiscal 1986 to fiscal 1988. Personal services costs decrease by 11.3 percent due to the reduction of one FTE fire services instructor stationed in eastern Montana. Operating expenses decrease by 4.8 percent between fiscal 1986 and 1988. The reduction is due to removing the expenditures from a non-renewable federal planning grant in the amount of \$12,000 and increasing travel costs by \$1,675 due to the elimination of the fire services instructor. Other operating cost increases are a \$3,000 proprietary account for goods for resale and \$2,000 for resource materials provided by the federal revenue. Audit costs of \$2,400 are included in fiscal 1988 only. Equipment costs decrease from fiscal 1986 to 1988. Three computers were purchased in fiscal 1986. The equipment budget for fiscal 1989 allows for the purchase of components to enhance present equipment.

Funding: The proprietary fund has been maintained at \$12,000 annually, the level established in Special Session III. The intent was that the school would charge fees for the use of materials and audiovisuals provided through the resource library. Federal funds decrease by 84 percent because of a one-time federal planning grant for \$12,000 was utilized in fiscal 1986. The \$2,000 in federal grant funds for fiscal 1988 and fiscal 1989 are for resource materials. DNR:ar:sts.

AGENCY: SCHOOL FOR THE DEAF AND BLIND

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	86.82	84.63	84.63	84.63	84.63	84.63	84.63	-2.19
Personal Services	\$1,916,671	\$1,954,770	\$1,917,542	\$1,973,951	\$1,952,819	\$1,917,648	\$1,974,027	2.99
Operating Expenses	413,397	460,579	427,932	462,928	453,919	424,556	460,956	11.98
Equipment	51,269	18,450	12,100	12,000	10,750	7,500	12,000	-76.59
TOTAL EXPENSES	\$2,381,337	\$2,433,799	\$2,357,574	\$2,448,879	\$2,417,488	\$2,349,704	\$2,446,983	2.84
FUNDING								
General Fund	\$1,967,908	\$2,027,194	\$1,949,204	\$2,040,509	\$2,030,410	\$1,941,778	\$2,039,057	3.69
Federal Revenue	413,429	406,605	408,370	408,370	387,078	407,926	407,926	-1.22
TOTAL FUNDING	\$2,381,337	\$2,433,799	\$2,357,574	\$2,448,879	\$2,417,488	\$2,349,704	\$2,446,983	2.84

Program Description: Montana State School for the Deaf and Blind is a school for children whose hearing and/or vision is so significantly impaired that they are unable to receive an education in the public schools. Approximately 347 children, ranging in age from infancy to 18, are served by the school. Of these, approximately three-fourths are serviced by the school's Outreach and Itinerant Program. This program serves hearing impaired and visually impaired children in their local community and through local schools. The remaining one-fourth are served from the Great Falls campus. Seventy-five to 80 students reside on campus during the school year.

Legislative Intent: It is the intent of the legislature that the Audiological Services Program be administered by the Special Education Program in the Office of Public Instruction.

Budget: Personal services are decreased by three vacant 0.73 FTE teacher positions which were deleted. Vacancy savings was set at 4 percent for all programs except the Education Program which is at 1 percent. Audit costs increase by \$13,081 from fiscal 1986 to fiscal 1988. Travel costs increase by \$25,246 and \$26,651 for the student transportation program in fiscal years 1988 and 1989. Inflation increases due primarily to food and utilities, are \$14,404 and \$13,423 in fiscal years 1988 and 1989, respectively. Equipment decreased 76.59 percent because fiscal 1986 reflected the purchase of phonic ear equipment at \$30,000 and a van at \$14,662 while fiscal years 1988 and 1989 are budgeted at \$12,000 each year.

Funding: Funding for the school comes from Chapter I and Chapter II federal funds, interest and income, athletic event proceeds, federal school food service funds, and the general fund.

AGENCY: SCHOOL FOR THE DEAF AND BLIND

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION PROGRAM

BUDGET ITEM	FY 1986		Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	5.25		5.00	5.00	5.00	5.00	5.00	5.00	-0.25
Personal Services	\$137,409		\$135,598	\$135,609	\$135,609	\$135,500	\$135,516	\$135,516	-1.31
Operating Expenses	46,832		60,767	61,040	61,040	44,049	44,322	44,322	30.34
TOTAL EXPENSES	\$184,241		\$196,365	\$196,649	\$196,649	\$179,549	\$179,838	\$179,838	6.73
GENERAL FUNDING	\$184,241		\$196,365	\$196,649	\$196,649	\$179,549	\$179,838	\$179,838	6.73

Program Description: The Administration Program for the School for the Deaf and Blind is responsible for the centralized administrative functions of the school, including accounting, budgeting, personnel, and purchasing.

Budget: A 0.25 FTE administrative clerk position was transferred by the school to the Student Services Program in fiscal 1987. Four percent vacancy savings was taken. Operating expenses increase from fiscal 1986 to fiscal 1988 because of increased insurance costs of \$1,245 and the audit cost increase of \$13,081. There was no equipment approved for this program.

AGENCY: SCHOOL FOR THE DEAF AND BLIND

LEGISLATIVE ACTION

PROGRAM: GENERAL SERVICES PROGRAM

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	6.50	4.00	4.00	4.00	4.00	4.00	4.00	-2.50
Personal Services	\$118,436	\$ 91,171	\$ 91,014	\$ 91,014	\$ 91,692	\$ 91,542	\$ 91,542	-23.15
Operating Expenses	150,913	160,195	157,711	157,711	170,308	167,994	167,994	4.51
Equipment	3,510	6,190	0	0	1,650	0	0	-100.00
TOTAL EXPENSES	\$272,859	\$257,556	\$248,725	\$248,725	\$263,650	\$259,536	\$259,536	-8.84
GENERAL FUND	\$272,859	\$257,556	\$248,725	\$248,725	\$263,650	\$259,536	\$259,536	-8.84

Program Description: The General Services Program is responsible for the maintenance and operating of the school's facilities and grounds.

Budget: The 2.50 FTE decrease between fiscal years 1986 and 1988 are made up of a 0.75 FTE groundskeeper and 1.75 FTE custodial workers all of which were transferred to the Student Services Program and reclassified as cottage life attendants by the school in fiscal 1987. This program had 4 percent vacancy savings applied. Utilities increase of approximately \$10,177 because of inflation. Janitorial supplies were reduced approximately \$2,000 to delete one-time expenditures. There was no equipment approved for this program.

AGENCY: SCHOOL FOR THE DEAF AND BLIND

LEGISLATIVE ACTION

PROGRAM: STUDENT SERVICES

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current	Subcommittee	Executive	Current	Subcommittee	
FTE	27.47	31.95	31.95	31.95	31.95	31.95	31.95	4.48
Personal Services	\$526,660	\$603,951	\$576,045	\$590,984	\$603,428	\$575,578	\$590,485	12.21
Operating Expenses	99,040	112,183	100,866	126,112	115,127	103,819	130,470	27.35
Equipment	16,851	7,110	1,400	4,000	4,200	1,000	5,850	-76.26
TOTAL EXPENSES	\$642,551	\$723,244	\$678,311	\$721,096	\$722,755	\$680,397	\$726,805	12.22
FUNDING								
General Fund	\$612,551	\$693,244	\$643,311	\$686,096	\$692,755	\$645,397	\$691,805	12.01
Federal Revenue	30,000	30,000	35,000	35,000	30,000	35,000	35,000	16.67
TOTAL FUNDING	\$642,551	\$723,244	\$678,311	\$721,096	\$722,755	\$680,397	\$726,805	12.22

Program Description: The Student Services Program is responsible for the care and custody of the approximately 75-80 children residing on the Great Falls campus. The activities include meal preparation, infirmary care, and dorm supervision.

Budget: There were 4.48 FTE transferred to this program from the other three programs. These FTE were reclassified to cottage life attendants to meet the staffing needs for the six cottages. Vacancy savings of 4 percent was applied to this program.

Travel expenses were increased by \$25,246 in fiscal 1988 and \$26,651 in fiscal 1989 for the student transportation program making the total cost of the program \$51,058 and \$52,463 in fiscal years 1988 and 1989. The budget in this program is used to transport the resident children to their home and back nine times during the school year. This additional money was needed to contract with an airline to transport approximately 22 students who had previously been able to travel on commercial carriers who have since discontinued the services to the localities where the children reside. This budget correlates with Senate Bill 370 which is intended to provide for the transportation of the school's resident populations to and from their family homes.

The subcommittee approved an equipment budget of \$12,000 per fiscal year for the school with the understanding the school would make the determination of equipment priorities. The school intends to purchase the equipment as shown in the following table.

Table 1
School For the Deaf and Blind - Student Services Program Equipment Budget
1989 Biennium

<u>Equipment Item</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
3 - Dishwashers	\$ 800	\$ 400
1 - Vacuum	600	-0-
2 - Washer/Dryer Sets	2,600	-0-
1 - Commercial Vacuum	-0-	1,650
2 - Sofa Sets	-0-	1,800
1 - Food Processor	-0-	500
3 - Telecommunication Devices	-0-	510
2 - Telecaption Units	-0-	400
1 - Refrigerator	-0-	590
Total Equipment	<u>\$4,000</u>	<u>\$5,850</u>

Funding: Funding of \$35,000 per year is from the federal school food program. The remainder of the funding is from general fund.

AGENCY: SCHOOL FOR THE DEAF AND BLIND

LEGISLATIVE ACTION

PROGRAM: EDUCATION

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	47.60	43.68	43.68	43.68	43.68	43.68	43.68	-3.92
Personal Services	\$1,134,166	\$1,124,050	\$1,114,874	\$1,156,344	\$1,122,199	\$1,115,011	\$1,156,483	1.96
Operating Expenses	116,612	127,434	108,315	118,065	124,435	108,421	118,171	1.25
Equipment	30,908	5,150	10,700	8,000	4,900	6,500	6,150	-74.12
TOTAL EXPENSES	\$1,281,686	\$1,256,634	\$1,233,889	\$1,282,409	\$1,251,534	\$1,229,932	\$1,280,804	0.06
FUNDING								
General Fund	\$ 898,257	\$ 880,029	\$ 860,519	\$ 909,039	\$ 894,456	\$ 857,006	\$ 907,878	1.20
Federal and Other Revenue	383,429	376,605	373,370	373,370	357,078	372,926	372,926	-2.62
TOTAL FUNDING	\$1,281,686	\$1,256,634	\$1,233,889	\$1,282,409	\$1,251,534	\$1,229,932	\$1,280,804	0.06

Program Description: The Education Program is responsible for providing an education to the school's 75-80 resident as well as approximately 50 children from the Great Falls area for a total campus population of approximately 125-130. Elementary education and the core curriculum for junior high and high school are provided at the school. Approximately 35 students of junior high and high school age receive some instruction at the Great Falls schools primarily for elective courses. The outreach and itinerant services are provided to approximately 270 children in schools throughout Montana who have visual and/or hearing impairment. This service is provided by four 0.73 FTE teachers.

Budget: There were 1.73 FTE vacant teacher positions transferred to the Student Services Program by the school and reclassified as cottage life attendants. Three vacant 0.73 teacher positions were deleted from this program. Two were vacant all of fiscal 1986 and to date in fiscal 1987. The other position was a classroom and shop teacher position that became vacant in August. The responsibilities of this position were transferred to other teacher positions and the school plans on holding this position open through fiscal 1987. Vacancy savings of 1 percent was taken for this program.

Educational supplies of \$2,236 and postage of \$2,335 were reduced each fiscal year to bring these expenditure categories to the fiscal 1986 appropriated expenditure levels. The subcommittee added \$9,750 each year for the school to replace outdated textbooks. This increased the amount budgeted for textbooks to \$27,858 each fiscal year. The

subcommittee approved an equipment budget of \$12,000 each fiscal year for the school and let the school decide its priorities as to what equipment should be purchased. The school allocated \$8,000 for fiscal 1988 and \$6,150 for fiscal 1989 for the Education Program. Table 2 shows the equipment the school plans to purchase.

Table 2
School For the Deaf and Blind - Education Program Equipment Budget
1989 Biennium

<u>Equipment Item</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Typewriters	\$5,700	\$ -0-
Commercial Washer/Dryer	2,300	-0-
2 - Portable Sewing Machines	-0-	360
1 - Commercial Vacuum	-0-	2,000
2 - Telecommunication devices	-0-	340
Computer Equipment	-0-	<u>3,450</u>
Total Equipment	<u>\$8,000</u>	<u>\$6,150</u>

Funding: Funding includes \$168,820 and \$168,426 of Chapter I funds for fiscal years 1988 and 1989, \$3,000 each fiscal year from athletic events, \$1,500 each fiscal year from Chapter II funds and \$200,000 each fiscal year from the school's interest and income funds. Interest and income fund reductions from fiscal 1986 to fiscal 1988 in the amount of \$10,673 account for the 2.62 percent decline in the federal and other revenues.

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	134.1	129.60	125.85	125.90	129.60	125.85	125.90	-8.2
Personal Services	\$3,525,842	\$3,664,634	\$3,589,706	\$3,598,817	\$3,664,124	\$3,588,960	\$3,597,934	2.07
Operating Expenses	2,038,450	1,749,873	1,705,744	1,661,965	1,707,720	1,666,841	1,623,014	-18.47
Equipment	134,325	55,001	44,101	68,374	37,900	27,000	68,378	-49.10
Non-Operating	388,365	331,910	370,807	408,612	331,910	370,553	408,432	9.82
TOTAL EXPENSES	\$6,086,982	\$5,801,418	\$5,710,358	\$5,737,768	\$5,741,654	\$5,653,354	\$5,697,758	-5.74
FUNDING								
General Fund	\$3,112,832	\$2,743,104	\$2,769,246	\$2,578,529	\$2,690,945	\$2,722,084	\$2,547,409	-17.16
State Special Rev	678,908	695,557	667,950	675,517	696,893	667,947	675,437	-0.50
Federal Revenue	2,295,242	2,362,757	2,273,162	2,483,722	2,353,816	2,263,323	2,474,912	8.21
TOTAL FUNDING	\$6,086,982	\$5,801,418	\$5,710,358	\$5,737,768	\$5,741,654	\$5,653,354	\$5,697,758	-5.74

Program Description: The Office of Public Instruction (OPI) provides general supervision of the public primary and secondary schools and postsecondary vocational technical centers in Montana. OPI administers federal and state regulations applicable to the school districts, provides technical and curriculum assistance, monitors federal programs and expenditures, provides state leadership to school districts, and disburses state funds to school districts. The Superintendent of Public Instruction is an elected official and serves a four-year term.

The state administrative function was composed of five programs in the 1987 biennium: Chief State School Officer, Basic Skills, Vocational Education, Administrative Services, and Special Services. The office has reorganized, and is now composed of four programs: Chief State School Officer, Vocational Education, Administrative Services, and Educational Services, which includes the old Basic Skills and Special Services Programs. The narrative that follows includes a breakdown of Educational Services into its component parts of Basic Skills and Special Services for clarity. The state fund disbursement function of the office is included in the Distribution to Public Schools Program.

The reduction of 8.2 FTE results from several factors: 1) the elimination of 3.5 FTE positions due to budget cuts in fiscal 1987, 2) elimination of 2.2 FTE positions due to their vacancy, 3) reduction of the current 1.0 FTE Indian educator specialist to a 0.5 FTE due to a reassignment of duties, and 4) elimination of 2.0 FTE film clerk positions in

the film library due to their vacancy and the lack of self-sufficiency of the library. All reductions will be addressed in further detail in the narrative that follows.

The following table illustrates federal and state funds received by the Office of Public Instruction and the indirect costs taken on each funding source. The indirect charges directly offset general fund in the Administrative Services Program.

Table 1
Federal and State Special Revenue - Indirect Charges

Program/Grants(s)	Fiscal 1988		Fiscal 1989	
	Indirect Costs	Total	Indirect Costs	Total
Publications				
Chief State School Officer	\$ -0-	\$ 21,568	\$ -0-	\$ 13,068
Basic Skills				
Film Library	\$10,125	\$145,125	\$10,125	\$145,125
Federal Grants	-0-	13,510	-0-	13,511
Traffic Education	16,102	92,780	16,102	92,819
Johnson-O'Malley	2,100	10,000	2,100	10,000
Veterans' Education	6,086	52,751	6,086	52,808
Drivers' Education	-0-	46,254	-0-	46,333
Vocational Education				
Carl F. Perkins	\$51,000	\$294,917	\$51,000	\$294,775
JTPA	7,354	41,160	7,354	41,106
Adult Basic Education	9,198	53,000	9,025	53,000
Administrative Services				
Chapter II	\$ 52,066	\$305,082	\$ 52,086	\$305,082
Total School Foods	50,065	337,677	50,065	337,838
Computer Search	-0-	4,000	-0-	4,000
Indirect Costs	-0-	408,612	-0-	408,493
Special Services				
Chapter II	\$ 32,107	\$ 173,203	\$ 32,107	\$ 173,213
EHA-B	65,446	435,156	65,446	434,751
Deaf/Blind	11,169	64,354	11,177	64,402
Sex Desegregation	14,106	82,652	14,101	82,625
Chapter I	53,368	322,390	53,358	322,387
Diffusion, Bilingual, Origins	26,000	137,044	26,000	137,009
Drugs and Alcohol	2,320	58,005	2,320	58,005
AIDS	-0-	60,000	-0-	60,000
TOTAL ALL PROGRAMS	\$408,612	\$3,159,240	\$408,452	\$3,150,350

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: CHIEF STATE SCHOOL OFFICER

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Personal Services	\$ 91,051	\$ 93,922	\$ 92,039	\$ 93,922	\$ 93,762	\$ 91,875	\$ 93,762	3.15
Operating Expenses	62,127	54,810	51,836	51,836	46,341	43,368	43,368	-6.96
Equipment	538	0	0	0	0	0	0	-100.00
TOTAL EXPENSES	<u>\$167,305</u>	<u>\$148,732</u>	<u>\$143,875</u>	<u>\$145,758</u>	<u>\$140,103</u>	<u>\$135,243</u>	<u>\$137,130</u>	<u>-1.05</u>
FUNDING								
General Fund	\$128,190	\$127,173	\$122,307	\$124,190	\$127,044	\$122,175	\$124,062	-3.12
Federal Revenue	19,115	21,559	21,568	21,568	13,059	13,068	13,068	12.83
TOTAL FUNDING	<u>\$147,305</u>	<u>\$148,732</u>	<u>\$143,875</u>	<u>\$145,758</u>	<u>\$140,103</u>	<u>\$135,243</u>	<u>\$137,130</u>	<u>-1.05</u>

Program Description: The Chief State School Officer Program consists of the superintendent, support staff, and publications, which provides various publications to school districts at cost.

Budget: Vacancy savings were not taken on the superintendent position. The school laws of Montana are published every two years. Fiscal 1988 includes \$8,500 for this purpose, which represents an increase of \$2,787 over the fiscal 1986 level. The contract with the current deputy superintendent prior to his becoming an employee of the department in fiscal 1986 of \$6,000 was eliminated. Special federal grants totaling \$6,413 were also eliminated.

Funding: The superintendent and support staff are funded with general fund. Publications is supported by revenues from the sale of publications to school districts.

LEGISLATIVE ACTION

PROGRAM: BASIC SKILLS

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	37.80	34.30	32.80	32.80	34.30	32.80	32.80	-5.00
Personal Services	\$ 934,458	\$ 886,460	\$ 886,649	\$ 886,649	\$ 887,742	\$ 888,191	\$ 888,191	-4.40
Operating Expenses	318,976	265,084	251,145	257,145	265,768	251,861	257,860	-22.66
Equipment	68,531	33,100	15,000	35,000	33,100	15,000	35,000	-48.93
Non-Operating	19,221	19,221	34,413	34,413	19,221	34,413	34,413	
TOTAL EXPENSES	\$1,341,186	\$1,203,865	\$1,187,207	\$1,213,207	\$1,205,831	\$1,189,465	\$1,215,464	-9.54
FUNDING	\$1,341,186	\$1,203,865	\$1,187,207	\$1,213,207	\$1,205,831	\$1,189,465	\$1,215,464	-9.54
General Fund	\$ 939,536	\$ 850,309	\$ 852,788	\$ 852,788	\$ 851,540	\$ 854,869	\$ 854,869	-9.23
State Special Rev	253,629	260,740	237,904	237,905	261,334	237,943	237,944	-6.20
Federal Revenue	148,021	92,816	96,515	122,514	92,957	96,653	122,651	---
TOTAL FUNDING	\$1,341,186	\$1,203,865	\$1,187,207	\$1,213,207	\$1,205,831	\$1,189,465	\$1,215,464	-9.54

Program Description: This program provides services to school districts in the areas of basic skills instruction, teacher certification, audio-visual library materials, and traffic safety education. The program includes several budget components, including administration, Curriculum Consultants, Audio-Visual Library, Other Federal Grants, Traffic Safety Education, Veterans'-Indian Education, and Drivers' Education.

