

MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
50TH LEGISLATURE

The meeting of the Appropriations Committee was called to order by Chairman Rep. Gene Donaldson on March 11, 1987 at 8:00 a.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present at the meeting. Also in attendance was Dori Nielsen and Judy Rippingale, LFA and Denise Thompson, Secretary.

COMMITTEE BILL:(55:A:1.25)

Rep. Bradley asked to have a committee revenue bill drafted for the purpose to try to save money in state medicaid budget to put a tax on hospitals for 1 percent of gross net revenues to bring in \$2 million a year.

Rep. Devlin stated this would spread the burden among all the hospital users.

Rep. Switzer said if it covers the 12 assumed counties, he would support her amendment, otherwise if on all counties, he would not.

Rep. Swift didn't like the approach or concept of increasing the costs.

Rep. Thoft stated it should maybe be extended to all medical providers not just hospitals.

(55:A:12.00) Rep. Miller supported her motion. Rep. Quilici said when you put 1 percent on hospitals, you are adding more cost on the medical program. When we put 1 percent on the hospitals, those people are paying out, and picking up the tab for state medical benefits.

Jim Aherns, Montana Hospital Association said it is a question of eligibility rather than added funds.

Rep. Menke did not feel it was the right concept but said he would support the bill. Rep. Poulsen, Devlin and Donaldson also said they would support it. Rep. Peck called the question. There was a roll call vote. Reps. Donaldson, Thoft, Bradley, Connelly, Iverson, Manuel, Menahan, Menke, Miller, Peck, Poulsen, Spaeth, and Switzer voted YES. Reps. Winslow, Devlin, Nathe, Quilici, Rehberg, and Swift voted NO. The motion FAILED as a 3/4 vote was needed.

(55:A:23.40) Rep. Winslow moved to reopen the Family Services Agency portion of the Human Services budget for the purpose of amendments (Exhibits 1, 2, and 3). The motion CARRIED unanimously.

Rep. Bradley moved the amendment regarding legislative intent on cost for Deaconess Home to add 8 beds. Rep. Quilici asked if this gave them the authority to expand their facility. Rep. Bradley said no because it doesn't give them the \$84 per person they feel they need. The motion CARRIED unanimously.

Chairman Donaldson asked the LFA to put a resolution together to address this problem.

(55:A:34.05) Rep. Connelly moved to add \$15,000 in the Child Abuse area used by the group parents. The motion CARRIED unanimously.

Cindy Garf of the Board of Directors of Parent Anonymous said over 6,000 child abuse cases were reported last year. This is a self help program for prevention of child abuse. There are chapters in 8 counties in Montana and 15 groups going on right now. The success rate for cases in three months are 70 percent; in 1 year are 90 percent. The average cost for one family for one year is \$25. It is a chance to make a difference in the welfare of children.

Rep. Nathe called the question on the motion to put \$15,000 into the Family Services Budget for Parents Anonymous. Reps. Quilici, Connelly, Manuel, and Menahan voted YES. The motion FAILED.

Rep. Winslow moved to close the Family Services portion of the institutions budget. The motion CARRIED unanimously.

EDUCATION EXECUTIVE: (55:B:2.29)

Board of Education E 1-9: Rep. Bradley moved to place the Audiology Program back with the Board of Public Education from OPI. It was decided this would be done when the OPI portion of the budget came up.

Rep. Devlin questioned the \$4,000 additional in the travel expenses. Rep. Nathe stated these people have been traveling with no per diem for 6 months of the last year. The \$4,000 would allow them to be paid for their per diem.

Rep. Miller moved that in the area of student services, School for the Deaf and Blind, there be a zero vacancy savings for the direct care staff. There was a roll call vote. Reps. Connelly, Manuel, Menahan, Miller, Poulsen, and Quilici voted YES. Reps. Donaldson, Thoft, Winslow,

Bardanouve, Bradley, Devlin, Iverson, Nathe, Peck, Rehberg, Spaeth, Swift and Switzer voted NO. The motion FAILED 6 to 13.

Rep. Miller moved they take a 1 percent vacancy savings for the direct care option 1 of Exhibit 4, which would mean \$14,657 in fiscal 1988 and \$14,641 in fiscal 1989. This is extremely close to what the actual savings is right now.

Rep. Devlin called the question. The motion FAILED on a voice vote.