Budget: The reduction in FTE is due to the following: 1) an administrative clerk position was deleted in administration due to budget cuts in fiscal 1987; 2) a 1.0 FTE education program representative and a 0.5 FTE administrative clerk position were deleted due to budget cuts; 3) 2.0 FTE film clerk positions were deleted from the Film Library due to their vacancy and because the film library would not be self-sufficient in the 1989 biennium if the positions were funded; and 4) the Indian education specialist has been partially reassigned, and will now be working 0.5 FTE in the Bilingual and National Origins Programs in Special Services. This position has subsequently been reduced by 0.5 FTE in this program. A currently vacant 0.5 FTE position has been retained in the Special Services Program and will include the other 0.5 FTE of the Indian education specialist.

The reduction in operating expenses of 22.66 percent is cumulatively due to three factors: 1) miscellaneous federal grants were reduced \$54,809, which OPI had received on a budget amendment for Math/Science grants; 2) one-time test

validation expenses were removed from the budget, and 3) \$6,000 was added each year for lease and upkeep of a portion of the Lewistown airport for the training of emergency vehicle drivers. Equipment consists of \$15,000 for films in the film library each year and \$20,000 each year for vehicles to train emergency vehicle drivers. Non-operating expenses are indirect cost transfers, which fund a portion of the Administrative Services Program.

Funding: General fund declines 9.23 percent due to: 1) the elimination of 1.5 FTE positions and the reduction of the Indian education specialist position to 0.5 FTE, 2) the elimination of \$13,583 in test validation expenses, 3) the reduction in equipment from the fiscal 1986 level, and 4) the use of \$7,900 in federal Johnson-O'Malley funds to support the Indian education specialist.

State special revenue consists of the following: 1) fees to support the audio-visual library, which total \$145,125 in fiscal 1988 and 1989, and 2) traffic safety education administration funds, totaling \$92,780 in fiscal 1988 and \$92,819 in fiscal 1989. These funds are derived from fines and citations issued by the highway patrol and by G/VW fees, and are granted to local schools for drivers' education programs. This portion is retained by OPI for administrative costs.

Federal revenue consists of the following: 1) miscellaneous federal grants, such as Mellon and Northwest Association, totaling \$13,510 each year, 2) Johnson-O'Malley funds totaling \$10,000 each year, which provide partial support to Indian education activities, 3) veterans' education, totaling \$52,751 in fiscal 1988 and \$52,808 in fiscal 1989, and 4) drivers' education fees to provide training to emergency vehicle drivers, totaling \$46,253 in fiscal 1988 and \$46,333 in fiscal 1989. A portion of this total represents use of the current fund balance to purchase vehicles.

The following table summarizes all budget components of the Basic Skills Program.

Table 2
Basic Skills - Components and Funding

<u>Program/Fund</u>	<u>FTE</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Administration - General Fund	9.13	\$ 282,402	\$ 283,188
Curriculum Consultants - General Fund	14.00	481,723	482,312
A/V Library - General Fund	5.00	50,535	51,241
- Rental Fees		145,125	145,125
Miscellaneous Federal Grants	0.00	13,510	13,511
Traffic Safety Education - Traffic Safety	1.67	92,780	92,819
Indian/Veteran's Ed	3.00		
- General Fund		38,128	38,128
- Federal Johnson-O'Malley		10,000	10,000
- Federal Veteran's Education		52,751	52,808
Driver's Education Fees	0.00	46,253	46,333
Program Total	<u>32.80</u>	<u>\$1,213,207</u>	<u>\$1,215,464</u>

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	18.07	17.15	15.95	15.95	17.15	15.95	15.95	-1.20
Personal Services	\$492,132	\$540,442	\$500,834	\$500,834	\$539,951	\$500,431	\$500,431	1.77
Operating Expenses	87,441	87,299	87,503	87,503	87,334	87,538	87,538	0.07
Equipment	4,525	3,300	8,000	8,000	3,300	8,000	8,000	76.80
Non-Operating	67,648	67,520	67,552	67,552	67,520	67,379	67,379	
TOTAL EXPENSES	\$651,746 =====	\$698,561 =====	\$663,889 =====	\$663,889 =====	\$698,105 =====	\$663,348 =====	\$663,348 =====	1.86 =====
FUNDING								
General Fund	\$302,458	\$314,303	\$274,812	\$274,812	\$313,899	\$275,467	\$274,467	-9.14
Federal Revenue	349,288	384,258	389,077	389,077	384,206	387,881	388,881	11.39
TOTAL FUNDING	\$651,746 =====	\$698,561 =====	\$663,889 =====	\$663,889 =====	\$698,105 =====	\$663,348 =====	\$663,348 =====	1.86 =====

Program Description: This program administers state and federal vocational education funds to school districts, post-secondary vocational-technical centers, and various other organizations. The program is divided into three budget components: 1) administration, 2) Job Training Partnership Act, and 3) Adult Basic Education.

Budget: A 0.2 FTE administrative aide position was deleted from the budget due to its vacancy. A 1.0 FTE program specialist, for which the agency received additional general fund in the 1985 legislative to maintain, was deleted, as the position was never filled. Equipment includes two personal computers each year. Non-operating expenses are internal indirect cost transfers.

Funding: Federal revenue is derived from three sources: 1) Job Training Partnership Act funds, which total \$41,160 in fiscal 1988 and \$41,106 in fiscal 1989, 2) Adult Basic Education, which totals \$53,000 in fiscal 1988 and 1989, and 3) Carl Perkins funds totaling \$294,917 in fiscal 1988 and \$294,775 in fiscal 1989, which fund a portion of the administration of the program. With the exception of \$48,000 in sex equity funds, the Carl Perkins funds require a 50/50 state match.

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	34.05	47.30	46.25	47.30	47.30	46.25	47.30	-1.0
Personal Services	\$1,259,888	\$1,302,720	\$1,291,305	\$1,303,617	\$1,302,270	\$1,290,076	\$1,302,316	3.47
Operating Expenses	581,064	547,505	530,674	530,674	512,960	499,389	499,389	-8.67
Equipment	55,184	0	4,000	4,000	0	4,000	4,000	-92.75
Non-Operating	106,327	50,000	102,131	102,131	50,000	102,131	102,131	-3.95
TOTAL EXPENSES	\$2,002,463	\$1,900,225	\$1,928,110	\$1,940,422	\$1,865,230	\$1,895,596	\$1,907,836	-3.10
FUNDING								
General Fund	\$ 939,997	\$ 834,824	\$ 885,388	\$ 885,051	\$ 799,053	\$ 852,755	\$ 852,423	-5.83
State Special Rev	425,279	434,817	430,045	437,612	435,559	430,003	437,493	2.90
Federal Revenue	637,187	630,584	612,677	617,759	630,618	612,838	617,920	-3.05
TOTAL FUNDING	\$2,002,463	\$1,900,225	\$1,928,110	\$1,940,422	\$1,865,230	\$1,895,596	\$1,907,836	-3.10

Program Description: This program is responsible for accounting, budgeting, personnel, public information, program planning and evaluation, legal services, financial aid distribution, and school food services. The program is composed of three budget components: 1) administration, 2) the indirect cost pool, and 3) school foods.

Legislative Intent: All expenses incurred in fiscal 1986 for the foundation lawsuit totaling \$65,416, have been deleted from the budget. However, it is the intent that the department pursue the lawsuit and seek supplemental funding as needed. It is also the intent of the subcommittee that any indirect costs collected in excess of the appropriated amount be used to offset a like amount of general fund as required in section 3 of the general appropriations act boiler plate, and that any school foods federal funds received in excess of the appropriated amount of \$312,677 in fiscal 1988 and \$312,838 in fiscal 1989 be budget amended.

Budget: A 1.0 FTE administrative clerk position was deleted from the budget due to general fund cuts in fiscal 1987. A 4 percent vacancy savings was applied to all personal services. The decline in operating expenses of 8.7 percent is due to two factors: 1) all foundation lawsuit operating expenses totaling \$59,275 were removed from the budget, and 2) general fund was appropriated to the vocational education program in fiscal 1986 to fund 2.0 FTE positions. However, a portion of the funds, totaling \$7,477, was expended on operating expenses in this budget component and have,

therefore, been deleted from the budget. The Governor's budget had included \$21,026 of these costs. Payroll service fees total \$4,017 in fiscal 1988 and \$3,918 in fiscal 1989, compared with a fiscal 1986 total of \$2,799. Audit expenses total \$36,000 in fiscal 1986, compared with a fiscal 1986 total of \$21,842.

Equipment includes a personal computer each year for school foods. Non-operating expenses are internal transfers of indirect costs.

Funding: The state must expend \$67,277 each year in state funds in order to receive federal school foods monies. This maintenance of effort is met with general fund. The remainder of the general fund provides that portion of the indirect cost pool's funding not met with indirect charges, totaling \$158,389 in fiscal 1988 and \$161,924 in fiscal 1989, and all functions of administrative component funding except data processing, totaling \$659,385 in fiscal 1988 and \$623,222 in fiscal 1989.

State special revenue is derived from three sources: 1) resource assessment funds of \$4,000 each year, which are collected from school districts for the costs of computer searches, 2) reimbursements of \$25,000 each year from private schools for the costs of school meals, and 3) indirect costs, which total \$408,612 in fiscal 1988 and \$408,493 in fiscal 1989. Each source directly offsets general fund.

Federal funds are derived from two sources: 1) Chapter II administration funds totaling \$305,082 each year, which are used to fund the department's data processing function, and 2) school food funds, totaling \$312,677 in fiscal 1988 and \$312,838 in fiscal 1989.

BUDGET ITEM	FY 1986	-----	Fiscal 1988	-----	-----	Fiscal 1989	-----	FY 86-88
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	% Change
FTE	27.85	28.85	28.85	27.85	28.85	28.85	27.85	0.00
Personal Services	\$ 748,313	\$ 841,090	\$ 818,879	\$ 813,795	\$ 840,399	\$ 818,287	\$ 813,234	8.75
Operating Expenses	995,253	795,175	784,586	734,807	795,317	784,685	734,859	-26.17
Equipment	5,547	18,601	17,101	21,374	1,500	0	21,378	285.33
Non-Operating	195,169	195,169	166,711	204,516	195,169	166,630	204,509	
TOTAL EXPENSES	<u>\$1,944,282</u>	<u>\$1,850,035</u>	<u>\$1,787,277</u>	<u>\$1,774,492</u>	<u>\$1,832,385</u>	<u>\$1,769,702</u>	<u>\$1,773,980</u>	<u>-8.73</u>
FUNDING								
General Fund	\$ 802,651	\$ 616,495	\$ 633,951	\$ 441,688	\$ 599,409	\$ 616,818	\$ 441,588	-44.97
Federal Revenue	1,141,631	1,233,540	1,153,325	1,332,804	1,232,976	1,152,883	1,332,392	16.75
TOTAL FUNDING	<u>\$1,944,282</u>	<u>\$1,850,035</u>	<u>\$1,787,276</u>	<u>\$1,774,492</u>	<u>\$1,832,385</u>	<u>\$1,769,701</u>	<u>\$1,773,980</u>	<u>-8.73</u>

Program Description: This program is responsible for administering federal Chapter I, Chapter II, and Special Education funds, as well as several smaller federal programs. The program is also responsible for administering the state's Gifted and Talented and Special Education programs. The program consists of several budget components: 1) administration, 2) Special Education, 3) Sex Desegregation, 4) Deaf and Blind, 5) Chapter I, 6) Gifted and Talented, 7) Miscellaneous Federal Funds, and 8) Audiology, which has been transferred to OPI from the School for the Deaf and Blind. All expenses of the Audiology Program when it was in the School for the Deaf and Blind are included in the fiscal 1986 actual figures for comparison.

Budget: A 1.0 FTE program specialist position was deleted due to its vacancy. One FTE is added for the Audiology Program, which had no FTE in the School for the Deaf and Blind, but had been comprised entirely of contracted services. The additional FTE adds \$31,200 each year of general fund. A 4 percent vacancy savings was applied to all personal services.

Operating expenses are reduced 26.2 percent due to three factors: 1) Contracted services of the Audiology Program totaled \$671,574 in fiscal 1986 when the program was in the School for the Deaf and Blind. Contracted services total \$259,000 each year in this program, for a reduction of \$412,574. Initial screening is currently done by contract

with licensed audiologists. This initial screening will now be done by current school staff and other volunteers. 2) Federal drug and alcohol and AIDS education funds totaling \$115,685 were added each year. 3) Operating expenses totaling \$29,692 in fiscal 1988 and \$29,642 in fiscal 1989 were added to miscellaneous federal grants, which represent the expenses associated with the deleted 1.0 FTE program specialist in that component. Equipment consists of films in the sex desegregation component.

Funding: General fund funds four functions: 1) 60 percent of the personal services costs of the assistant superintendent and 75 percent of the personal services costs of an administrative secretary in administration, totaling \$51,140 in fiscal 1988 and \$51,054 in fiscal 1989, 2) 100 percent of the personal services costs of the Special Education Program administrator, totaling \$38,954 in fiscal 1988 and \$38,989 in fiscal 1989, 3) all costs of the Gifted and Talented Program, totaling \$41,394 in fiscal 1988 and \$41,345 in fiscal 1989, and 4) the Audiology Program, totaling \$310,200 each year. The reduction of 44.97 percent is primarily due to the total Audiology reduction of \$361,374.

The following table shows federal funds received in the Special Services Program.

Table 3
Federal Funds - Special Services

	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Chapter II	\$ 173,203	\$ 173,213
Chapter I	322,390	322,387
Special Education	499,510	499,153
Sex Desegregation	82,652	82,625
Miscellaneous, Including Bilingual, Natural Origins, National Diffusion	137,044	137,009
AIDS	60,000	60,000
Drug and Alcohol	<u>58,005</u>	<u>58,005</u>
Total	<u>\$1,332,804</u>	<u>\$1,332,392</u>

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: DISTRIBUTION TO PUBLIC SCHOOLS

BUDGET ITEM	FY 1986		Fiscal 1988		Fiscal 1989		FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
Special Education	\$27,450,020	\$27,361,646	\$27,361,646	\$27,361,646	\$27,361,646	\$27,361,646	-0.32
Special Education Contingency	392,443	400,000	400,000	500,000	400,000	400,000	27.41
Transportation	6,048,428	5,781,000	6,200,918	6,200,918	5,781,000	6,200,918	2.52
School Foods	626,910	622,250	594,751	594,751	622,250	594,751	-5.13
Secondary Vo-Ed	500,000	400,000	450,000	400,000	400,000	450,000	-20.00
Impact Aid	5,000	5,000	5,000	5,000	5,000	5,000	0.00
Gifted & Talented	97,475	95,000	95,000	95,000	95,000	95,000	-2.54
Adult Basic Education	147,523	156,258	147,523	147,523	156,258	147,523	0.00
Federal Discretionary Grants							
a) Vocational Education	2,319,831			3,350,000			44.41
b) EHA - B	270,381			450,000			66.43
c) EHA - SIG	130,867			150,000			14.62
d) JTPA	337,314			475,000			40.82
e) Adult Basic Education	403,659			425,000			5.29
TOTAL EXPENSES	\$38,729,851	\$34,821,154	\$35,254,838	\$40,154,838	\$34,821,154	\$35,254,838	\$40,064,838
FUNDING							
General Fund	\$35,120,276	\$34,664,896	\$35,107,315	\$35,157,315	\$34,664,896	\$35,107,315	\$35,157,315
State Special	147,523	156,258	147,523	147,523	156,258	147,523	147,523
Federal Revenue	3,462,052			4,850,000			4,760,000
TOTAL FUNDING	\$38,729,851	\$34,821,154	\$35,254,838	\$40,154,838	\$34,821,154	\$35,254,838	\$40,064,838
							3.68

Language in Bill: Language is included for four issues: a) to make secondary vo-ed a biennial appropriation, b) to provide a legislative appropriation for state traffic education, c) to protect special education from budget reductions, and d) to clarify the special education contingency fund and provide that it be a biennial appropriation.

Budget: Distribution to public schools is the state fund disbursement function of the Office of Public Instruction. The individual budget components of Distribution to Schools are summarized in the following narrative.

Special Education Federal and state laws direct school districts to provide a free and appropriate public education program for all handicapped children. Special education provides this education for children with a variety of handicapping conditions. The appropriated amount of \$27,361,646 of General fund each year includes funds to maintain the fiscal 1987 expenses of \$1,824 for the anticipated 15,000 children who will participate in the program.

Special Education Contingency Special education contingency funds are granted to meet unexpected needs in district special education budgets, and are awarded by the Office of Public Instruction as needed. The appropriated amount of \$1,000,000 over the biennium represents an increase over the \$800,000 biennium amount appropriated in the 1985 biennium.

Transportation School districts providing students transportation from home to school in excess of three miles are entitled to a statutory reimbursement based upon a rate per mile and upon bus size and occupancy. The state's share of this reimbursement totals one-third of the statutory rate. The state's share for special education students equals two-thirds of the statutory rate. The appropriated amount of \$6,200,918 of General fund each year of the biennium represents the full state reimbursement schedules.

School Foods Schools provide for the maintenance of effort required on federal school food reimbursements. Each state must expend up to 30 percent of the federal contribution in the 1980-81 school year. Reductions in this required maintenance of effort level are given to those states whose average income is below the national average. Montana's matching rate is expected to total approximately 23.74 percent, or \$594,751 of General fund each year of the biennium.

Gifted and Talented The Gifted and Talented Program was initiated in fiscal 1982 to provide funds to local school districts to begin or maintain programs for gifted and talented students. The appropriated level of \$95,000 of General fund maintains the fiscal 1987 level.

Secondary Vocational Education OPI provides funds to school districts in excess of the school foundation program funds and district levies to fund "excess" costs associated with secondary vocation education programs. "Excess" costs are those additional costs associated with vocation education not associated with other programs, such as additional equipment and full year teaching contracts. The appropriated level of \$400,000 of General fund each year maintains the fiscal 1987 appropriated level.

Impact Aid Section 20-9-304, MCA, provides for supplementary payments from the state to school districts that provide education to children of employees of public institutions. The appropriated level of \$5,000 of General fund each year maintains the fiscal 1986 expenditure level.

Adult Basic Education Adult Basic Education provides high school level education to persons who wish to receive their high school equivalency degree. Funds are provided from 10 percent of the interest on the education trust fund, which is shared with the vocational technical centers. The appropriated level of \$147,523 maintains the fiscal 1986 expenditure level.

Federal Discretionary Funds These funds are received from the U.S. Department of Education for use by local school districts in the manner prescribed by each federal act authorizing the grants. Because the Office of Public Instruction has discretion regarding the final grant recipients, these funds must be appropriated by the legislature.

AGENCY: Vocational-Technical Centers

LEGISLATIVE ACTION

PROGRAM: System Summary

CENTER	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
Student FTE	2510	2311	2529	2555	2311	2529	2555			1.79
Billings	\$1,658,974	\$1,542,693	\$1,686,282	\$1,686,282	\$1,531,696	\$1,677,076	\$1,677,076			1.65
Butte	1,323,227	1,260,764	1,377,458	1,377,458	1,246,201	1,364,903	1,364,903			4.10
Great Falls	1,471,761	1,410,608	1,408,808	1,443,460	1,398,714	1,398,560	1,433,211			-1.92
Helena	2,080,609	1,799,198	2,099,673	2,099,673	1,786,381	2,090,012	2,090,012			0.92
Missoula	1,990,336	1,713,960	1,913,227	1,934,679	1,706,613	1,908,331	1,929,783			-2.80
TOTAL EXPENSES	\$8,524,907	\$7,727,223	\$8,485,448	\$8,541,552	\$7,669,605	\$8,438,882	\$8,494,985			0.20
FUNDING										
General Fund	\$4,660,674	\$3,961,733	\$4,374,971	\$4,413,525	\$3,806,145	\$3,952,739	\$4,221,038			-4.89
Tuition and Fees	1,496,675	1,559,925	1,707,075	1,724,625	1,629,255	1,782,945	1,801,275			15.23
County Millage	903,288	823,823	800,291	800,291	844,463	808,294	808,294			-11.40
Education Trusts*	895,000	776,742	795,637	795,637	784,742	856,904	856,904			-11.10
Federal Vo-Ed Funds	589,270	605,000	807,474	807,474	605,000	1,038,000	807,474			37.03
TOTAL FUNDING	\$8,524,907	\$7,727,223	\$8,485,448	\$8,541,552	\$7,669,605	\$8,438,882	\$8,494,985			0.20

*HB 434 withdraws revenue from the Education Trust interest earnings for vo-tech centers removing \$317,600 in fiscal 1988 and \$317,900 in fiscal 1989.

Program Description: Montana's five postsecondary vocational-technical centers are located in Billings, Butte, Great Falls, Helena, and Missoula and serve approximately 2,500 students annually.

Legislative Intent: The following language was recommended for audit costs, federal funding, the one and one-half mill levy, and the voted mill levy.

Audit Costs: Butte, Billings, and Great Falls vocational education centers are to fund 10 percent of the \$20,000 audit costs for each center from non-appropriated sources. The Helena and Missoula centers are to fund 15 percent of the audit costs for each center from non-appropriated sources because these centers also manage the Adult Basic Education Program.

Federal Funding: If a vocational-technical center can provide match for federal funds in excess of its share of the \$807,474 federal funds included in the current unrestricted funds each fiscal year of the biennium, then the center may request a budget amendment for the matching and federal funds to pay for additional equipment, training, and programs. The matching funds for any budget amendment shall not come from the current unrestricted funds appropriated in the General appropriations bill.

County One and One-Half Mill Levy: The Superintendent of Public Instruction may transfer millage collections among centers. Millage received by the centers from the 1.5 mill levy which in the aggregate exceeds \$800,291 in fiscal 1988 and \$808,294 in fiscal 1989 shall cause a general fund reversion of a like amount each year.

Equipment: Instructional equipment expenditures shall be funded 50 percent federal and 50 percent general fund.

Voted Mill Levy: Any voted millage funds available for the vocational-education centers are appropriated.

Budget: The vo-tech centers' budgets are estimated with a formula which was implemented in the 1983 session. The formula estimates the centers' budgets in the four areas of instruction, support, plant operations and maintenance and equipment. The subcommittee budgeted 95 percent of the formula funding level. Table 1 summarizes the 1989 biennium budget by program.

Table 1
Vocational-Technical Centers Budget by Program
1989 Biennium

<u>Fiscal 1988</u>	<u>Billings</u>	<u>Butte</u>	<u>Great Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>Total System</u>
Instruction	\$ 970,101	\$ 801,820	\$ 823,597	\$1,302,708	\$1,160,163	\$5,058,389
Support	404,132	368,255	395,107	432,897	438,078	2,038,469
Plant Operations	266,439	164,519	181,537	313,032	287,728	1,213,255
Equipment	45,610	42,864	43,219	51,036	48,710	231,439
Total	\$1,686,282	\$1,377,458	\$1,443,460	\$2,099,673	\$1,934,679	\$8,541,552
<u>Fiscal 1989</u>	<u>Billings</u>	<u>Butte</u>	<u>Great Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>Total System</u>
Instruction	\$ 970,101	\$ 801,820	\$ 823,597	\$1,302,708	\$1,160,163	\$5,058,389
Support	386,167	350,285	377,141	415,935	421,117	1,950,645
Plant Operations	275,198	169,934	189,254	320,333	299,793	1,254,512
Equipment	45,610	42,864	43,219	51,036	48,710	231,439
Total	\$1,677,076	\$1,364,903	\$1,433,211	\$2,090,012	\$1,929,783	\$8,494,985

System-wide, the budgets for the vocational-technical centers increase by 0.2 percent from fiscal 1986 to fiscal 1988. Budget changes at each center range from a 4.1 percent increase at Butte to a 2.8 percent decrease at Missoula. Costs increase at the Billings center by 1.65 percent from fiscal 1986 to fiscal 1988. In fiscal 1986 the Billings center received \$100,000 less than anticipated in federal funds, reducing fiscal 1986 expenditures. The fiscal 1988 revenues reflect a higher federal vo-ed funding level. Enrollment at the Billings center was 489 in fiscal 1986 and is projected at 490 for each year of the 1989 biennium.

At the Butte center costs increase by 4.1 percent from fiscal 1986 to fiscal 1988 because equipment costs are included in the 1989 biennium but were not included in fiscal 1986 costs since construction funds were available. Federal vo-ed funds received in fiscal 1986 were less than anticipated by \$50,000, but are increased for the 1989 biennium. Enrollment at the Butte center was 406 in fiscal 1986 and is projected at 405 for fiscal 1988 and 1989.

Costs decrease by 1.9 percent at the Great Falls center between fiscal 1986 and 1988. The decrease results from funding 7 fewer students in fiscal 1988 than were funded in fiscal 1986. Great Falls is funded for 416 students each year of the 1989 biennium.

Costs at the Helena center remain nearly constant with a 0.9 percent increase from fiscal 1986 to fiscal 1988. Federal funds in fiscal 1986 were lower than anticipated by approximately \$50,000, decreasing fiscal 1986 expenditures. Fiscal 1988 reflects \$52,647 higher federal vo-ed revenue than was received in fiscal 1986. The center was budgeted for 660 FTE in fiscal 1986 and for 658 in fiscal 1988.

The Missoula center budget shows a 2.8 percent decline from fiscal 1986 to 1988 due to enrollment declines. Funding for fiscal 1986 was based on 596 FTE and is projected for 586 FTE in fiscal 1988.

Instruction: The instruction program budget is developed using student FTE enrollment and an instruction rate per FTE. The projected enrollment of 2,555 FTE students represents a three-year average enrollment, with the exception of Butte which uses an average for the two years in their new facility. Annual enrollment FTE for the centers was set at 490 for Billings, 405 for Butte, 416 for Great Falls, 658 for Helena, and 586 for Missoula.

A flat instruction rate per FTE was developed from actual expenditures for all centers in the base year fiscal 1982. Inflation was applied annually to that rate to obtain a rate of \$1,990 used in fiscal 1986. Application of inflation and pay plan provisions to the fiscal 1986 rate results in a rate of \$2,084 for both fiscal 1988 and fiscal 1989. A 95 percent funding level results in a rate of \$1,979.80 per student FTE.

Support: The support program includes instructional support, academic supervision, financial and institutional administration, and student services. The budget factors used to estimate the support program budget include support staffing standards, an average compensation for each type of support position, and an average operating cost per support staff full-time equivalent employee. A funding level of 95 percent was applied to the support personal services and operating expenses budgets.

Total audit costs are \$100,000. The portion of biennium audit costs to be funded from appropriated sources is \$88,000 which is included in the support program budget in fiscal 1988.

Plant: Personal services and operating expenses are determined for the plant budget using a staffing standard per square feet of facility space and an average compensation amount. Operating expenses are incrementally budgeted

using fiscal 1986 expenditures without the voted mill levy. A 95 percent funding level was applied to the developed plant budget.

Equipment: The instructional equipment budget is determined separately for variable equipment with unit costs under \$1,000 and for capital equipment with unit costs exceeding \$1,000. Variable equipment costs are determined utilizing a flat rate of \$34 per student which is the same rate applied in the 1987 biennium. Capital equipment was budgeted at a flat rate of \$31,350 per center, the same rate as applied in fiscal 1986 and fiscal 1987. A 95 percent funding level was applied to the developed budget. Equipment spending authority was established as 50 percent general funds and 50 percent federal funds.

Funding: The vocational-technical centers are funded from general fund, tuition, county millage, interest from the education trust, and federal vo-ed funds. Table 2 lists the funding by source for each center.

Table 2
Funding by Vocational-Technical Center
1989 Biennium

Fiscal 1988	Billings	Butte	Great Falls	Helena	Missoula	Total System
General Fund	\$ 739,866	\$ 799,486	\$ 776,930	\$1,237,522	\$ 859,721	\$4,413,525
Tuition	330,750	273,375	280,800	444,150	395,550	1,724,625
County Millage	332,403	55,682	137,798	103,392	171,016	800,291
Education Trust Int	154,353	127,302	125,711	206,866	181,405	795,637
Federal Vo-Ed	128,910	121,613	122,221	107,743	326,987	807,474
Total Revenue	<u>\$1,686,282</u>	<u>\$1,377,458</u>	<u>\$1,443,460</u>	<u>\$2,099,673</u>	<u>\$1,934,679</u>	<u>\$8,541,552</u>
Fiscal 1989	Billings	Butte	Great Falls	Helena	Missoula	Total System
General Fund	\$ 664,801	\$ 748,039	\$ 723,893	\$1,080,948	\$1,003,357	\$4,221,038
Tuition	345,450	285,525	293,280	463,890	413,130	1,801,275
County Millage	335,727	56,239	139,176	104,426	172,726	808,294
Education Trust Int	166,239	137,105	135,391	222,795	195,374	856,904
Federal Vo-Ed	164,859	137,995	141,471	217,953	145,196	807,474
Total Revenue	<u>\$1,677,076</u>	<u>\$1,364,903</u>	<u>\$1,433,211</u>	<u>\$2,090,012</u>	<u>\$1,929,783</u>	<u>\$8,494,985</u>

General Fund: The general fund decreases by 4.89 percent from fiscal 1986 to fiscal 1988 due to tuition increases and increased federal vo-ed revenue levels.

Tuition: The tuition revenue estimate is set at a level which reflects tuition rates per full-time equivalent student of \$675 for fiscal 1988 and \$705 for fiscal 1989. This rate increases from \$564 for fiscal 1986 and \$594 for fiscal 1987, an increase of 15.23 percent from fiscal 1986 to fiscal 1988.

County Millage: Section 20-7-324, MCA, as amended in Special Session III, requires the county commissioners in each county in which a vo-tech center is located to levy one and one-half mills for the support and maintenance of the center located within that county. Decreases in property valuation cause a millage decline of 11.4 percent from fiscal 1986 to fiscal 1988.

Education Trust Fund Interest: Section 90-6-211, MCA, authorizes the use of ten percent of the interest from the education trust, which is funded by the coal tax, for operating costs incurred by postsecondary vo-tech centers and the adult basic education programs. Interest from the education trust fund decreases by 11.1 percent from fiscal 1986 to fiscal 1988, due to lower interest rates and higher turnover of the trust.

Federal Vocational-Education Funds: Federal vocational-education funds are available to Montana through the Carl D. Perkins Vocational Education Act (P.L. 98-524). Vo-tech centers must submit applications to receive available funds. Federal vo-ed funds increase by 37.03 percent from fiscal 1986 to fiscal 1988. Receipt of \$589,270 in vo-ed funds in fiscal 1986 was \$213,067 less than available funds. The estimated funds to be utilized by the centers each year of the 1989 biennium is \$807,474, the same amount as that available for fiscal 1987. The total remains the same for both years of the biennium, but the amount to be utilized by each center is adjusted in fiscal 1989 to reflect a new three-year cycle of grants. Those centers generating higher percentages of funding from federal revenue in fiscal 1986 are projected to generate less federal vo-ed funding in fiscal 1989. The centers with lower percentages generated in fiscal 1986 are expected to generate more in fiscal 1989. Language is proposed to allow centers to utilize more federal funds if matching money becomes available from sources other than the current unrestricted funds appropriated in the general appropriations act.

AGENCY: MONTANA STATE COUNCIL FOR VOCATIONAL EDUCATION

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION PROGRAM

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee		Executive	Current Level	Subcommittee		
FTE	2.00	2.00	2.00	2.00		2.00	2.00	2.00		0.00
Personal Services	\$41,576	\$ 58,463	\$ 60,998	\$ 60,998		\$ 57,868	\$ 60,318	\$ 60,318		46.71
Operating Expenses	42,380	55,144	54,752	59,002		55,795	55,397	59,682		39.22
TOTAL EXPENSES	<u>\$83,956</u>	<u>\$113,607</u>	<u>\$115,750</u>	<u>\$120,000</u>		<u>\$113,663</u>	<u>\$115,715</u>	<u>\$120,000</u>		<u>42.93</u>
FEDERAL REVENUE	\$83,956	\$113,607	\$115,750	\$120,000		\$113,663	\$115,715	\$120,000		42.93

Program Description: The Montana State Council for Vocational Education is responsible for providing leadership in vocational technical education for Montana. The council consists of thirteen members representing business, industry, agriculture, labor, and vocational education. The 2.0 FTE include a director and a secretary.

Budget: The increase of 46.7 percent in personal services results from funding the director's position for the full year as compared to five months in fiscal 1986.

Operating expenses increase 39.2 percent, reflecting more active council involvement and a full-time director, as well as an expanded council role following the implementation of the Carl D. Perkins Vocational Education Act (Public Law 98-524) in fiscal 1986. Increases include printing and mailing costs of \$7,222, consultant services of \$4,100, and travel and meeting expenses of \$5,300.

Funding: The council is funded entirely from federal vocational education funds.

LEGISLATIVE ACTION

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88
	Actual	Executive	Current	Level	Subcommittee	Executive	Current	% Change
FTE	0.00	0.00		0.00		0.00		0.00
Personal Services	\$ 5,600	\$ 11,200		\$ 9,800	\$11,200	\$11,200		100.0
Operating Expenses	16,986	166,286		16,751	16,751	16,341	16,808	-1.4
TOTAL EXPENSES	<u>\$22,586</u>	<u>\$177,486</u>		<u>\$26,551</u>	<u>\$27,951</u>	<u>\$27,541</u>	<u>\$26,608</u>	<u>23.8</u>
GENERAL FUND	<u>\$22,586</u>	<u>\$177,486</u>		<u>\$26,551</u>	<u>\$27,951</u>	<u>\$27,541</u>	<u>\$26,608</u>	<u>23.8</u>

Program Description: The Board of Regents consists of seven members who are responsible for supervision, coordination, management, and control of Montana's university system and three community colleges, pursuant to the 1972 Montana Constitution, Article X, Section 9, Subsection (2).

Budget: Personal services costs are per diem for board members. The executive level of 224 meeting days at \$50 per day for a total of \$11,200 per annum was approved. LFA current level would have provided funding for 196 meeting days consistent with the total number of meetings actually held in fiscal 1986. The supplemental funding proposed in House Bill 434 provides \$10,200 for 204 meeting days in fiscal 1987. LFA current level operating expenses were used for both years of the biennium. The executive had reduced communications, travel, and dues by an average of \$466 more per year than the expenses approved by the subcommittee.

Budget Modification: The Education Subcommittee voted "Do Not Pass" on the Governor's modification recommendation to appropriate \$150,000 of general fund in fiscal 1988 for the purpose of creating a management council of private sector representatives to study and recommend areas for improved university system operations.

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	26.50	28.85	25.35	25.35	28.85	25.35	25.35	-1.15
Personal Services	\$ 832,090	\$ 937,394	\$ 835,444	\$ 835,444	\$ 936,773	\$ 835,043	\$ 835,043	0.40
Operating Expenses	800,802	1,250,008	926,109	926,109	1,347,279	959,815	959,815	15.65
Equipment	22,149	0	7,000	4,500	0	12,500	10,000	-79.68
Non-Operating	4,747,504	12,971,118	4,639,702	4,653,902	13,484,175	4,631,239	4,576,039	-1.97
TOTAL EXPENSES	\$6,402,545	\$15,158,520	\$6,408,255	\$6,419,955	\$15,768,227	\$6,438,597	\$6,380,897	0.27
FUNDING								
General Fund	\$2,813,473	\$ 3,133,564	\$3,096,284	\$3,107,984	\$ 3,107,446	\$2,937,883	\$2,880,183	10.47
State Special Revenue*	2,421,328	2,100,000	2,122,111	2,122,111	2,118,000	2,259,960	2,259,960	-12.36
Federal Revenue	1,166,768	1,307,302	1,189,860	1,189,860	1,354,135	1,240,754	1,240,754	1.98
Proprietary	976	8,617,654	0	0	9,188,646	0	0	-100.00
TOTAL FUNDING	\$6,402,545	\$15,158,520	\$6,408,255	\$6,419,955	\$15,768,227	\$6,438,597	\$6,380,897	0.27

*House Bill 434 withdraws revenue from the Education Trust interest earnings for the Board of Regents in the Student Assistance Program of \$714,600 in fiscal 1988 and \$715,000 in fiscal 1989.

Program Description: The Commissioner of Higher Education is the chief administrative officer of the university system, appointed by the Board of Regents as provided in the 1972 Constitution. The commissioner and agency personnel are responsible for providing research, leadership, technical assistance, and staff support to the Board of Regents, the six units, and the community colleges. The agency also provides administration for state and federal student assistance programs, not only for the educational institutions under the supervision and control of the regents, but also for other postsecondary education institutions according to federal program regulations.

Budget: There is a decrease of 1.15 FTE comprised of a 1.20 FTE reduction in the Administration Program offset by a 0.05 FTE increase in Guaranteed Student Loan Program accounting staff. Staff were reduced due to general fund cutbacks and unfunded fiscal 1987 salary increases. Personal services increase 0.4 percent as a result of personnel turnover and vacancy savings in fiscal 1986, combined with fiscal 1987 pay increases and 1989 biennium benefits

increases. Vacancy savings was set at 4 percent. Operating expenses increase 15.7 percent primarily due to audit costs, insurance and utilities inflation-driven adjustments, and expenses to meet changing requirements in the federal programs. Equipment decreases 79.7 percent because the only items included in the budget are to be purchased with federal funds. Non-operating expenses for the student assistance programs decrease 2 percent due to reductions in WICHE medical slots and to the impact of 1985 session reductions in the number of new dentistry slots in the interstate student assistance programs.

Funding: The general fund increases by 10.5 percent due to the 12.4 percent decrease in state special education coal tax trust fund interest earnings. The state special revenue reduction is caused both by the Special Session III fiscal 1987 one-time General fund cut of \$940,701 and state special increase by a like amount in order to utilize the education coal tax trust fund balance, as well as by a 1989 biennium revenue decrease in the coal tax trust fund earnings. Federal revenue increases 2 percent for student assistance, talent search, and guaranteed student loans.

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	15.60	14.40	14.40	14.40	14.40	14.40	14.40	-1.20
Personal Services	\$567,232	\$573,217	\$570,361	\$570,361	\$572,989	\$570,209	\$570,209	0.6
Operating Expenses	210,845	218,545	215,832	215,832	218,718	203,895	203,895	2.4
Equipment	17,518	0	2,500	0	0	2,500	0	-100.0
TOTAL EXPENSES	<u>\$795,595</u> =====	<u>\$791,762</u> =====	<u>\$788,693</u> =====	<u>\$786,193</u> =====	<u>\$791,707</u> =====	<u>\$776,604</u> =====	<u>\$774,104</u> =====	<u>-1.2</u> =====
GENERAL FUND	\$795,595 =====	\$791,762 =====	\$788,693 =====	\$786,193 =====	\$791,707 =====	\$776,604 =====	\$774,104 =====	-1.2 =====

Program Description: The Administration Program budget provides funding for the major functions of the commissioner's office, including coordination of university system units with regard to academic planning, budget planning and funds distribution, legal services, and labor negotiation policies and procedures. This budget also provides staff support and supplies for the Student Assistance Program.

Budget: There is a 1.20 FTE decrease comprised of the agency's fiscal 1987 reductions of 0.40 professional FTE and 0.30 classified FTE due to the general fund cuts, plus a 0.50 professional FTE in the legal counsel staff which was eliminated as a result of the unfunded pay increases in fiscal 1987. After these FTE reductions, personal services increase by 0.6 percent due to a vacant position in fiscal 1986, salary increases in fiscal 1987, and the cost of benefits going up in the 1989 biennium. Vacancy savings was set at 4 percent.

Operating expenses increase by 2.4 percent primarily due to a 22.4 percent audit cost increase and a 38.9 percent insurance cost increase. The primary reason for establishing operating expenses lower than the executive budget is due to part of the administrative overhead, such as insurance and janitorial services, being charged proportionately to federally-funded programs. This causes operating expenses to increase in Talent Search and Guaranteed Student Loan Programs.

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: STUDENT ASSISTANCE PROGRAM

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current	Level	Subcommittee	Executive	Current	Level	Subcommittee	
WICHE Dues	\$ 53,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	11.3
WICHE Student Assistance	1,943,586	1,875,234	1,875,234	1,875,234	1,830,434	1,769,068	1,769,068	1,769,068	1,677,868	-5.8
WAMI Student Assistance	1,813,315	1,898,618	1,898,618	1,898,618	1,898,618	1,991,721	1,991,721	1,991,721	1,991,721	4.7
MN Rural Dentistry	108,000	113,000	90,400	90,400	90,400	115,000	92,000	92,000	69,000	-16.3
State Student Incentive Grants	368,172	385,000	385,000	385,000	420,000	385,000	385,000	385,000	420,000	14.1
National Direct Student Loan	55,322	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	-0.6
College Work Study	291,000	265,950	276,450	276,450	300,450	265,950	276,450	276,450	300,450	3.2
Carl Perkins Scholarship	0	50,000	0	0	0	50,000	0	0	0	0.0
TOTAL EXPENSES	\$4,632,395	\$4,701,802	\$4,639,702	\$4,653,902	\$4,653,902	\$4,693,739	\$4,631,239	\$4,576,039	\$4,576,039	0.5
FUNDING										
General Fund	\$2,017,878	\$2,341,802	\$2,307,591	\$2,321,791	\$2,315,739	\$2,161,279	\$2,106,079	\$2,106,079	\$2,106,079	15.1
State Special (Ed Trust)	2,421,328	2,100,000	2,122,111	2,122,111	2,118,000	2,259,960	2,259,960	2,259,960	2,259,960	-12.4
Federal Revenue	193,189	260,000	210,000	210,000	260,000	210,000	210,000	210,000	210,000	8.7
TOTAL FUNDING	\$4,632,395	\$4,670,802	\$4,639,702	\$4,653,902	\$4,653,902	\$4,693,739	\$4,631,239	\$4,576,039	\$4,576,039	0.5

Program Description: The Student Assistance Program includes interstate student assistance through WICHE, the Western Interstate Commission for Higher Education; WAMI, the Washington, Alaska, Montana, and Idaho medical education program; and the Minnesota Rural Dentistry Program (MRD). It also includes two federally-funded programs, the State Student Incentive Grants Program (SSIG) and the National Direct Student Loan Program (NDSL), as well as the state-funded College Work Study Program.

Language in Bill: The Commissioner of Higher Education is allowed to transfer appropriation authority between the amounts included in the WICHE appropriation for dentistry, of \$120,534 in fiscal 1988 and \$122,668 in fiscal 1989, and in the Minnesota Rural Dentistry Program, of \$90,400 in fiscal 1988 and \$69,000 in fiscal 1989.

Budget: WICHE dues were budgeted as requested by the agency for an 11.3 percent increase from fiscal 1986 to 1988. As shown in table 1, the total WICHE student assistance budget of \$1,830,434 in fiscal 1988 will support 93 continuing

and 26 new students. The budget of \$1,677,868 in fiscal 1989 will pay support fees for 82 continuing and 25 new students in the fields summarized below. The average cost per slot is \$15,382 in fiscal 1988 and \$15,681 in fiscal 1989. WICHE medical slots were reduced by \$44,800 in fiscal 1988 for two new students, leaving four new students and 29 continuing students. WICHE medical slots were reduced by \$91,200 in fiscal 1989 for two new students and two continuing students. This action leaves four new and 21 continuing WICHE medical students in fiscal 1989.

Table 1
WICHE Interstate Slots Budgeted for the 1989 Biennium

Field	Fiscal 1988		Total Cost	Fiscal 1989		Total Cost
	Continuing Students	New Students		Continuing Students	New Students	
Medicine	29	4	\$ 739,200	21	4	\$ 570,000
Osteo Medicine	7	2	90,900	7	2	92,700
Dentistry	7	3	120,534	7	3	122,668
Veterinary Medicine	36	11	766,100	35	10	787,500
Optometry	10	3	80,600	8	3	69,300
Occupational Therapy	3	1	16,000	1	1	8,200
Podiatry	1	1	14,000	2	1	21,300
Public Health	0	1	3,100	1	1	6,200
TOTAL	93	26	\$1,830,434	82	25	\$1,677,868

The WAMI student assistance for 60 Montanans to attend medical school at the University of Washington was approved at \$1,898,618 for fiscal 1988 and \$1,991,721 for fiscal 1989. The average cost per student, as shown on table 2, is \$31,644 in fiscal 1988 and \$33,195 in fiscal 1989.

Minnesota Rural Dentistry slots are held to one new student each year of the biennium, consistent with the determination of the legislature during the 1985 session to include a total of four new dentistry slots in the MRD and WICHE programs combined. The budget for Minnesota Rural Dentistry is \$90,400 for fiscal 1988 and \$69,000 for fiscal 1989. The 16.3 percent decrease is caused by the limitation of one new student each year due to the oversupply of dentists. As shown in Table 2, the average cost per slot increases from \$11,300 per student in fiscal 1988 to \$11,500 in fiscal 1989.

Table 2
Budgeted Number of Students, Average Cost, and Total Cost
for WICHE, WAMI, MRD, SSIG, and Work Study
Comparison of Fiscal 1986 to Fiscal 1988 and 1989

Program	Fiscal 1986			Fiscal 1988			Fiscal 1989		
	Number of Students	Average Cost Per Student	Total Cost	Number of Students	Average Cost Per Student	Total Cost	Number of Students	Average Cost Per Student	Total Cost
WICHE Asst.	142	\$13,687	\$1,943,586	119	\$15,382	\$1,830,434	107	\$15,681	\$1,677,868
WAMI	60	30,222	1,813,315	60	31,644	1,898,618	60	33,195	1,991,721
MN Rural Den.	10	10,800	108,000	8	11,300	90,400	6	11,500	69,000
SSIG - Loan Nos.	1,830	201	368,172	1,680	250	420,000	1,680	250	420,000
Work Study	654	445	291,000	668	450	300,450	668	450	300,450
Total	2,696		\$4,524,073	2,535		\$4,539,902	2,521		\$4,459,039

Percent Increase in Average Cost Per Student

	Fiscal 1986-88	Fiscal 1988-89
WICHE	12.4%	1.9%
WAMI	4.7%	4.9%
Minnesota Rural Dentistry	4.6%	1.8%

The State Student Incentive Grants Program is increased by \$51,828 over fiscal 1986 actual each year due to revised federal maintenance of effort and matching requirements. An increase of \$8,700 per year would have met the minimum maintenance of effort requirements, but \$26,300 of federal matching funds would have been lost. The \$35,000 increase each year matches all available federal revenue for this program. The National Direct Student Loan Program was approved at \$55,000 each year for a 0.6 percent decrease. The State College Work Study Program was increased by \$9,450 per year for a 3.2 percent increase from fiscal 1986 to 1988.

Funding: The state special revenue is the Education Coal Tax Trust Fund interest earnings. The federal funds are the federal match for the State Student Incentive Grant Program. The \$55,000 general fund appropriation for the National Direct Student Loan Program is matched with \$550,000 of federal funds which are awarded directly to colleges and universities throughout the state; and therefore, are not appropriated in the commissioner's budget.

Modifieds Recommended:

1. Carl D. Perkins Scholarship Program - The federally-funded Carl D. Perkins Scholarship Program is recommended in the amount of \$50,000 each year of the biennium. The purpose of this program is to provide ten annual scholarships of \$5,000 each to outstanding high school students in Montana to encourage them to pursue careers as teachers. This new program was first approved in House Bill 21 for fiscal 1987. If a recipient ceases to pursue the degree program for which the award was made, the student is responsible for repaying the scholarship plus interest accrued from the date of the initial grant. There are no FTE associated with this program and it has no general fund impact.

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: TALENT SEARCH

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current	Level Subcommittee	Executive	Current	Level Subcommittee	
FTE	6.00	6.00	6.00	6.00	6.00	6.00	6.00	0.00
Personal Services	\$127,587	\$120,600	\$121,822	\$121,822	\$120,505	\$121,731	\$121,731	-4.5
Operating Expenses	41,896	45,115	40,246	40,246	45,140	39,698	39,698	-3.9
TOTAL EXPENSES	\$169,483	\$165,715	\$162,068	\$162,068	\$165,645	\$161,429	\$161,429	-4.4
FEDERAL REVENUE	\$169,483	\$165,715	\$162,068	\$162,068	\$165,645	\$161,429	\$161,429	-4.4

Program Description: Talent Search is a federal program which provides career and financial aid counseling to students who are low income, physically handicapped, or culturally disadvantaged. There are six program coordinators located around the state who provide services one-to-one and in small groups to prevent high school dropout and to assist in postsecondary education planning, enrollment, and adjustment to higher education studies and campus life.

Budget: The budget table above includes \$11,688 of fiscal 1986 federal indirect cost recovery funds. Federal indirect cost recovery is presented as a modified below. The FTE remain unchanged. Personal services increase by 1 percent due to adjustments providing longevity compensation and health insurance coverage for more-than-half-time FTE. Personal services appear to decrease by 4.5 percent because federal indirect cost recovery of \$6,965 is included in fiscal 1986 personal services. Likewise, operating expenses appear to decrease by 3.9 percent. Actual program operating expenses increase by 8.3 percent due primarily to the first-time addition of administrative overhead costs, as well as program growth contributing to rising expenses for training, printing, and computer maintenance.

Funding: The Talent Search Program is funded with a United States Department of Education Grant under the Higher Education Act of 1965, Public Law 89-329 as amended.

Modifieds Recommended:

1. Federal Indirect Cost Recovery - Recovery of \$12,236 in fiscal 1988 and \$12,188 in fiscal 1989 is recommended in order to comply with a change by the Accounting Division of the Department of Administration in the accounting of these funds. The change was approved by budget amendment in fiscal 1986 and fiscal 1987. This change requires appropriation authority to properly record transfer of the federal funds recovered from the Talent Search Program.

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LEGISLATIVE ACTION

PROGRAM : GUARANTEED STUDENT LOAN

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	4.90	5.95	4.95	4.95	5.95	4.95	4.95	0.05
Personal Services	\$137,271	\$171,239	\$143,261	\$143,261	\$171,034	\$143,103	\$143,103	4.4
Operating Expenses	544,617	652,348	670,031	670,031	699,456	716,222	716,222	23.0
Equipment	4,631	0	4,500	4,500	0	10,000	10,000	-2.8
TOTAL EXPENSES	\$686,519	\$823,587	\$817,792	\$817,792	\$870,490	\$869,325	\$869,325	19.1
FEDERAL REVENUE	\$686,519	\$823,587	\$817,792	\$817,792	\$870,490	\$869,325	\$869,325	19.1

Program Description: The Guaranteed Student Loan Program is a federal student aid program which was established in Montana by the 1979 legislature for the purpose of allowing eligible students to receive loans from participating lender institutions. The federal program guarantees these loans and makes administrative cost reimbursements to the program. Outstanding loan volume has increased steadily as the program became established and is projected at \$175 million in fiscal 1988 and \$200 million in fiscal 1989.

Legislative Intent: Audit fees are included at \$2,400 each year of the biennium to comply with bond market requirements for annual audits.

Budget: There is a 0.05 FTE increase in accounting staff due to program growth. The 4.4 percent personal services increase results from the FTE adjustment and vacancy savings due to staff turnover in fiscal 1986. Vacancy savings is 4 percent. Operating expenses increase 23 percent over fiscal 1986. Professional loan services increase \$98,443 from fiscal 1986 to fiscal 1988 and an additional \$46,000 to fiscal 1989. Work study contracts in the financial aid offices of state educational institutions are \$10,000 higher per year than in fiscal 1986. Computer processing, travel, and printing all were increased due to growth in loan volume. In addition, operating expenses include increases for insurance and other administrative overhead to prevent the general fund appropriation for administration in the commissioner's office from paying these costs now allocated to this federal program. Equipment is \$4,500 in fiscal 1988 and \$10,000 in fiscal 1989. The items included are: word processor, \$2,500; files, desks, and office furnishings, \$2,000; computer terminal, \$2,500; and copy machine, \$7,500.

Modifieds Recommended:

1. Consultation and Assessment Specialist - The subcommittee recommended the addition of 1.00 FTE Consultation and Assessment Specialist who will review 30 participating postsecondary educational institutions and 180 participating lenders every two years for the purpose of preparing accountability reports from the state program in compliance with U. S. Department of Education requirements. The total modification is \$36,042 in fiscal 1988 and \$36,883 in fiscal 1989. This modification would increase personal services by \$29,172 in fiscal 1988 and by \$29,113 in fiscal 1989. Operating expenses would increase by \$6,870 for travel in fiscal 1988 and by \$7,770 for travel in fiscal 1989. This program modification would be funded with federal revenue and would have no general fund impact.

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: EDUCATION FOR ECONOMIC SECURITY

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current	Level	Subcommittee	Executive	Current	Level	Subcommittee	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.0
Operating Expenses	3,444	1,364	0	0	0	1,364	0	0	0	0.0
Equipment	0	0	0	0	0	0	0	0	0	0.0
Total Expenses	3,444	1,364	0	0	0	1,364	0	0	0	0.0
Non-Operating Costs	\$114,133	\$56,636	\$ 0	\$ 0	\$ 0	\$56,636	\$ 0	\$ 0	\$ 0	0.0
TOTAL EXPENSES	\$117,577	\$58,000	\$ 0	\$ 0	\$ 0	\$58,000	\$ 0	\$ 0	\$ 0	0.0
FEDERAL REVENUE	\$117,577	\$58,000	\$ 0	\$ 0	\$ 0	\$58,000	\$ 0	\$ 0	\$ 0	0.0

Program Description: Education for Economic Security is designed to upgrade the teaching skills of educators in the mathematics and science disciplines through Title II of the Education for Economic Security Act. As required by the federal act, the offices of the Commissioner of Higher Education and the Superintendent of Public Instruction have completed a statewide needs assessment on the teaching of mathematics, science, computer learning, and foreign languages in Montana. Competitive proposals designed to respond to the priority needs are submitted annually by postsecondary institutions in the state and grants are awarded based on the decisions of a review panel. The fiscal 1986 expenditures were authorized by budget amendment and the fiscal 1987 budget of \$65,000 was approved in House Bill 21 during Special Session III.

Budget: There are no FTE or personal services costs for this program. Recommended operating expenses total \$1,364 per year for office supplies, postage, travel, and other program costs. The non-operating costs total \$56,636 each year for competitive grants to be awarded to vo-techs, community colleges, the six units, and private educational institutions.

Modifieds Recommended:

1. Education for Economic Security Program - The subcommittee approved this budget modification of \$58,000 each year of the biennium. This program is entirely federally funded and has no general fund impact.

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: UNIVERSITY SYSTEM GROUP INSURANCE PROGRAM

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual*	Executive	Current	Level	Executive	Current	Level	
FTE	0.00	2.50	0.00	0.00	2.50	0.00	0.00	0.00
Personal Services	\$0	\$ 72,338	\$ 0	\$ 0	\$72,245	\$ 0	\$ 0	--
Operating Expenses	0	332,636	0	0	382,601	0	0	--
Total Expenses	0	404,974	0	0	454,846	0	0	--
Non-Operating Costs	0	\$8,211,000	\$ 0	\$ 0	\$8,731,800	\$ 0	\$ 0	--
TOTAL EXPENSES	0	\$8,615,974	\$ 0	\$ 0	\$9,186,646	\$ 0	\$ 0	--
PROPRIETARY FUND	\$0	\$8,615,974	\$ 0	\$ 0	\$9,186,646	\$ 0	\$ 0	--

* Total fiscal 1986 expenditures for this program were \$5,999,381 when it was at Montana Tech.

Program Description: The Board of Regents is responsible for providing university system employees with group benefits pursuant to 2-28-808 and 809, 20-2-114, and Title 20, Chapter 25, MCA. Board of Regents' guidelines for the partially self-insured group insurance program are contained in policy item 51-901-R0696, which states that administrative costs shall not exceed the amount of premium tax savings that would be incurred under a conventional group plan plus any interest earned on reserves. From fiscal 1984 through fiscal 1986, this program was an auxiliary account at Montana Tech because of uncertainty over whether the commissioner's office could retain interest income on the insurance program reserves in the state accounting system. After it was clarified that interest earnings could be retained through discussions among the Legislative Auditor, the Accounting Division of the Department of Administration, and the Board of Investments, the legislature approved, in House Bill 21, the fiscal 1987 program transfer to the commissioner's office. There is an advisory committee comprised of faculty and staff to oversee this program.

Modifieds Recommended:

1. Group Insurance Program - The subcommittee recommends approval of the University System Group Insurance Program transfer to the commissioner's office with continuation of 2.50 FTE authorized in House Bill 21 and a total budget of \$8,739,609 in fiscal 1988 and \$9,205,338 in fiscal 1989. Personal services costs are \$74,500 in fiscal 1988 and \$4,429 in fiscal 1989.

Operating expenses total \$349,109 in fiscal 1988 and \$399,109 in fiscal 1989. The primary expenditure contained in the recommended operating costs is distribution of wellness funds to the campuses which are budgeted at \$290,000 in fiscal 1988 and \$340,000 in fiscal 1989. Additional operating expenses include \$12,000 each year for audits, plus computer processing, supplies, telephone, and travel.

Non-operating costs recommended include claims at \$6,736,000 in fiscal 1988 and at \$7,072,750 in fiscal 1989 and premiums at \$1,580,000 in fiscal 1988 and at \$1,659,050 in fiscal 1989. Premiums are appropriated to provide the pending authority to reimburse United of Omaha for the insurance coverage.

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: WELLNESS PROGRAM

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.0
Non-Operating Costs	976	1,680	0	0	2,000	0	0	0.0
TOTAL EXPENSES	\$976	\$1,680	\$ 0	\$ 0	\$2,000	\$ 0	\$ 0	0.0
PROPRIETARY	\$976	\$1,680	\$ 0	\$ 0	\$2,000	\$ 0	\$ 0	0.0

Program Description: The Wellness Program of the commissioner's office is designed to contain health insurance costs by helping employees and their families maintain or improve their health through education on healthy lifestyles and risk-reduction activities such as blood pressure screening and exercise programs. This program is comparable to the wellness programs on the campuses which receive employee funds distributed through the group insurance program.

Funding: Program revenue is employee contributions voted by the employees of the Office of the Commissioner of Higher Education.

Modifieds Recommended:

1. Wellness Program - The subcommittee recommends the Wellness Program be established in the commissioner's office with a fiscal 1988 budget of \$1,680 and a fiscal 1989 budget of \$2,000. This was established as a separate program by budget amendment in fiscal 1986 and by House Bill 21 in fiscal 1987 in order to keep these funds distinct from those contributed through the six units and to enable year-to-year carryover if, for example, the employees vote to save their funds for a number of years for the purchase of exercise equipment.

AGENCY: COMMUNITY COLLEGES

LEGISLATIVE ACTION

PROGRAM: STATE ASSISTANCE

Budget Item	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
Student FTE	1740	1709	1740	1740	1709	1740	1740	0.00
Dawson Community College	\$ 741,334	\$ 743,704	\$ 701,724	\$ 718,732	\$ 734,884	\$ 698,070	\$ 713,832	-3.0
Flathead Valley Community Col.	1,577,827	1,637,874	1,667,929	1,655,816	1,629,054	1,669,609	1,656,090	4.9
Miles Community College	865,002	738,274	766,138	740,029	729,454	762,839	735,247	-14.4
TOTAL EXPENSES	\$3,184,163	\$3,119,852	\$3,135,791	\$3,114,577	\$3,093,392	\$3,130,518	\$3,105,169	-2.2
GENERAL FUND	\$3,184,163	\$3,119,852	\$3,135,791	\$3,114,577	\$3,093,392	\$3,130,518	\$3,105,169	-2.2

Program Description: The state's three community colleges, Dawson in Glendive, Flathead Valley in Kalispell, and Miles in Miles City, are organized in accordance with the provisions of Title 20, Chapter 15, MCA. Each community college district has an elected board of trustees accountable to and supervised by the Board of Regents.

Language in Bill: The subcommittee approved the following language, which is consistent with that adopted by the legislature during the last regular session:

The above appropriation provides 49 percent of the total unrestricted budgets for the community colleges, which budgets shall be approved by the Board of Regents.

The general fund appropriation for each community college includes 49 percent of the total audit cost. The remaining 51 percent of these costs are to be paid from funds other than those appropriated in items 1 through 3. Total audit costs may not exceed \$18,000 for each unit during the biennium.

Dawson, Flathead Valley, and Miles Community Colleges are prohibited from including in student enrollment, used in calculating the unrestricted budget referred to in section 20-15-310, MCA, student FTEs from out-of-district centers not approved under Board of Regents' Policy 220.1.

Budget: The community college formula determines both the unrestricted budget and the general fund appropriation for the community colleges. The variables of the community college formula are: (1) student FTE, (2) cost factor per student and (3) percentage of state support for the unrestricted budget. As summarized in Table 1, the

student enrollment figures of 1,740 FTE were used to maintain the actual fiscal 1986 level. Based on college projections for fiscal 1987 enrollment, Dawson Community College enrollment was increased by 12 FTE and Miles Community College enrollment was decreased by 12 FTE. The budgeted FTE for Dawson Community College increase 3.1 percent, Flathead Valley Community College enrollment does not change from the fiscal 1986 actual level, and Miles Community College enrollment declines 2.8 percent.

Table 1
Community College Student Enrollment
Fiscal 1986 to Fiscal 1989

College	Legislature	Fiscal 1986 Actual	Difference	Fiscal 1987 College Est.	FY 1988-89 Budgeted	% Change FY 86-88
Dawson	400	388	(12)	417	400	3.1
Flathead Valley	850	928	78	943	928	0.0
Miles	464	424	(40)	415	412	(2.8)
Total	1,714	1,740	26	1,775	1,740	0.0

The cost factor per student of \$3,622 in fiscal 1988 and \$3,642 in fiscal 1989 was calculated by increasing the approved operating expenses for fiscal 1986 by inflation rates used in all budgets for fiscal 1987, 1988, and 1989 and by increasing fiscal 1986 personal services by 0.92 percent for the fiscal 1987 pay plan increase.

The percentage of state funding for both the current unrestricted budget and the audit costs was set at 49 percent. The 1987 biennium general fund appropriation was based on 52 percent state support for fiscal 1986. When the legislature approved the 5 percent across-the-board cut during Special Session III, the outcome was to reduce the percentage of state support to 49.4 percent for fiscal 1987. The legislature funded the 1987 biennium audit cost of \$60,000 at 41.6 percent for a general fund appropriation of \$24,960. The audit cost for the 1989 biennium is reduced to \$54,000 or \$18,000 per college and funded at 49 percent. The remaining 51 percent of the 1989 biennium unrestricted budget is financed by the mandatory mill levy, student tuition and fees, and miscellaneous revenue.

System-wide, the general fund decreases 2.2 percent from fiscal 1986 to fiscal 1988. The general fund allocation for Dawson Community College decreases by 3 percent because, although the enrollment remains at the fiscal 1986 legislatively-approved level of 400 FTE, the percentage of state support declines from 52 percent in fiscal 1986 to 49 percent in the 1989 biennium. Flathead Valley Community College general fund increases by 4.9 percent because enrollment has gone up from the 850 FTE budgeted for fiscal 1986 to 928 FTE for the 1989 biennium. Miles Community College general fund decreases by 14.4 percent due to enrollment, which was budgeted at 464 FTE for fiscal 1986 and at 412 FTE for the 1989 biennium, and to the decrease in percentage of state support. These formula calculations for the unrestricted budget are shown in Table 2.

Table 2
Calculation of the Community College Unrestricted Budget
Fiscal 1988 and 1989

		Fiscal 1988				Fiscal 1989			
		Total				Total			
Colleges	FTE	Cost Factor	Unrestricted Budget	% State Support	General Fund	FTE	Cost Factor	Unrestricted Budget	% State Support
Dawson	400	x \$3,622	= \$1,448,800	x 49	= \$ 709,912	400	x \$3,642	= \$1,456,800	x 49
Flathead	928	x 3,622	= 3,361,216	x 49	= 1,646,996	928	x 3,642	= 4,379,776	x 49
Miles	412	x 3,622	= 1,492,264	x 49	= 731,209	412	x 3,642	= 1,500,504	x 49
Audit	-0-	-0-	54,000	x 49	= 26,460				= 735,247
Total	<u>1,740</u>		<u>\$6,356,280</u>		<u>\$3,114,577</u>	<u>1,740</u>		<u>\$6,337,080</u>	
									<u>\$3,105,169</u>

AGENCY: MONTANA AGRICULTURAL EXPERIMENT STATION

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	291.70	258.59	258.50	258.70	258.59	258.50	258.70	-33.00
Personal Services	\$6,844,711	\$6,717,917	\$6,835,061	\$6,944,297	\$6,717,917	\$6,865,861	\$6,975,097	1.5
Operating Expenses	1,478,861	1,435,585	1,445,375	1,445,375	1,457,996	1,468,420	1,468,420	-2.3
Equipment	223,102	285,197	119,553	119,553	285,197	117,875	117,875	-46.4
TOTAL EXPENSES	\$8,546,674	\$8,438,699	\$8,399,989	\$8,509,225	\$8,461,110	\$8,452,156	\$8,561,392	-0.4
FUNDING								
General Fund	\$5,953,382	\$6,108,294	\$5,861,686	\$6,124,968	\$6,130,088	\$5,913,853	\$6,177,135	2.9
State Special	826,446	\$657,102	865,000	710,954	657,719	865,000	710,954	-14.0
Federal Revenue	1,766,846	\$1,673,303	1,673,303	1,673,303	1,673,303	1,673,303	1,673,303	-5.3
TOTAL FUNDING	\$8,546,674	\$8,438,699	\$8,399,989	\$8,509,225	\$8,461,110	\$8,452,156	\$8,561,392	-0.4

Program Description: The Montana Agricultural Experiment Station was established in 1893 at the state's land-grant university in Bozeman to conduct and promote studies, scientific investigations, and experiments relating to agriculture, natural resources, and rural life; and to provide information thereby acquired to the people of Montana. The agency summary table includes both the Main Station Program and the United States Livestock and Range Research Laboratory.

Budget: Agency employees decrease by 33.00 FTE from fiscal 1986 to fiscal 1988 due to declining state special and federal revenue and to fiscal 1987 agency cuts following Special Session III. Personal services increase by 1.5 percent due to vacancy savings in fiscal 1986, fiscal 1987 pay increases, and rising costs of benefits. Operating expenses decrease 2.3 percent primarily due to reductions at the U. S. Range Laboratory in Miles City caused by declining revenue from cattle sales. Equipment decreases 46.4 percent due to declining revenue.

Funding: The U. S. Livestock and Range Research Laboratory is funded completely from state special revenue derived from research program cattle sales. State special revenue, which also is a fund source for the main station, decreases by 14 percent from fiscal 1986 to fiscal 1988. Federal United States Department of Agriculture research funds decline by 5.3 percent and the general fund increases by 2.9 percent to support the remainder of the main station budget.

AGENCY: MONTANA AGRICULTURAL EXPERIMENT STATION

LEGISLATIVE ACTION

PROGRAM: MAIN STATION

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	255.57	231.91	242.00	242.00	231.91	242.00	242.00	-13.57
Personal Services	\$6,344,008	\$6,395,159	\$6,498,761	\$6,567,043	\$6,395,159	\$6,529,561	\$6,597,843	3.5
Operating Expenses	1,445,559	1,429,241	1,439,675	1,439,675	1,451,035	1,462,720	1,462,720	-0.4
Equipment	220,652	282,197	116,553	116,553	282,197	114,875	114,875	-47.2
TOTAL EXPENSES	\$8,010,219	\$8,106,597	\$8,054,989	\$8,123,271	\$8,128,391	\$8,107,156	\$8,175,438	1.4
FUNDING								
General Fund	\$5,953,382	\$6,108,294	\$5,861,686	\$6,124,968	\$6,130,088	\$5,913,853	\$6,177,135	2.9
State Special	289,991	325,000	520,000	325,000	325,000	520,000	325,000	12.1
Federal Revenue	1,766,846	1,673,303	1,673,303	1,673,303	1,673,303	1,673,303	1,673,303	-5.3
TOTAL FUNDING	\$8,010,219	\$8,106,597	\$8,054,989	\$8,123,271	\$8,128,391	\$8,107,156	\$8,175,438	1.4

Program Description: The Montana Agricultural Experiment Station Main Station Program includes the campus research departments and the seven applied research centers located around the state to serve specific agricultural areas and to be representative in soil, climate, and other variables for research field tests.

Legislative Intent: There are 12 FTE contract faculty covered under the old eighth quarter leave and retirement option and at least eight of these faculty are expected to retire during the 1989 biennium with a cumulative termination liability of \$338,000 and a projected fiscal 1988 liability of \$251,000. The subcommittee did not include any additional money for these termination costs in the agency's 1989 biennium budget; however, the agency is asked to keep detailed records of these termination costs. It is the intent of the subcommittee to consider a supplemental request if the projected \$251,000 of termination costs materializes in fiscal 1988.

Budget: The 13.57 FTE reductions include 2.42 faculty FTE, 7.48 classified FTE, 1.00 graduate research assistant, and 2.77 part-time FTE, offset by an increase of 0.10 professional FTE. Vacancy savings rates were approved at 4 percent for professional, classified, and part-time positions and at 2 percent for 90.00 FTE contract faculty, the majority of whom have joint instruction appointments. This 2 percent vacancy savings adjustment increased personal services by \$68,282 each year of the 1989 biennium. The primary reasons for the 3.5 percent increase in personal services is the pay increases in fiscal 1987 and rising costs of social security and workers' compensation in the 1989

biennium. The main station FTE and average compensation for fiscal 1988 are summarized in table 1 below.

Table 1
Main State FTE and Average Salaries for Fiscal 1988

Category	Average		Total Cost
	FTE	Salary	
Faculty	90	\$31,351	\$2,821,590
Professional	23	25,516	586,868
Classified	96	17,347	1,665,312
GRA	16	17,965	287,440
Part-time	17	16,433	279,361
Total FTE and Salaries	242		\$5,640,571
Benefits			862,443
Insurance			246,985
Vacany Savings			(182,956)
TOTAL COMPENSATION			<u>\$6,567,043</u>

Operating expenses decrease 0.4 percent. Operating expenses were reduced by \$39,558 from the fiscal 1986 base in veterinary services, hay, laboratory supplies, travel, subscriptions, and other areas. Insurance costs increased 90.2 percent or \$13,039, and there was a fiscal 1986 to 1988 increase of \$20,635 for electricity and natural gas. Gasoline, electricity, and natural gas increase due to inflation by \$23,045 from fiscal 1988 to 1989 and there are no other operating cost increases in the budget.

The equipment budget is decreased by 47.2 percent from fiscal 1986 to 1988. Forty percent of the equipment budget is for farm and ranch machinery, including a grain drill, harvester, tractor, baler, and truck; and 60 percent is for laboratory equipment, including a hood fume lab, electron microscope, chromatograph liquid, solvent delivery system, NIR kernal quality lab, and liquid scintill lab.

Funding: State special revenue increases by 12.1 percent over fiscal 1986; however, this is a 37.5 percent decrease from the fiscal 1986 appropriated level of \$520,000. The subcommittee used \$325,000 per year for state special revenue from agricultural sales based on the agency's revenue projections. Federal revenue decreases 5.3 percent and includes \$1,129,299 of Hatch Act formula funds and \$544,004 of Hatch Act regional research funds for agricultural research in cooperation with other western states.

AGENCY: AGRICULTURAL EXPERIMENT STATION

LEGISLATIVE ACTION

PROGRAM: U.S. RANGE LABORATORY

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	36.13	26.68	16.50	16.70	26.68	16.70	16.70	-19.43
Personal Services	\$500,703	\$322,758	\$336,300	\$377,254	\$322,758	\$336,300	\$377,254	-24.7
Operating Expenses	33,302	6,344	5,700	5,700	6,961	5,700	5,700	-82.9
Equipment	2,450	3,000	3,000	3,000	3,000	3,000	3,000	22.4
TOTAL EXPENSES	\$536,455	\$332,102	\$345,000	\$385,954	\$332,719	\$345,000	\$385,954	-28.1
STATE SPECIAL REVENUE	\$536,455	\$332,102	\$345,000	\$385,954	\$332,719	\$345,000	\$385,954	-28.1

Program Description: The United States Livestock and Range Research Laboratory at Miles City is a cooperative program of the United States Department of Agriculture and the state through the Montana Agricultural Experiment Station. The purpose of the laboratory is to improve the production of beef and to increase range forage efficiency.

Budget: Because of decline in the cattle market and available cattle in the program, state special revenue decreases 28.1 percent. Total FTE and expenses are adjusted accordingly with a 19.43 FTE cut as requested by the agency. Likewise, the agency requested the 24.7 percent decrease in the personal services budget. Operating expenses are as requested by the agency and include research supplies, gasoline, travel, and telephone. The equipment budget is for the purchase of as many replacement geldings as the market will allow. The geldings are used to herd cattle on the 55,000 acre research site.

Funding: The state portion of the laboratory is funded completely with state special revenue generated through sale of cattle from the program. The federal portion of the program is funded with restricted revenue not shown in the table above. Funding includes \$345,000 of projected state special revenue plus \$40,954 of the state special fund balance each year. The total fund balance, primarily utilized for replacement cattle, was \$192,100 at the beginning of fiscal 1987.

AGENCY: BUREAU OF MINES AND GEOLOGY

LEGISLATIVE ACTION

PROGRAM: RESEARCH

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee		Executive	Current Level	Subcommittee		
FTE	28.84	26.43	26.43	26.43		26.43	26.43	0.00		-2.41
Personal Services	\$ 957,620	\$ 868,378	\$ 868,378	\$ 894,624		\$ 868,378	\$ 868,378	\$ 894,624		-6.6
Operating Expenses	549,685	526,623	369,151	369,151		527,013	368,024	368,024		-32.8
Equipment	18,868	20,000	22,075	22,075		20,000	23,875	23,875		17.0
TOTAL EXPENSES	<u>\$1,526,173</u>	<u>\$1,415,001</u>	<u>\$1,259,604</u>	<u>\$1,285,850</u>		<u>\$1,415,391</u>	<u>\$1,260,277</u>	<u>\$1,286,523</u>		<u>-15.7</u>
FUNDING										
General Fund	\$1,173,871	\$1,362,001	\$1,206,604	\$1,232,850		\$1,362,391	\$1,207,277	\$1,233,523		5.0
State Special	52,302	53,000	53,000	53,000		53,000	53,000	53,000		1.3
Resource Indemnity Trust	300,000	0	0	0		0	0	0		-100.0
TOTAL FUNDING	<u>\$1,526,173</u>	<u>\$1,415,001</u>	<u>\$1,259,604</u>	<u>\$1,285,850</u>		<u>\$1,415,391</u>	<u>\$1,260,277</u>	<u>\$1,286,523</u>		<u>-15.7</u>

Program Description: The Bureau of Mines and Geology is a public service and research agency at the Montana College of Mineral Science and Technology in Butte. The bureau of mines gathers, field tests, analyzes, catalogs and disseminates information on ground water, metals, oil, gas, coal, and other non-metallic minerals. The bureau participates in cooperative ground-water studies with the U. S. Geological Survey.

Budget: The 2.41 FTE reduction is comprised of 1.68 professional FTE and 0.73 classified FTE as submitted by the agency to comply with the amount of the unfunded pay plan in fiscal 1987. Vacancy savings of 4 percent was approved for professional, classified, and part-time positions. No vacancy savings was taken for 15.56 FTE contract faculty. This adjustment to no vacancy savings for faculty increased personal services by \$26,246 each year of the biennium. Due to the 2.41 FTE reduction from fiscal 1986 to 1988, personal services decrease 6.6 percent. The agency's FTE and compensation for the 1989 biennium are shown in Table 1 below.

Table 1
FTE and Average Salary for the 1989 Biennium

<u>Category</u>	<u>Average FTE</u>	<u>Salary</u>	<u>Cost</u>
Contract Faculty	15.56	\$34,850	\$542,266
Professional	1.50	34,850	52,275
Classified	8.65	16,683	144,308
Part-time	<u>0.72</u>	16,666	<u>12,000</u>
Total FTE and Salaries	26.43		\$750,849
Benefits			158,251
Vacancy Savings			<u>(14,476)</u>
TOTAL COMPENSATION			<u>\$894,624</u>

Operating expenses decrease by 32.8 percent due primarily to an administrative charge reduction from \$238,520 in fiscal 1986 to \$60,459 in fiscal 1988 and \$59,872 in fiscal 1989. The bureau pays this administrative charge to Montana Tech for overhead costs. The budgeted amount for this fee is about 5 percent of the bureau's expenses. This expense decrease was calculated because the administrative charges the University of Montana and Montana State University make to the Agricultural Experiment Station, the Cooperative Extension Service, and the Forest and Conservation Experiment Station average 5 percent. The charges had increased to more than 15 percent of the bureau's fiscal 1986 budget.

Equipment increases by 17 percent due to the fiscal 1986 cuts in the laboratory and field research items. Fiscal 1988 equipment includes \$12,000 for an editwriter, \$275 for books and publications, \$1,200 for a zoom stereoscope, \$800 for a flux-gate magnetometer, and \$7,800 for seismograph station photovoltaic systems. Fiscal 1989 equipment includes \$6,000 for a personal computer with laser graphics, \$14,000 for a multiparameter probe and winch, \$1,800 for a steel map case, \$1,800 for two platinum-gold laboratory crucibles, and \$275 for publications.

Funding: State special revenue from sale of maps and publications is included at \$53,000 each year and the balance of the revenue is General fund.

AGENCY: MONTANA COOPERATIVE EXTENSION SERVICE

LEGISLATIVE ACTION

PROGRAM: PUBLIC SERVICE

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	135.30	116.19	121.02	116.77	116.19	121.02	116.77	-18.53
Personal Services	\$3,484,983	\$3,223,172	\$3,355,392	\$3,931,250	\$3,223,172	\$3,355,392	\$3,937,561	12.8
Operating Expenses	545,757	482,699	498,984	534,018	484,439	500,456	535,490	-2.2
Equipment	20,217	15,000	12,829	47,863	15,000	12,829	47,863	136.7
TOTAL EXPENSES	\$4,050,957	\$3,720,871	\$3,867,205	\$4,513,131	\$3,722,611	\$3,868,677	\$4,520,914	11.4
FUNDING								
General Fund	\$2,237,166	\$1,891,603	\$2,037,937	\$2,683,863	\$1,893,343	\$2,039,409	\$2,691,646	20.0
Federal Smith-Lever	1,813,791	1,829,268	1,829,268	1,829,268	1,829,268	1,829,268	1,829,268	0.9
TOTAL FUNDING	\$4,050,957	\$3,720,871	\$3,867,205	\$4,513,131	\$3,722,611	\$3,868,677	\$4,520,914	11.4

Program Description: The Montana Cooperative Extension Service is the state agency responsible for diffusing useful and practical information on subjects relating to agriculture and home economics, as well as managing the 4-H program. Located at Montana State University in Bozeman and four area offices, plus the local county extension agent offices, the extension service is part of the national land-grant university system.

Language in the Bill: 1. Professional Retirement Benefit Increase: There is a total \$1,325,151 line-item appropriation for increases in the retirement benefits of 124 administrators, specialists, and county agents of \$659,420 in fiscal 1988 and \$665,731 in fiscal 1989. Because these professionals are state employees with Montana State University faculty contracts who, secondarily, have joint federal appointments, the Education Subcommittee does not believe these personnel are federal employees within the meaning of the new Federal Retirement System Act, Public Law 99-335. Because the federal law is silent on this point and because the United States Department of Agriculture Cooperative Extension Service has advised the agency of its responsibility to provide the increased retirement benefits, there is a line-item appropriation, the total of which may be spent only if the federal courts determine the state must pay these benefits, as stipulated in the following language:

The total money appropriated in line item 2 may only be spent if a federal district or appellate court determines that cooperative extension service employees are federal employees within the meaning of Public Law 99-335. In the event these employees are not federal employees within the meaning of

Public Law 99-335, in order to equalize benefits, up to \$221,300 in fiscal 1988 and up to \$227,611 in fiscal 1989 of the funds appropriated in line item 2 may be spent for social security coverage and retirement benefits for up to 124 professional employees. Any amount unspent for the purpose designated shall revert to the general fund. There may be no transfers in or out of this line item.

2. Improved Communications: Item 3 in the amount of \$70,068 each year is to be spent on improved communications to disseminate agricultural information statewide. This line-item appropriation shall not be used for FTE and includes \$35,034 for operating expenses and \$35,034 for equipment. Any amount unspent for the purpose designated shall revert to the general fund. There may be no transfers in or out of this line-item.

Legislative Intent: 1. New Communication Specialist: Included in the authorized 116.77 FTE and the budgeted personal services is \$40,034 each year for a new 1.00 FTE communications specialist.

Budget: There is an 18.53 FTE decrease of 8.38 faculty FTE, 1.90 professional FTE, 7.44 classified FTE, and 0.81 part-time FTE. The agency made reductions of 13.38 FTE in fiscal 1987 due to revenue shortfalls and eliminated 5.15 FTE due to administrative consolidation with the Agricultural Experiment Station. Vacancy savings rates were approved at 4 percent for professional, classified, and part-time positions and at 2 percent for 80.56 FTE extension specialists and county agents. This change from 4 percent to 2 percent vacancy savings increased personal services by \$47,377 each year of the 1989 biennium. There is a 12.8 percent personal services increase from fiscal 1986 to 1988 due to the 18.5 percent increase in professional retirement benefits, which are a restricted line-item appropriation. Without the benefits increase, personal services would decrease 4.4 percent due to the FTE reductions.

After reviewing the agency's plans for administrative consolidation with the Montana Agricultural Experiment Station, the \$170,973 annual personal services consolidation savings remain in the agency budget as an incentive for future reorganization. The agency would use \$40,034 of the savings to hire 1.00 FTE new communication specialist, for a total of 4.5 professional FTE in communications and publications. Increased retirement costs for administrators in the amount of \$60,871 are in the line-item 2 appropriation. The balance of the consolidation personal services savings is \$70,068 per year and this is the line-item 3 appropriation of \$35,034 in operating expenses and \$35,034 in equipment for statewide dissemination of agricultural information.

Table 1 shows the breakdown of personal services by category, FTE, average salary, total salary, benefits, and vacancy savings for fiscal 1988. The state pays all of the benefits for the 87.20 FTE county agents so their benefits are included in Table 1. Because the counties pay approximately half of the county agents' salaries, based on a county cost equal to the 65 percent of the county clerk and recorder's salary as established in current law, Table 1 includes in the faculty category 52.03 FTE county agents and \$1,115,525 for the state's portion of their salaries.

Table 1
FTE and Personal Costs for Fiscal 1988

Category	Average	Total	Salary
	FTE	Salary	
Faculty	81.89	\$24,894	\$2,038,591
Professional	10.00	38,430	384,295
Classified	23.20	15,928	369,539
Part-time	1.68	16,657	27,984
Total	116.77		\$2,820,409
Benefits			500,522
Federal Retirement - Increase			659,420
Health Insurance			37,260
Vacancy Savings			(86,361)
TOTAL PERSONAL COSTS			<u>\$3,931,250</u>

Operating expenses decrease 2.2 percent. Due to fewer staff, there are reductions of \$31,628 in travel, \$6,106 in telephone, \$5,002 in moving costs for new hires, and \$6,058 in miscellaneous items. Increases include the line-item transfer of \$35,034 consolidation savings from personal services for communications, and \$2,075 more for insurance and utilities. The fiscal 1989 operating expenses increase results from inflation for utilities and rent.

Equipment increases 136.7 percent due to the line-item transfer of \$35,034 consolidation savings for improved communications. Other equipment for fiscal 1988 includes three personal computer packages for \$6,800; a mailroom printer for \$450; a copy machine for \$4,447; and a cassette recorder, software, and library books for \$1,132. Other fiscal 1989 equipment includes two personal computer packages for \$5,200; software for \$4,400; a printer for \$1,200; audio-visual items for \$1,200; and software and library books for \$829.

Funding: Federal unrestricted Smith-Lever funds from the United States Department of Agriculture are projected at \$1,829,268 each year of the biennium. Appropriated federal funds increase 0.9 percent from fiscal 1986 to 1988 and decrease 7.4 percent from the fiscal 1986 appropriated level of \$1,976,222. General fund revenue is utilized for the balance of the budget. The agency also receives restricted federal funds which are not shown in this budget as they are put into the current restricted fund.

AGENCY: FOREST AND CONSERVATION EXPERIMENT STATION

LEGISLATIVE ACTION

PROGRAM: RESEARCH

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current	Level	Subcommittee	Executive	Current	Level	Subcommittee	
FTE	18.14	18.21	16.09	16.09	16.09	18.21	16.09	16.09	16.09	-2.05
Personal Services	\$515,809	\$511,084	\$493,009	\$493,009	\$493,009	\$511,084	\$493,009	\$493,009	\$493,009	-4.4
Operating Expenses	133,473	131,569	129,240	137,026	137,026	133,390	130,659	138,445	138,445	2.7
Equipment	19,062	13,233	13,500	13,500	13,500	13,233	13,500	13,500	13,500	-29.2
Non-Operating	3,468	0	0	0	0	0	0	0	0	0.0
TOTAL EXPENSES	\$671,812	\$655,886	\$635,749	\$643,535	\$643,535	\$657,707	\$637,168	\$644,954	\$644,954	-4.2
FUNDING										
General Fund	\$119,504	655,886	\$635,749	\$643,535	\$643,535	657,707	\$637,168	\$644,954	\$644,954	438.5
State Special	552,308	0	0	0	0	0	0	0	0	-100.0
TOTAL FUNDING	\$671,812	\$655,886	\$635,749	\$643,535	\$643,535	\$657,707	\$637,168	\$644,954	\$644,954	-4.2

Program Description: The Montana Forest and Conservation Experiment Station is responsible for generating research and publications concerning productivity and use of forests, associated rangelands, water, wildlife, and recreation resources. The forest station operates the 28,000 acre Lubrecht Experimental Forest and the Mission-Oriented Research Program which had 33 ongoing second-growth forestry research projects in fiscal 1986. There also were 50 other forestry research projects being conducted at Lubrecht and other sites in cooperation with state, federal, and private entities. The forest station is the research branch of the University of Montana School of Forestry.

Budget: There is a 2.05 FTE reduction from fiscal 1986 staff comprised of 0.51 professional FTE, 0.22 classified FTE, and 1.32 FTE graduate research assistants. These personnel changes reflect Special Session III reductions. Personal services decrease 4.4 percent due to the FTE reductions. No vacancy savings was taken because the agency has fewer than 20 FTE. The agency's FTE and compensation for the 1989 biennium are shown in table 1.

Table 1
FTE and Average Salary for the 1989 Biennium

Category	Average FTE	Salary	Cost
Professional	9.00	\$29,919	\$269,271
Classified	5.90	20,359	120,118
Graduate Research Assistant	.64	17,828	11,410
Part-time	.55	17,015	9,358
Total	16.09		\$410,157
Benefits			82,852
TOTAL COMPENSATION			<u>\$493,009</u>

Operating expenses increase by 2.7 percent because \$4,293 is added each year towards the cost of Lubrecht Experimental Forest electricity and telephone costs. In addition, fire protection fees of \$3,493, which were paid from the general fund in fiscal 1986 for the first time, were budgeted. In prior years, these items were charged to the Lubrecht account which was in the University of Montana auxiliary fund. However, due to declining revenue from timber sales, the agency began charging some auxiliary fund costs to the general fund in fiscal 1986 and those expenses are included and increased in the 1989 biennium general fund budget.

The fiscal 1986 non-operating costs of \$3,468 were incurred for a one-time land exchange to consolidate Lubrecht forest boundaries and, therefore, are not continued. Equipment decreases by 29.2 percent from the fiscal 1986 level and includes both laboratory and field research items.

Funding: General fund, the only revenue source, increases 438.5 percent due to a one-time appropriation of resource indemnity trust interest to replace general fund in fiscal 1986.

LEGISLATIVE ACTION

PROGRAM: System Summary

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
Instruction	\$ 60,616,310	\$ 56,416,872	\$ 55,951,362	\$ 59,971,932	\$ 56,416,872	\$ 56,320,042	\$ 59,723,818	-1.06
Support	34,815,968	31,114,864	32,597,467	31,899,659	30,762,064	32,417,872	31,515,067	-8.38
Research	1,259,499	1,160,800	1,159,822	1,086,897	1,162,607	1,161,131	1,088,206	-13.70
Public Service	455,205	412,828	457,086	446,518	412,934	457,091	446,542	-1.91
Physical Plant	14,985,046	15,779,137	15,186,012	15,664,872	16,202,515	15,617,549	16,119,916	4.54
Scholarships	2,715,016	2,964,656	3,005,374	2,993,188	2,964,656	3,021,027	2,979,037	10.25
TOTAL EXPENSES	\$114,847,044	\$107,849,157	\$108,357,123	\$112,063,066	\$107,921,648	\$108,994,712	\$111,882,586	-2.42
FUNDING	=====	=====	=====	=====	=====	=====	=====	=====
General Fund	\$ 73,168,435	\$ 68,800,061	\$ 67,354,191	\$ 70,662,036	\$ 68,686,478	\$ 67,663,929	\$ 70,589,438	-3.43
Tuition and Fees	24,308,293	25,488,526	27,022,752	26,920,559	25,488,526	27,158,894	26,780,677	10.75
Millage	14,384,000	12,924,000	11,468,180	12,864,200	13,125,000	11,659,889	12,906,000	-10.57
Indirect Cost Reimb.	1,804,122	0	1,992,000	1,136,471	0	1,992,000	1,136,471	-37.01
Other	522,124	636,570	520,000	480,000	621,644	520,000	470,000	-8.07
Spenddown Fund Balance	660,070	0	0	0	0	0	0	
TOTAL FUNDING	\$114,847,044	\$107,849,157	\$108,357,123	\$112,063,066	\$107,921,648	\$108,994,712	\$111,882,586	-2.42
	=====	=====	=====	=====	=====	=====	=====	=====

Program Description: The Montana university system is composed of two universities and four colleges which serve approximately 26,000 students each year. Program budgets of the units of the university system include instruction, organized research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships and fellowships.

Legislative Intent: Language was proposed for funding audits, consistency between programs and units, and indirect cost reimbursements.

Audit costs: The appropriation for the audits is for the biennium. Total audit costs are estimated to be \$352,000 for the biennium. Twenty-five percent of these costs (fifty percent for MSU and UM) are to be paid from funds other than those appropriated in the general appropriations bill.

Consistency between programs and units: The six university units shall account for expenditures consistently within programs and funds across all units and shall use the Higher Education Management Systems program classification structure along with College and University Business Administration (CUBA) as a minimum standard for achieving consistency.

Indirect cost reimbursements: Each year of the biennium the portion of indirect cost reimbursements which exceeds the amount set forth in the current unrestricted operating subfund appropriation for each unit is appropriated to the respective unit. All indirect cost reimbursement not expended in the current unrestricted operating subfund account shall be clearly identifiable and separately accounted for during the 1989 biennium. Each university system unit shall submit a written report to the Legislative Finance Committee by August 19, 1988 of the activities supported and accomplishments achieved with all indirect cost reimbursement expended in funds other than the current unrestricted operating subfund for fiscal 1988.

Budget: The budget was developed using the university formula which was implemented in the 1981 session. Expenditures are categorized in six functional areas: instruction, support, plant operations and maintenance, research, public service, and scholarships and fellowships. The instruction and support programs' budgets, as well as estimates for tuition and scholarships and fellowships, rely on student enrollment estimates. Table 1 lists the actual enrollment for fiscal 1986, the anticipated fiscal 1987 enrollment, and enrollment projections for the 1989 biennium. The enrollment projections include an MCMST base enrollment of 1,550 which would be established to provide for sufficient funding for maintaining the specialty mining and engineering technology programs.

Table 1
Montana University System - FTE Student Enrollment

Unit	Actual	Projected	Budgeted	
	Fiscal 1986	Fiscal 1987*	Fiscal 1988	Fiscal 1989
MSU	10,097	9,617	9,403	9,248
UM	8,144	8,034	7,996	8,008
EMC	3,442	3,192	3,199	3,198
NMC	1,693	1,717	1,702	1,730
WMC	854	928	916	905
MCMST	<u>1,659</u>	<u>1,572</u>	<u>1,550</u>	<u>1,550</u>
Total Enrollment	<u>25,889</u>	<u>25,060</u>	<u>24,766</u>	<u>24,639</u>

*Actual FTE for WMC and MCMST.

Instruction: The university system budget for the instruction program is \$119,705,750 for the 1989 biennium. The funding level is at 97 percent for the instruction program for both years of the 1989 biennium compared to 99 percent for both years of the 1987 biennium. In Special Session III a general fund reduction of 5 percent and a reduction in pay plan funding resulted in a net funding level representing approximately 91.7 percent of the instruction and support program budgets. Table 2 lists the average salary formula factors and the instruction support rate used to develop the budget for the instruction program.

Table 2
Instruction Program - Formula Factors Adopted

Unit	FY88 and FY89		Instruction Support Rate	
	Average Salary		Fiscal 1988	Fiscal 1989
MSU	\$30,986		\$633.30	\$633.92
UM	30,986		494.68	495.16
EMC	27,722		409.75	410.15
NMC	27,495		466.97	467.42
WMC	27,495		531.69	532.21
MCMST	29,996		633.30	633.92

An additional \$174,000 annually was added to the instruction program at UM to reflect the expenditure authority for special law and pharmacy fees which are included in current unrestricted funds. The \$174,000 will be line-itemed in the instruction budget for the law and pharmacy programs. UM is not required to expend the full amount which is line-itemed if the revenue is not realized.

Support: The support budget totals \$63,414,726 for the 1989 biennium, and decreases by 8.4 percent from fiscal 1986 to fiscal 1988. A funding level of 90 percent is used for both years of the 1989 biennium compared to 95 percent in fiscal 1986 and 97 percent for fiscal 1987. Special Session III reductions resulted in an effective rate of 91.4 percent funding for both the support and instruction programs. The support budget includes academic, institutional, and student services support, and includes such expenditures as intercollegiate athletics, libraries, counseling, registration, academic deans, and other administrative functions. Support is calculated using each unit's enrollment and a flat rate per FTE student. The rate reflects support expenditures at a group of similar schools in the western United States. A support rate of \$1,396 per student is used for MSU and UM, \$1,387 for EMC, NMC, and WMC, and \$1,650 for MCMST.

Audit costs total \$352,800 of which \$244,400 is included in the support program budget. Language included requires EMC, NMC, WMC, and MCMST to fund 25 percent of audit costs from funds other than current unrestricted; MSU and UM are required to fund 50 percent from sources other than current unrestricted funds.

Research: MSU, MCMST and UM have research programs. These budgets are incrementally budgeted using fiscal 1986 expenditures within the appropriated levels. The research budget for the three units for the 1989 biennium totals

\$2,175,103. The research budget decreases by 13.7 percent from fiscal 1986 to fiscal 1988 because fiscal 1986 had an \$82,142 expenditure for MONTCLIRC at UM which has been deleted from the research budget. Also, fiscal 1988 expenditures reflect a reduction of UM because expenditures exceeded the fiscal 1986 allocation for the research program.

Public Service: Four units have public service programs which are incrementally budgeted. The public service budget for MSU, UM, NMC, and EMC for the 1989 biennium totals \$893,060, decreasing by 1.9 percent from fiscal 1986 to 1988.

Plant: The plant operation and maintenance incremental budget for the 1989 biennium totals \$31,784,788, and increases by 4.54 percent from fiscal 1986 to fiscal 1988. The increase is due to inflation, primarily in utilities, and to adjustments to plant expenditures. Vacancy savings of 4 percent was applied to MSU, UM, EMC, and MCMST for a total of \$179,465 annually. Both WMC and NMC employ less than 20 FTE in the plant program and had no vacancy savings applied.

NMC and MCMST receive increases for emergency plant expenditures and continuing maintenance needs. NMC receive \$125,000 annually and MCMST receives an additional \$115,000 each year.

MSU additional adjustments include \$36,573 for new space costs and \$75,679 for major sewer and water rate increases. In addition, to encourage cost savings measures, MSU's plant program budget was allowed to retain \$146,253, the amount MSU will save because of natural gas energy savings due to receiving a lower rate from Montana Power when MSU considered switching to a wood pellet system.

Scholarships and Fellowships: The scholarship program budget is \$5,972,225 for the 1989 biennium and increases by 10.25 percent from fiscal 1986 to fiscal 1988 reflecting a combination of higher tuition costs, lower total enrollment, and declining out-of-state enrollment. This budget is developed using 5.75 percent of anticipated in-state registration and incidental fees and 18.45 percent of projected out-of-state incidental fees. Projections are also included for mandatory fee waivers for eligible students: Native American, veterans, senior citizens, high school honor recipients, etc. Table 3 shows the scholarships and fellowships program costs for fiscal 1986 and for fiscal 1988 and 1989.

Table 3
University System - Scholarships and Fellowships

Unit	Actual			FY86-88 % Change
	Fiscal 1986	Fiscal 1988	Fiscal 1989	
MSU	\$ 896,879	\$1,125,273	\$1,106,723	25.47
UM	897,738	983,741	985,218	9.58
EMC	312,905	353,209	353,099	12.88
NMC	238,369	245,304	249,339	2.91
WMC	75,057	83,472	82,469	11.21
MCMST	294,068	202,189	202,189	-31.24
Total	\$2,715,016	\$2,993,188	\$2,979,037	-10.25

MSU costs increase by 25.47 percent primarily because a portion of scholarship and fellowship funding was not included in the 1985 appropriation and some scholarship costs were incurred in other budgeted programs. The UM increase of 9.58 percent results from the combination of enrollment decreases with tuition increase, and the transfer of \$35,000 out of the scholarship program in fiscal 1986. EMC costs increase by 12.88 percent because of tuition increases and enrollment decline. NMC costs increase by 2.91 percent resulting from a fiscal 1986 transfer of \$11,119 out of the scholarship program and a decline of 35 students from projected FY86 to projected FY88. WMC costs increase by 11.21 percent due to projected enrollment increases.

MCMST shows a decrease of 31.24 percent due to a decline of 293 FTE in projected enrollment from fiscal 1986 to fiscal 1988, and a transfer of \$41,772 into the scholarship program in fiscal 1986. Comparing the fiscal 1986 appropriated level of \$253,228 with the fiscal 1988 level of \$202,189 shows a decrease of 20.2 percent while enrollment projections decrease by 15.9 percent from 1,843 FTE in fiscal 1986 to 1,550 FTE in fiscal 1988.

Funding: The six units of the university system are funded from state general fund, tuition and fees, a state six-mill levy, indirect cost reimbursement collections, and other miscellaneous sources.

General Fund: The university system budget includes \$141.3 million of general fund in the 1989 biennium. General fund decreases by \$2.5 million from fiscal 1986 to fiscal 1988 due to overall budget decreases and increases in tuition revenue.

Tuition and Fees: Tuition and fees revenue is projected using the tuition rates charged by the university system in fiscal 1987. That rate includes the rate approved by the 1985 legislature plus a surcharge of \$2 per credit hour (\$3 if on a semester basis) totaling \$72 per full-time equivalent (FTE) student. The surcharge was levied by the board of regents for fiscal 1987 to offset declining enrollments and decreased general fund. The tuition increase combines with decreased enrollment to provide tuition and fee revenue of \$26.9 million in fiscal 1988 and \$26.8 million in fiscal 1989. Tuition revenue is 10.75 percent higher in fiscal 1988 than in 1986. Removing the surcharge of \$72 per student for the 1989 biennium would decrease tuition revenue by approximately \$3.6 million.

Six-Mill Levy: The state is authorized to collect up to six mills on the taxable value of all real and personal property in the state. The proceeds are used for the support, maintenance, and improvement of the Montana university system and other public education institutions subject to the board of regents supervision. These funds are subject to legislative appropriation. Millage receipts are estimated to be \$12.9 in fiscal 1988 and fiscal 1989. The present ten-year authorization for the six-mill levy terminates on January 1, 1989, and requires renewal either by statute or by referendum.

Indirect Cost Reimbursements: Institutional costs are incurred in providing support for government-sponsored research. These costs (accounting, administration, utilities, library expenses, etc.) are provided for with indirect cost reimbursements that are calculated as a portion of the total amount of the research project. Both federal and state projects allow indirect cost reimbursements to the institutions providing the supporting activities for the research. In the 1987 biennium each unit was allowed to retain 15 percent of the total indirect cost reimbursements, with the other 85 percent deposited in the current unrestricted fund. Any amount beyond that anticipated in House Bill 500 would cause a reversion of general fund money. In Special Session III, House Bill 18 appropriated to the university units all amounts exceeding the estimate for indirect cost reimbursement which was set forth in House Bill 500. At that time the units estimated \$380,00 in excess indirect cost reimbursement.

The unrestricted fund revenue for indirect cost reimbursements for the 1989 biennium is projected at 50 percent of the estimate used for fiscal 1987, including the estimated excess receipts of \$380,000. The receipts for the 1989 biennium are estimated at 50 percent of \$2,272,941 for each year of the 1989 biennium. The \$60,000 reimbursement to Montana Tech from the Bureau of Mines was moved from the indirect cost recovery revenue to the other revenue category. Language is proposed to provide for assessment of the actual costs incurred by the institution for support of grant activities, and for assessment and tracking of the use of those indirect cost reimbursements appropriated to the university unit.

House Bill 611 would provide that 100 percent of federal and non-federal indirect cost reimbursements be appropriated to the university units but not included in current unrestricted funds. Support costs for federal grant activity and for state projects would continue to be provided by the units. General fund would replace the \$1.45 million which is proposed for indirect cost recovery revenue for the 1989 biennium.

Agency Summaries: A summary for each unit of the university system shows expenses by program and funding by source for each year of the 1989 biennium.

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
Student FTE	10,097	9,573	9,550	9,403	9,573	9,565	9,248	-6.87
Instruction	\$25,187,572	\$23,075,478	\$23,267,982	\$24,235,408	\$23,075,478	\$23,337,572	\$23,869,704	-3.78
Support	13,585,047	11,694,429	12,365,879	11,911,762	11,612,829	12,303,666	11,675,367	-12.32
Research	578,210	530,616	597,925	597,925	530,616	597,925	597,925	3.41
Public Service	10,057	10,048	10,258	10,300	10,048	10,258	10,300	2.42
Physical Plant	4,852,855	5,397,624	4,804,913	5,156,872	5,596,708	4,973,137	5,348,603	6.26
Scholarships	896,879	1,023,359	1,147,803	1,125,273	1,023,359	1,149,605	1,106,723	25.47
TOTAL EXPENSES	\$45,110,620	\$41,731,554	\$42,194,760	\$43,037,540	\$41,849,038	\$42,372,163	\$42,608,622	-4.60
FUNDING	=====	=====	=====	=====	=====	=====	=====	=====
General Fund	\$28,302,260	\$26,857,586	\$25,698,802	\$26,788,441	\$26,895,675	\$25,784,191	\$26,520,841	-5.35
Tuition and Fees	9,431,365	9,518,988	10,371,026	10,181,269	9,518,988	10,387,316	10,013,440	7.95
Millage	5,681,680	5,104,980	4,529,932	5,081,359	5,184,375	4,605,656	5,097,870	-10.57
Indirect Cost Reimb	935,000	0	1,235,000	726,471	0	1,235,000	726,471	-22.30
Other	362,427	250,000	360,000	260,000	250,000	360,000	250,000	-28.26
Spenddown Balance	397,888							
TOTAL FUNDING	\$45,110,620	\$41,731,554	\$42,194,760	\$43,037,540	\$41,849,038	\$42,372,163	\$42,608,622	-4.60
	=====	=====	=====	=====	=====	=====	=====	=====

Budget: The fiscal 1988 budget decreases by 4.6 percent from fiscal 1986 to fiscal 1988, while enrollment declines by 6.9 percent. The decreases in the instruction and support programs are due to the funding level changes and enrollment decrease. The increase of \$323,975 from fiscal 1986 to fiscal 1988 for the three incremental programs results from inflation increases plus adjustments for utility cost increases and fiscal 1987 new space. Scholarships and fellowships increase by \$228,394 from fiscal 1986 to 1988 because of tuition and enrollment changes, and because a portion of the scholarship budget was omitted for fiscal 1986.

Funding: General fund decreases by \$1.5 million from fiscal 1986 to fiscal 1988 due to overall budget decreases. Tuition revenue increases by 7.95 percent due to tuition increases, millage estimates decrease by 10.57 percent, and indirect cost reimbursement reduction decreases the fiscal 1988 receipts by 22.30 percent. MSU requested a reduction in estimated other revenue for a decrease of 28.26 percent.

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	% Change		
Student FTE	8,144	7,983	7,961	7,996	7,983	7,979	8,008	-1.82		
Instruction	\$18,894,842	\$17,499,838	\$17,297,059	\$18,760,558	\$17,499,838	\$17,365,051	\$18,819,270	-0.71		
Support	10,014,583	9,800,051	10,362,790	10,176,919	9,720,851	10,307,012	10,152,700	1.62		
Research	631,404	592,758	518,179	445,254	594,436	519,459	446,534	-29.48		
Public Service	211,283	189,450	206,020	195,892	189,462	206,013	195,904	-7.28		
Physical Plant	5,099,031	5,268,397	5,273,489	5,216,702	5,405,843	5,410,778	5,353,991	2.31		
Scholarships	897,738	981,835	985,840	983,741	981,835	988,069	985,218	9.58		
TOTAL EXPENSES	\$35,748,881	\$34,332,329	\$34,663,377	\$35,779,066	\$34,392,265	\$34,796,382	\$35,953,617	0.08		
FUNDING										
General Fund	\$22,324,622	\$21,228,028	\$21,280,220	\$22,178,082	\$21,226,860	\$21,353,903	\$22,325,955	-0.66		
Tuition and Fees	8,264,145	9,075,405	9,306,830	9,309,679	9,075,405	9,327,873	9,323,650	12.65		
Millage	4,372,736	3,928,896	3,486,327	3,910,717	3,990,000	3,544,606	3,923,424	-10.57		
Indirect Cost Reimb	400,000	0	460,000	270,588	0	460,000	270,588	-32.35		
Other	108,650	100,000	110,000	110,000	100,000	110,000	110,000	1.24		
Resource Indem. Trust	278,728									
TOTAL FUNDING	\$35,748,881	\$34,332,329	\$34,663,377	\$35,779,066	\$34,392,265	\$34,796,382	\$35,953,617	0.08		

Budget: The fiscal 1988 budget shows an .08 percent increase over fiscal 1986, while enrollment shows a 1.82 percent decline for the same period. Research program funds decrease by 29.48 percent because the MONTCLIRC program funds have been removed from the budget. Scholarships and fellowships increase by 9.58 percent because of the additional \$72 surcharge on tuition.

Funding: General fund decreases by 0.66 percent due to a one-time resource indemnity trust of \$278,928 used in fiscal 1986 to replace general fund. Tuition revenue increases by 12.65 percent because of the surcharge, millage estimates decrease by 10.57 percent, and indirect cost reimbursement reduction decreases the fiscal 1988 receipts by 32.35 percent.

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
Student FTE	3,442	3,276	3,239	3,199	3,276	3,271	3,198		-7.06	
Instruction	\$6,676,322	\$6,152,031	\$6,108,652	\$6,468,676	\$6,152,031	\$6,180,416	\$6,478,550		-3.11	
Support	4,615,792	4,044,030	4,238,679	4,097,143	3,991,230	4,227,371	4,056,406		-11.24	
Research	0	0	0	0	0	0	0			
Public Service	224,803	204,755	231,435	231,435	204,849	231,447	231,447		2.95	
Physical Plant	1,950,003	2,023,125	2,024,605	2,000,181	2,042,192	2,079,056	2,054,632		2.57	
Scholarships	312,905	322,850	356,466	353,209	322,850	359,988	353,099		12.88	
TOTAL EXPENSES	\$13,779,825	\$12,746,791	\$12,959,837	\$13,150,644	\$12,713,152	\$13,078,278	\$13,174,134		-4.57	
FUNDING	=====	=====	=====	=====	=====	=====	=====		=====	
General Fund	\$8,892,892	\$8,136,574	\$8,103,869	\$8,191,451	\$8,076,805	\$8,165,425	\$8,210,508		-7.89	
Tuition and Fees	2,908,238	2,905,097	3,235,105	3,200,081	2,905,097	3,267,067	3,199,081		10.04	
Millage	1,869,920	1,680,120	1,490,863	1,672,347	1,706,250	1,515,786	1,677,780		-10.57	
Indirect Cost Reimb	85,000	0	105,000	61,765	0	105,000	61,765		-27.34	
Other	23,775	25,000	25,000	25,000	25,000	25,000	25,000		5.15	
TOTAL FUNDING	\$13,779,825	\$12,746,791	\$12,959,837	\$13,150,644	\$12,713,152	\$13,078,278	\$13,174,134		-4.57	
	=====	=====	=====	=====	=====	=====	=====		=====	

Budget: The fiscal 1988 budget declines by 4.57 percent over fiscal 1986, while enrollment decreases by 7.1 percent. The decreases in the instruction and support programs are due to the funding level changes and decline in student enrollment. The incremental budgets, public service and plant, increase by \$56,800 from fiscal 1986 to fiscal 1988 due to inflation. Scholarships and fellowships increase because of increase in tuition.

Funding: General fund decreases by 7.9 percent from fiscal 1986 to fiscal 1988 due to overall budget decrease and tuition increase. Tuition revenue increases by 10.04 percent, millage estimates decline by 10.57 percent, and indirect cost reimbursement reduction decreases the fiscal 1988 receipts by 27.34 percent.

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
Student FTE	1,693	1,736	1,571	1,702	1,736	1,587	1,730	0.53
Instruction	\$3,765,898	\$4,041,362	\$3,656,528	\$4,190,393	\$4,041,362	\$3,700,171	\$4,266,713	11.27
Support	2,439,544	2,122,236	2,041,322	2,157,007	2,079,036	2,018,472	2,159,559	-11.58
Research	0	0	0	0	0	0	0	
Public Service	9,062	8,575	9,373	8,891	8,575	9,373	8,891	-1.89
Physical Plant	1,081,539	1,053,678	944,384	1,069,384	1,079,017	969,517	1,094,517	-1.12
Scholarships	238,369	264,188	227,135	245,304	264,188	229,449	249,339	2.91
TOTAL EXPENSES	\$7,534,412	\$7,490,039	\$6,878,742	\$7,670,979	\$7,472,178	\$6,926,982	\$7,779,019	-1.81
FUNDING								
General Fund	\$5,330,908	\$5,260,553	\$4,714,503	\$5,317,044	\$5,230,632	\$4,736,502	\$5,396,863	-0.26
Tuition and Fees	1,311,199	1,450,746	1,447,149	1,562,965	1,450,746	1,461,887	1,588,678	19.20
Millage	863,040	775,440	688,090	771,852	787,500	699,593	774,360	-10.57
Indirect Cost Reimb	24,807	0	24,000	14,118	0	24,000	14,118	-43.09
Other	4,458	3,300	5,000	5,000	3,300	5,000	5,000	12.16
TOTAL FUNDING	\$7,534,412	\$7,490,039	\$6,878,742	\$7,670,979	\$7,472,178	\$6,926,982	\$7,779,019	-1.81

Budget: The fiscal 1988 budget increases by 1.81 percent due to an enrollment increase of .5 percent from fiscal 1986 to fiscal 1988. The instruction program increases by 11.27 percent from fiscal 1986 to 1988 because fiscal year 1986 expenditures were \$458,000 less than the instruction program appropriation. The support program decrease of 11.58 percent from fiscal 1986 to fiscal 1988 is due to the expenditure in fiscal 1986 of \$149,000 more than the support program allocation. The instruction and support program budgets were based on 1,737 FTE for fiscal 1986 which would then represent a decrease of .4 percent in budgeted enrollment. Physical plant decreases because fiscal 1986 expenditures exceeded the plant program appropriation.

Funding: General fund decreases only 0.26 percent from fiscal 1986 to fiscal 1988, due primarily to tuition revenue increases of 19.2 percent. Millage estimates are 10.57 percent lower for fiscal 1988 than fiscal 1986, and indirect cost reimbursements reduction decreases that revenue by 12.16 percent from fiscal 1986 to fiscal 1988.

AGENCY: Western Montana College

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
Student FTE	854	947	865	916	947	873	905	7.26
Instruction	\$1,790,395	\$2,235,292	\$2,072,146	\$2,321,136	\$2,235,292	\$2,094,749	\$2,297,033	29.64
Support	1,383,313	1,192,571	1,153,167	1,186,367	1,150,571	1,121,464	1,141,019	-14.24
Research	0	0	0	0	0	0	0	0
Public Service	0	0	0	0	0	0	0	0
Physical Plant	688,142	683,431	729,090	729,090	692,777	744,443	744,443	5.95
Scholarship	75,057	83,231	82,683	83,472	83,231	83,448	82,469	11.21
TOTAL EXPENSES	\$3,936,907	\$4,194,525	\$4,037,086	\$4,320,065	\$4,161,871	\$4,044,104	\$4,264,964	9.73
FUNDING								
General Fund	\$2,733,517	\$2,902,654	\$2,793,891	\$3,015,371	\$2,863,568	\$2,786,883	\$2,969,469	10.31
Tuition and Fees	715,458	869,553	853,213	877,452	869,553	861,104	866,915	22.64
Millage	460,288	413,568	366,982	411,654	420,000	373,117	412,992	-10.57
Indirect Cost Reimb	18,094	0	18,000	10,588	0	18,000	10,588	-41.48
Other	9,550	8,750	5,000	5,000	8,750	5,000	5,000	-47.64
TOTAL FUNDING	\$3,936,907	\$4,194,525	\$4,037,086	\$4,320,065	\$4,161,871	\$4,044,104	\$4,264,964	9.73

Budget: The fiscal 1988 budget increases by 9.73 percent and enrollment increases by 7.26 percent over fiscal 1986. For fiscal 1986 WMC requested an adjustment moving \$399,859 from the instruction program into the support program. Fiscal 1988 comparisons reflect this adjustment. Plant expenditures increase by 5.95 percent due to inflation and a 1987 maintenance adjustment. Scholarships and fellowships increase by 11.21 percent from fiscal 1986 to 1988 due to enrollment increases and tuition increase.

Funding: General fund increases \$281,854, or 10.31 percent from fiscal 1986 to fiscal 1988. Tuition and fees increase due to tuition and enrollment increases. Millage estimates decline by 10.57 percent, and the indirect cost reimbursements reduction decreases that revenue by \$7,506. The other revenue sources are reduced by \$4,550 from fiscal 1986 to fiscal 1988.

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
Student FTE	1,659	1,527	1,555	1,550	1,527	1,593	1,550	-6.57
Instruction	\$4,301,281	\$3,412,871	\$3,548,995	\$3,995,761	\$3,412,871	\$3,642,083	\$4,002,548	-7.10
Support	2,777,689	2,261,547	2,435,630	2,370,461	2,207,547	2,439,887	2,330,016	-14.66
Research	49,885	37,426	43,718	43,718	37,555	43,747	43,747	-12.36
Public Service	0	0	0	0	0	0	0	
Physical Plant	1,313,476	1,352,882	1,409,531	1,492,643	1,385,978	1,440,618	1,523,730	13.64
Scholarships	294,068	289,193	205,447	202,189	289,193	210,468	202,189	-31.24
TOTAL EXPENSES	\$8,736,399	\$7,353,919	\$7,643,321	\$8,104,772	\$7,333,144	\$7,776,803	\$8,102,230	-7.23
FUNDING								
General Fund	\$5,567,690	\$4,414,666	\$4,762,906	\$5,171,647	\$4,392,938	\$4,837,025	\$5,165,802	-7.11
Tuition and Fees	1,677,888	1,668,737	1,809,429	1,788,913	1,668,737	1,853,647	1,788,913	6.62
Millage	1,136,336	1,020,996	905,986	1,016,271	1,036,875	921,131	1,019,574	-10.57
Indirect Cost Reimb	341,221	0	150,000	52,941	0	150,000	52,941	-84.48
Other	13,264	249,520	15,000	75,000	234,594	15,000	75,000	465.44
TOTAL FUNDING	\$8,736,399	\$7,353,919	\$7,643,321	\$8,104,772	\$7,333,144	\$7,776,803	\$8,102,230	-7.23

Budget: The fiscal 1988 budget decreases by 7.23 percent and enrollment declines by 6.57 percent from fiscal 1986. Instruction and support program costs decrease because of decrease in student FTE and the decreased funding level. Plant program costs increase by 13.64 percent due to inflation, an adjustment to meet maintenance needs, and an adjustment for fiscal 1987 new space. Scholarships decline because enrollment declines and because fiscal 1986 expenditures exceeded the appropriated level by \$41,772.

Funding: General fund decreases by 7.11 percent between fiscal 1986 and fiscal 1988. Tuition revenues increase by 6.62 percent due to tuition increase, and millage estimates decrease by 10.57 percent from fiscal 1986 to 1988. An adjustment in the indirect cost recovery from the Bureau of Mines decreases indirect cost reimbursement by \$240,000 and increases other revenue by \$60,000 between fiscal 1986 and fiscal 1988.

LEGISLATIVE ACTION

PROGRAM: System Summary

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
Instruction	\$ 60,616,310	\$ 56,416,872	\$ 55,951,562	\$ 60,101,932	\$ 56,416,872	\$ 56,320,042	\$ 60,320,288	- .85
Support	34,815,968	31,114,864	32,597,467	31,899,659	30,762,064	32,417,872	31,515,067	-8.38
Research	1,259,499	1,160,800	1,159,822	1,086,897	1,162,607	1,161,131	1,088,206	-13.70
Public Service	455,205	412,828	457,086	446,518	412,934	457,091	446,542	-1.91
Physical Plant	14,985,046	15,779,137	15,186,012	16,004,716	16,202,515	15,617,549	16,459,760	6.80
Scholarships	2,715,016	2,964,656	3,005,374	3,022,699	2,964,656	3,021,027	3,001,420	11.33
TOTAL EXPENSES	\$114,847,044	\$107,849,157	\$108,357,123	\$112,562,421	\$107,921,648	\$108,994,712	\$112,831,283	-1.99
FUNDING	\$114,847,044	\$107,849,157	\$108,357,123	\$112,562,421	\$107,921,648	\$108,994,712	\$112,831,283	-1.99
General Fund	\$ 73,168,435	\$ 68,800,061	\$ 67,354,191	\$ 71,031,391	\$ 68,686,478	\$ 67,663,929	\$ 71,408,135	-2.92
Tuition and Fees	24,308,293	25,488,526	27,022,752	27,050,359	25,488,526	27,158,894	26,910,677	11.28
Millage	14,384,000	12,924,000	11,468,180	12,864,200	13,125,000	11,659,889	12,906,000	-10.57
Indirect Cost Reimb.	1,804,122	0	1,992,000	1,136,471	0	1,992,000	1,136,471	-37.01
Other	522,124	636,570	520,000	480,000	621,644	520,000	470,000	-8.07
Spenddown Fund Balance	660,070	0	0	0	0	0	0	
TOTAL FUNDING	\$114,847,044	\$107,849,157	\$108,357,123	\$112,562,421	\$107,921,648	\$108,994,712	\$112,831,283	-1.99

Program Description: The Montana university system is composed of two universities and four colleges which serve approximately 25,000 students each year. Program budgets of the units of the university system include instruction, organized research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships and fellowships.

Legislative Intent: Language was proposed for funding audits, consistency between programs and units, indirect cost reimbursements, and energy cost savings.

Audit costs: Total audit costs are estimated to be \$352,000 for the biennium. Twenty-five percent of these costs (fifty percent for MSU and UM) are to be paid from funds other than those appropriated in the general appropriations bill.

Consistency between programs and units: The six university units shall account for expenditures consistently within programs and funds across all units and shall use the National Center for Higher Education Management Systems program classification structure along with College and University Business Administration (CUBA) system as a minimum standard for achieving consistency.

Indirect cost reimbursements: Each year of the biennium the portion of indirect cost reimbursements which exceeds the amount set forth in the current unrestricted operating subfund appropriation for each unit is appropriated to the respective unit. All indirect cost reimbursements not expended in the current unrestricted operating subfund account shall be clearly identified and separately accounted for during the 1989 biennium. Each university system unit shall submit a written report to the Legislative Finance Committee by October 14, 1988, of the activities supported and accomplishments achieved with all indirect cost reimbursement expended in funds other than the current unrestricted operating subfund for fiscal 1988.

Energy cost savings: The energy cost savings generated by obtaining lower natural gas rates was retained by MSU to encourage energy saving measures. MSU has requested long-range building approval for an energy management control system. MSU will secure a loan for this system and use the cost savings generated from this energy savings to repay the loan. The cost savings are to be retained in the current unrestricted fund.

Budget: The budget was developed using the university formula which was implemented in the 1981 session. Expenditures are categorized in six functional areas: instruction, support, plant operations and maintenance, research, public service, and scholarships and fellowships. The instruction and support programs' budgets, as well as estimates for tuition and scholarships and fellowships, rely on student enrollment estimates. Table 1 lists the actual enrollment for fiscal 1986, the anticipated fiscal 1987 enrollment, and enrollment projections for the 1989 biennium. The enrollment projections include an MC MST base enrollment of 1,550 which would be established to provide for sufficient funding for maintaining the specialty mining and engineering technology programs.

Table 1
Montana University System - FTE Student Enrollment

Unit	Actual	Projected	Budgeted	
	Fiscal 1986	Fiscal 1987*	Fiscal 1988	Fiscal 1989
MSU	10,097	9,617	9,403	9,248
UM	8,144	8,034	7,996	8,008
EMC	3,442	3,192	3,199	3,198
NMC	1,693	1,717	1,702	1,730
WMC	854	928	916	905
MCMST	1,659	1,572	1,550	1,550
Total Enrollment	<u>25,889</u>	<u>25,060</u>	<u>24,766</u>	<u>24,639</u>

* Actual FTE for WMC and MCMST.

Instruction: The university system budget for the instruction program is \$120,422,220 for the 1989 biennium. The funding level is at 97 percent for the instruction program for both years of the 1989 biennium compared to 99 percent for both years of the 1987 biennium. In Special Session III a general fund reduction of 5 percent and a reduction in pay plan funding resulted in a net funding level representing approximately 91.7 percent of the instruction and support program budgets. Table 2 lists the average salary formula factors and the instruction support rate used to develop the budget for the instruction program.

Table 2
Instruction Program - Formula Factors Adopted

Unit	FY88 and FY89	Instruction Support Rate	
	Average Salary	Fiscal 1988	Fiscal 1989
MSU	\$30,986	\$633.30	\$633.92
UM	30,986	494.68	495.16
EMC	27,722	409.75	410.15
NMC	27,495	466.97	467.42
WMC	27,495	531.69	532.21
MCMST	29,996	633.30	633.92

An additional \$130,000 annually was added to the instruction program at MSU to reflect the expenditure authority for special architecture fees which are included in current unrestricted funds. The \$130,000 will be line-itemed in the instruction budget for the architecture programs. MSU is not required to expend the full line-itemed amount if the revenue is not realized.

An additional \$174,000 annually was added to the instruction program at UM to reflect the expenditure authority for special law and pharmacy fees which are included in current unrestricted funds. The \$174,000 will be line-itemed in the instruction budget for the law and pharmacy programs. UM is not required to expend the full line-itemed amount if the revenue is not realized.

For fiscal 1989 an additional \$456,470 was added to the instruction program at MSU for phasedown funding to soften the effects of declining enrollment.

Support: The support budget totals \$63,414,726 for the 1989 biennium, and decreases by 8.4 percent from fiscal 1986 to fiscal 1988. A funding level of 90 percent is used for both years of the 1989 biennium compared to 95 percent in fiscal 1986 and 97 percent for fiscal 1987. Special Session III reductions resulted in an effective rate of 91.7 percent funding for both the support and instruction programs. The support budget includes academic, institutional, and student services support, and includes such expenditures as intercollegiate athletics, libraries, counseling, registration, academic deans, and other administrative functions. Support is calculated using each unit's enrollment and a flat rate per FTE student. The rate reflects support expenditures at a group of similar schools in the western United States. A support rate of \$1,396 per student is used for MSU and UM, \$1,387 for EMC, NMC, and WMC, and \$1,650 for MCMST.

Audit costs total \$352,800 of which \$224,400 is included in the support program budget. Language included requires EMC, NMC, WMC, and MCMST to fund 25 percent of audit costs from funds other than current unrestricted; MSU and UM are required to fund 50 percent from sources other than current unrestricted funds.

Research: MSU, MCMST and UM have research programs. These budgets are incrementally budgeted using fiscal 1986 expenditures within the appropriated levels. The research budget for the three units for the 1989 biennium totals \$2,175,103. The research budget decreases by 13.7 percent from fiscal 1986 to fiscal 1988 because fiscal 1986 had an \$82,142 expenditure for MONTCLIRC at UM which has been deleted from the research budget. Also, fiscal 1988 expenditures reflect a reduction of UM because expenditures exceeded the fiscal 1986 allocation for the research program.

Public Service: Four units have public service programs which are incrementally budgeted. The public service budget for MSU, UM, NMC, and EMC for the 1989 biennium totals \$893,060, decreasing by 1.9 percent from fiscal 1986 to 1988.

Plant: The plant operation and maintenance incremental budget for the 1989 biennium totals \$32,464,476, and increases by 6.80 percent from fiscal 1986 to fiscal 1988. The increase is due to inflation, primarily in utilities, and to adjustments to plant expenditures. Vacancy savings of 4 percent was applied to MSU, UM, EMC, and MCMST for a total of \$179,465 annually. Both WMC and NMC employ less than 20 FTE in the plant program and had no vacancy savings applied.

NMC and MCMST were allowed to retain portions of the fiscal 1986 plant program expenditures which exceeded the base. NMC retained \$125,000 annually and MCMST retained \$115,000 each year for continuing maintenance needs.

MSU additional annual adjustments include \$36,573 for new space costs and \$75,679 for major sewer and water rate increases. In addition, to encourage cost savings measures, MSU's plant program budget was allowed to retain \$146,253, the amount MSU will save because of natural gas energy savings due to receiving a lower rate from Montana Power when MSU considered switching to a wood pellet system. UM received \$22,000 per year for water rate increases. Insurance costs were assessed for all units and an additional \$88,030 per year was allowed to achieve consistent assignment of insurance costs in the plant program.

Scholarships and Fellowships: The scholarship program budget is \$6,024,119 for the 1989 biennium and increases by 11.33 percent from fiscal 1986 to fiscal 1988 reflecting a combination of higher tuition costs, lower total enrollment, and declining out-of-state enrollment. This budget is developed using 5.75 percent of anticipated in-state registration and incidental fees and 18.45 percent of projected out-of-state incidental fees. Projections are also included for mandatory fee waivers for eligible students: Native Americans, veterans, senior citizens, high school honor recipients, etc. NMC's scholarship and fellowship budget reflects an addition of \$29,511 in fiscal 1988 and \$22,383 in fiscal 1989 for a phase-down from historic funding patterns.

Funding: The six units of the university system are funded from state general fund, tuition and fees, a state six-mill levy, indirect cost reimbursement collections, and other miscellaneous sources.

General Fund: The university system budget includes \$142.4 million of general fund in the 1989 biennium. General fund decreases by \$2.1 million from fiscal 1986 to fiscal 1988 due to overall budget decreases and increases in tuition revenue.

Tuition and Fees: Tuition and fees revenue is projected using the tuition rates charged by the university system in fiscal 1987. That rate includes the rate approved by the 1985 legislature plus a surcharge of \$2 per credit hour (\$3 if on a semester basis) totaling \$72 per full-time equivalent (FTE) student. The surcharge was levied by the board of regents for fiscal 1987 to offset declining enrollments and decreased general fund. The tuition increase combines with decreased enrollment to provide tuition and fee revenue of \$27.1 million in fiscal 1988 and \$26.9 million in fiscal 1989. Tuition revenue is 11.28 percent higher in fiscal 1988 than in 1986. Removing the surcharge of \$72 per student for the 1989 biennium would decrease tuition revenue by approximately \$3.6 million. Included in the tuition and fees revenue are additional law/pharmacy fees of \$174,000 each fiscal year at UM and additional architecture fees of \$130,000 each fiscal year at MSU.

Six-Mill Levy: The state is authorized to collect up to six mills on the taxable value of all real and personal property in the state. The proceeds are used for the support, maintenance, and improvement of the Montana university system and other public education institutions subject to the board of regents supervision. These funds are subject to legislative appropriation. Millage receipts are estimated to be \$12.9 in fiscal 1988 and fiscal 1989. The present ten-year authorization for the six-mill levy terminates on January 1, 1989, and requires renewal either by statute or by referendum.

Indirect Cost Reimbursements: Institutional costs are incurred in providing support for government-sponsored research. These costs (accounting, administration, utilities, library expenses, etc.) are provided for with indirect

cost reimbursements that are calculated as a portion of the total amount of the research project. Both federal and state projects allow indirect cost reimbursements to the institutions providing the supporting activities for the research. In the 1987 biennium each unit was allowed to retain 15 percent of the total indirect cost reimbursements, with the other 85 percent deposited in the current unrestricted fund. Any amount beyond that anticipated in House Bill 500 would cause a reversion of general fund money. In Special Session III, House Bill 18 appropriated to the university units all amounts exceeding the estimate for indirect cost reimbursement which was set forth in House Bill 500. At that time the units estimated \$380,00 in excess indirect cost reimbursement.

The unrestricted fund revenue for indirect cost reimbursements for the 1989 biennium is projected at 50 percent of the estimate used for fiscal 1987, including the estimated excess receipts of \$380,000. The receipts for the 1989 biennium are estimated at 50 percent of \$2,272,941 for each year of the 1989 biennium. The \$60,000 reimbursement to Montana Tech from the Bureau of Mines was moved from the indirect cost recovery revenue to the other revenue category. Language is proposed that each unit track the actual costs incurred for support of grant activities.

House Bill 611 provides that 50 percent of federal and non-federal indirect cost reimbursements be appropriated to the university units in funds other than the current unrestricted funds. General fund replaces the \$1,591,058 which is the indirect cost recovery revenue for the 1989 biennium, which will no longer be appropriated as a current unrestricted revenue.

Modifieds Recommended:

1. Funding of \$140,030 annually was accepted for a hazardous waste management program which would provide a coordinated systemwide plan coordinated by MSU with appropriations to each unit. Under the plan MSU would receive \$64,288, UM \$27,895, EMC \$12,345, NMC \$7,081, WMC \$7,081, and MCMST \$21,340. The total includes 3.5 FTE for \$73,680 in personal services, \$50,950 in operating costs, and \$15,400 in equipment.

2. New Space - Funding for MSU of \$24,528 in fiscal 1988 and \$26,034 in fiscal 1989 was accepted for maintenance, utilities, and .44 FTE for instructional space for a new addition to the Health and Physical Education building.

3. New Space - Funding of \$103,311 in fiscal 1988 and \$107,862 in fiscal 1989 for UM was accepted for maintenance, utilities and 2.62 FTE in Corbin Hall which has been remodeled from dormitory space to academic use for classrooms and offices.

4. New Space - Funding of \$67,500 for each year of the 1989 biennium was accepted for MCMST to provide utilities and maintenance costs at \$3.00 per square foot for 22,500 square feet of instructional space in a new addition to the Health, Physical Education, and Recreation building.

5. Security Personnel - Funding of \$34,000 annually for 1.0 FTE security personnel was provided for NMC.

Agency Summaries: A summary for each unit of the university system shows expenses by program and funding by source for each year of the 1989 biennium.

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
Student FTE	10,097	9,573	9,550	9,403	9,573	9,565	9,248		-6.87	
Instruction	\$25,187,572	\$23,075,478	\$23,267,982	\$24,365,408	\$23,075,478	\$23,337,572	\$24,456,174		-3.76	
Support	13,585,047	11,694,429	12,365,879	11,911,762	11,612,829	12,303,666	11,675,367		-12.32	
Research	578,210	530,616	597,925	597,925	530,616	597,925	597,925		3.41	
Public Service	10,057	10,048	10,258	10,300	10,048	10,258	10,300		2.42	
Physical Plant	4,852,855	5,397,624	4,804,913	5,414,269	5,596,708	4,973,137	5,606,000		11.57	
Scholarships	896,879	1,023,359	1,147,803	1,125,273	1,023,359	1,149,605	1,106,723		25.47	
TOTAL EXPENSES	\$45,110,620	\$41,731,554	\$42,194,760	\$43,424,937	\$41,849,038	\$42,372,163	\$43,452,489		-3.74	
FUNDING	\$45,110,620	\$41,731,554	\$42,194,760	\$43,424,937	\$41,849,038	\$42,372,163	\$43,452,489		-3.74	
General Fund	\$28,302,260	\$26,857,586	\$25,698,802	\$27,045,838	\$26,895,675	\$25,784,191	\$27,234,708		-4.44	
Tuition and Fees	9,431,365	9,518,988	10,371,026	10,181,269	9,518,988	10,387,316	10,143,440		9.33	
Millage	5,681,680	5,104,980	4,529,932	5,081,359	5,184,375	4,605,656	5,097,870		-10.57	
Indirect Cost Reimb	935,000	0	1,235,000	726,471	0	1,235,000	726,471		-22.30	
Other	362,427	250,000	360,000	260,000	250,000	360,000	250,000		-28.26	
Spenddown Balance	397,888									
TOTAL FUNDING	\$45,110,620	\$41,731,554	\$42,194,760	\$43,424,937	\$41,849,038	\$42,372,163	\$43,452,489		-3.74	

Budget: The fiscal 1988 budget decreases by 3.74 percent from fiscal 1986 to fiscal 1988, while enrollment declines by 6.9 percent. The decreases in the instruction and support programs are due to the funding level changes and enrollment decrease. The increase of \$561,414 from fiscal 1986 to fiscal 1988 for the plant program results from inflation increases plus adjustments for utility cost increases and fiscal 1987 new space. Scholarships and fellowships increase by \$228,394 from fiscal 1986 to 1988 because of tuition and enrollment changes, and because a portion of the scholarship budget was omitted for fiscal 1986.

Funding: General fund decreases by \$1.3 million from fiscal 1986 to fiscal 1988 due to overall budget decreases. Tuition revenue increases by 9.33 percent due to tuition increases and the addition of \$130,000 for special architecture fees, millage estimates decrease by 10.57 percent, and indirect cost reimbursement reduction decreases the fiscal 1988 receipts by 22.30 percent. MSU requested a reduction in estimated other revenue for a decrease of 28.26 percent.

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
Student FTE	8,144	7,983	7,961	7,996	7,983	7,979	8,008	-1.82		
Instruction	\$18,894,842	\$17,499,838	\$17,297,059	\$18,760,558	\$17,499,838	\$17,365,051	\$18,819,270	-0.71		
Support	10,014,583	9,800,051	10,362,790	10,176,919	9,720,851	10,307,012	10,152,700	1.62		
Research	631,404	592,758	518,179	445,254	594,436	519,459	446,534	-29.48		
Public Service	211,283	189,450	206,020	195,892	189,462	206,013	195,904	-7.28		
Physical Plant	5,099,031	5,268,397	5,273,489	5,257,777	5,405,843	5,410,778	5,395,066	3.11		
Scholarships	897,738	981,835	985,840	983,741	981,835	988,069	985,218	9.58		
TOTAL EXPENSES	\$35,748,881	\$34,332,329	\$34,643,377	\$35,820,141	\$34,392,265	\$34,796,382	\$35,994,692	0.20		
FUNDING										
General Fund	\$22,324,622	\$21,228,028	\$21,280,220	\$22,219,157	\$21,226,860	\$21,353,903	\$22,367,030	-0.47		
Tuition and Fees	8,264,145	9,075,405	9,306,830	9,309,679	9,075,405	9,327,873	9,323,650	12.65		
Millage	4,372,736	3,928,896	3,486,327	3,910,717	3,990,000	3,544,606	3,923,424	-10.57		
Indirect Cost Reimb	400,000	0	460,000	270,588	0	460,000	270,588	-32.35		
Other	108,650	100,000	110,000	110,000	100,000	110,000	110,000	1.24		
Resource Indem. Trust	278,728									
TOTAL FUNDING	\$35,748,881	\$34,332,329	\$34,643,377	\$35,820,141	\$34,392,265	\$34,796,382	\$35,994,692	0.20		

Budget: The fiscal 1988 budget shows a .20 percent increase over fiscal 1986, while enrollment shows a 1.82 percent decline for the same period. Research program funds decrease by 29.48 percent because the MONTCLIRC program funds have been removed from the budget. Scholarships and fellowships increase by 9.58 percent because of the additional \$72 surcharge on tuition.

Funding: General fund decreases by 0.47 percent due to a one-time resource indemnity trust of \$278,928 used in fiscal 1986 to replace general fund. Tuition revenue increases by 12.65 percent because of the surcharge, millage estimates decrease by 10.57 percent, and indirect cost reimbursement reduction decreases the fiscal 1988 receipts by 32.35 percent.

AGENCY: Eastern Montana College

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
Student FTE	3,442	3,276	3,239	3,199	3,276	3,271	3,198		-7.06	
Instruction	\$6,676,322	\$6,152,031	\$6,108,652	\$6,468,676	\$6,152,031	\$6,180,416	\$6,478,550		-3.11	
Support	4,615,792	4,044,030	4,238,679	4,097,143	3,991,230	4,227,371	4,056,406		-11.24	
Research	0	0	0	0	0	0	0			
Public Service	224,803	204,755	231,435	231,435	204,849	231,447	231,447		2.95	
Physical Plant	1,950,003	2,023,125	2,024,605	2,017,998	2,042,192	2,079,056	2,072,449		3.49	
Scholarships	312,905	322,850	356,466	353,209	322,850	359,988	353,099		12.88	
TOTAL EXPENSES	\$13,779,825	\$12,746,791	\$12,959,837	\$13,168,461	\$12,713,152	\$13,078,278	\$13,191,951		-4.44	
FUNDING										
General Fund	\$8,892,892	\$8,136,574	\$8,103,869	\$8,209,268	\$8,076,805	\$8,165,425	\$8,228,325		-7.69	
Tuition and Fees	2,908,238	2,905,097	3,235,105	3,200,081	2,905,097	3,267,067	3,199,081		10.04	
Millage	1,869,920	1,680,120	1,490,863	1,672,347	1,706,250	1,515,786	1,677,780		-10.57	
Indirect Cost Reimb	85,000	0	105,000	61,765	0	105,000	61,765		-27.34	
Other	23,775	25,000	25,000	25,000	25,000	25,000	25,000		5.15	
TOTAL FUNDING	\$13,779,825	\$12,746,791	\$12,959,837	\$13,168,461	\$12,713,152	\$13,078,278	\$13,191,951		-4.44	

Budget: The fiscal 1988 budget declines by 4.44 percent over fiscal 1986, while enrollment decreases by 7.06 percent. The decreases in the instruction and support programs are due to the funding level changes and decline in student enrollment. The incremental budgets, public service and plant, increase by \$56,800 from fiscal 1986 to fiscal 1988 due to inflation. Scholarships and fellowships increase because of increase in tuition.

Funding: General fund decreases by 7.69 percent from fiscal 1986 to fiscal 1988 due to overall budget decrease and tuition increase. Tuition revenue increases by 10.04 percent, millage estimates decline by 10.57 percent, and indirect cost reimbursement reduction decreases the fiscal 1988 receipts by 27.34 percent.

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
Student FTE	1,693	1,736	1,571	1,702	1,736	1,587	1,730	0.53
Instruction	\$3,765,898	\$4,041,362	\$3,656,528	\$4,190,393	\$4,041,362	\$3,700,171	\$4,266,713	11.27
Support	2,439,544	2,122,236	2,041,322	2,157,007	2,079,036	2,018,472	2,159,559	-11.58
Research	0	0	0	0	0	0	0	
Public Service	9,062	8,575	9,373	8,891	8,575	9,373	8,891	-1.89
Physical Plant	1,081,539	1,053,678	944,384	1,080,363	1,079,017	969,517	1,105,496	-0.11
Scholarships	238,369	264,188	227,135	274,815	264,188	229,449	271,722	15.29
TOTAL EXPENSES	\$7,534,412	\$7,490,039	\$6,878,742	\$7,711,469	\$7,472,178	\$6,926,982	\$7,812,381	2.35
FUNDING								
General Fund	\$5,330,908	\$5,260,553	\$4,714,503	\$5,357,534	\$5,230,632	\$4,736,502	\$5,430,225	-0.50
Tuition and Fees	1,311,199	1,450,746	1,447,149	1,562,965	1,450,746	1,461,887	1,588,678	19.20
Millage	863,040	775,440	688,090	771,852	787,500	699,593	774,360	-10.57
Indirect Cost Reimb	24,807	0	24,000	14,118	0	24,000	14,118	-43.09
Other	4,458	3,300	5,000	5,000	3,300	5,000	5,000	12.16
TOTAL FUNDING	\$7,534,412	\$7,490,039	\$6,878,742	\$7,711,469	\$7,472,178	\$6,926,982	\$7,812,381	2.35

Budget: The fiscal 1988 budget increases by 2.35 percent due to an enrollment increase of .53 percent from fiscal 1986 to fiscal 1988. The instruction program increases by 11.27 percent from fiscal 1986 to 1988 because fiscal year 1986 expenditures were \$458,000 less than the instruction program appropriation. The support program decrease of 11.58 percent from fiscal 1986 to fiscal 1988 is due to the expenditure in fiscal 1986 of \$149,000 more than the support program allocation. Scholarships and fellowships increases by \$36,446 from fiscal 1986 to fiscal 1988 due to tuition increases and additional phase down funds in fiscal 1988 and 1989, gradually decreasing the number of non-resident waivers.

Funding: General fund increases 0.5 percent from fiscal 1986 to fiscal 1988. Tuition revenue increases by 19.2 percent due to tuition rate increases and enrollment increases. Millage estimates are 10.57 percent lower for fiscal 1988 than fiscal 1986, and indirect cost reimbursements reduction decreases that revenue by 12.16 percent from fiscal 1986 to fiscal 1988.

AGENCY: Western Montana College

LEGISLATIVE ACTION

PROGRAM: Agency Summary

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
Student FTE	854	947	865	916	947	873	905		7.26	
Instruction	\$1,790,395	\$2,235,292	\$2,072,146	\$2,321,136	\$2,235,292	\$2,094,749	\$2,297,033		29.64	
Support	1,383,313	1,192,571	1,153,167	1,186,367	1,150,571	1,121,464	1,141,019		-14.24	
Research	0	0	0	0	0	0	0			
Public Service	0	0	0	0	0	0	0			
Physical Plant	688,142	683,431	729,090	728,096	692,777	744,443	743,449		5.81	
Scholarship	75,057	83,231	82,683	83,472	83,231	83,448	82,469		11.21	
TOTAL EXPENSES	\$3,936,907	\$4,194,525	\$4,037,086	\$4,319,071	\$4,161,871	\$4,044,104	\$4,263,970		9.71	
FUNDING										
General Fund	\$2,733,517	\$2,902,654	\$2,793,891	\$3,014,377	\$2,863,568	\$2,786,883	\$2,968,475		10.27	
Tuition and Fees	715,458	869,553	853,213	877,452	869,553	861,104	866,915		22.64	
Millage	460,288	413,568	366,982	411,654	420,000	373,117	412,992		-10.57	
Indirect Cost Reimb	18,094	0	18,000	10,588	0	18,000	10,588		-41.48	
Other	9,550	8,750	5,000	5,000	8,750	5,000	5,000		-47.64	
TOTAL FUNDING	\$3,936,907	\$4,194,525	\$4,037,086	\$4,319,071	\$4,161,871	\$4,044,104	\$4,263,970		9.71	

Budget: The fiscal 1988 budget increases by 9.71 percent and enrollment increases by 7.26 percent over fiscal 1986. For fiscal 1986 WMC requested an adjustment moving \$399,859 from the instruction program into the support program. Fiscal 1988 comparisons reflect this adjustment. Plant expenditures increase by 5.81 percent due to inflation and a 1987 maintenance adjustment. Scholarships and fellowships increase by 11.21 percent from fiscal 1986 to 1988 due to enrollment and tuition increase.

Funding: General fund increases \$280,860, or 10.27 percent from fiscal 1986 to fiscal 1988. Tuition and fees increase due to tuition and enrollment increases. Millage estimates decline by 10.57 percent, and the indirect cost reimbursements reduction decreases that revenue by \$7,506. The other revenue sources are reduced by \$4,550 from fiscal 1986 to fiscal 1988.

BUDGET ITEM	FY 1986	Fiscal 1988				Fiscal 1989				FY 86-88 % Change
	Actual	Executive	Current	Level	Subcommittee	Executive	Current	Level	Subcommittee	
Student FTE	1,659	1,527	1,555		1,550	1,527	1,593		1,550	-6.57
Instruction	\$4,301,281	\$3,412,871	\$3,548,995		\$3,995,761	\$3,412,871	\$3,642,083		\$4,002,548	-7.10
Support	2,777,689	2,261,547	2,435,630		2,370,461	2,207,547	2,439,887		2,350,016	-14.66
Research	49,885	37,426	43,718		43,718	37,555	43,747		43,747	-12.36
Public Service	0	0	0		0	0	0		0	
Physical Plant	1,313,476	1,352,882	1,409,531		1,506,213	1,385,978	1,440,618		1,537,300	14.67
Scholarships	294,068	289,193	205,447		202,189	289,193	210,468		202,189	-31.24
TOTAL EXPENSES	\$8,736,399	\$7,353,919	\$7,643,321		\$8,118,342	\$7,333,144	\$7,776,803		\$8,115,800	-7.07
FUNDING										
General Fund	\$5,567,690	\$4,414,666	\$4,762,906		\$5,185,217	\$4,392,938	\$4,837,025		\$5,179,372	-6.87
Tuition and Fees	1,677,888	1,668,737	1,809,429		1,788,913	1,668,737	1,853,447		1,788,913	6.62
Millage	1,136,336	1,020,996	905,986		1,016,271	1,036,875	921,131		1,019,574	-10.57
Indirect Cost Reimb	341,221	0	150,000		52,941	0	150,000		52,941	-84.48
Other	13,264	249,520	15,000		75,000	234,594	15,000		75,000	465.44
TOTAL FUNDING	\$8,736,399	\$7,353,919	\$7,643,321		\$8,118,342	\$7,333,144	\$7,776,803		\$8,115,800	-7.07

Budget: The fiscal 1988 budget decreases by 7.07 percent and enrollment declines by 9.58 percent from fiscal 1986. Instruction and support program costs decrease because of decrease in student FTE and the decreased funding level. Plant program costs increase by 14.67 percent due to inflation, an adjustment to meet maintenance needs, and an adjustment for fiscal 1987 new space. Scholarships decline by \$91,879 because enrollment decreases, non-resident enrollment declines, and fiscal 1986 expenditures exceeded the appropriated level by \$41,772.

Funding: General fund decreases by 6.87 percent between fiscal 1986 and fiscal 1988. Tuition revenues increase by 6.62 percent due to tuition increase, and millage estimates decrease by 10.57 percent from fiscal 1986 to 1988. An adjustment in the indirect cost recovery from the Bureau of Mines decreases indirect cost reimbursement by \$240,000 and increases other revenue by \$60,000 between fiscal 1986 and fiscal 1988.

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