(55:B:20.00) Rep. Miller moved Option 2 of Exhibit 4, the cost is \$9,382 in fiscal 1988 and \$9,389 in fiscal 89. This would be 4% for the administrative staff and 2 percent on direct care. There was a roll call vote. Reps. Thoft, Connelly, Manuel, Menahan, Menke, Miller, Poulsen, and Quilici voted YES. Reps. Donaldson, Winslow, Bardanouve, Bradley, Devlin, Iverson, Nathe, Peck, Rehberg, Spaeth, Swift, and Switzer voted NO. The motion FAILED 8 to 12.

Mr. Bob Demming from the School for the Deaf and Blind stated the subcommittee did require them, and the Board of Education, to fill a speech therapy position which was vacant in order to satisfy 94-142, so if another percent of vacancy savings, he will not be able to fill this position because of vacancy savings.

OFFICE OF PUBLIC INSTRUCTION:

Rep. Bradley moved that the Audiology Program be moved back to the Board of Public Education and out of OPI. This will put the responsibility back with the technical staff rather than with the local school districts. The level of funding should go up to \$388,700. (Page 3-19)

(55:B:32.28) Rep. Peck opposed the motion but agreed with some of the observations. He stated there was no professional reason to place this program back to the Board of Public Education.

Gail Gray of OPI commented they would hire an administrator in their office who would have the responsibility to do the training of the people who will do the training. Neither proposal can include the payment of the people which do the actual screening. Only for follow up evaluation, some equipment and some administration, and some coordination. Chairman Donaldson asked if she felt comfortable with having

classroom teachers doing this. She replied she felt confident that they can utilize volunteers, school nurses, classroom teachers, aides, and train them to do the screening.

Earl DeVoe, Director of the current program, stated the question of the volunteers or teachers doing the screening is a difficult one. They may end up with that having to be the case because he will not argue with the subcommittee report that they turn the screening back to the schools. The main thrust in his presentation was that the expertise of the audiologist or technical advisor be kept in those areas to help train those local school people in the multi-county area.

Equipment, this does require quite sophisticated equipment, the least expensive being about \$600 each, the audiometer plus the the middle ear tympanometer combination which they have been using with the skilled personnel is about \$2,000 to \$2,100 each. Purchase of this equipment may be necessary for each district. The infant and pre-school screening and the early identification program which has been discussed with the emotionally disturbed child is equally as important with the hard of hearing child. You need technical expertise in that area.

Judy Johnson, OPI commented that they were asked to submit a budget, they certainly support the School for the Deaf and Blind having the Audiology Program. They do not want to lose the program regardless of where it is located. They did their best estimate on the amount they could do the program for.

Rep. Peck asked her if there were any advantages to the program being in OPI or disadvantages to the same. Ms. Johnson stated there were no others and the major advantage is that it does fit together with everything else. The policies and the procedures that are currently being used were developed by OPI. Their biggest hope is they don't have their budget too low.

Rep. Quilici called the question. There was a roll call vote. Reps. Bradley, Connelly, Menahan, Quilici, and Spaeth voted YES. Reps. Donaldson, Thoft, Winslow, Bardanouve, Devlin, Iverson, Manuel, Menke, Nane, Peck, Poulsen, Rehberg, Swift and Switzer voted NO. The motion FAILED 5 to 14.

Rep. Peck moved that they line-item the Audiology Program for each year of the biennium. Rep. Menke called the question. The motion CARRIED unanimously.

Rep. Nathe referred to E-27, Federal Vocational Education Funds paragraph, fifth line down. The estimated funds to be used by the center each year of the 89 Biennium is \$870,474. This is the same amount as that available for 1987.

COMMENTS:

Mr. Will Weaver, Great Falls VoTech stated the amount of money appropriated was 97 percent of the budgeted amount and they expended them. Last year they had construction in their district and they used that money as their match. The main problem this year is they don't have the matching ability as far as the general fund monies they have. Chairman Donaldson asked why the new and innovative programs are not as difficult as getting the match and is that true. Mr. Weaver replied in his opinion, yes that was correct.

Dennis Lehman, Director of the Missoula Vo-tech spoke generally to the federal funds and the substantial impact that it has on the vo-tech. The \$325,000 is the federal dollar realizing as they must in terms of programming cap \$650,000 worth of programs to capture that \$325,000. They did capture that \$325,000 in 1987 with a great deal of effort. That can also have ramifications if you don't qualify, you can't bring in students because you reduce programming you lose tuition and the cycle starts. They have concern with the level of federal dollars being appropriated.

Alex Capdeville, Director of the Helena VoTech Center commented the school board has cut the Helena budget by \$360,000. They are talking about significant cuts which further creates a problem on how they are going to spend the federal money. They have written the proposals to receive the federal money. It would be nice to know if those grants were approved prior to the legislature leaving Helena. It is very difficult to deal with that but they don't have any other alternative other than to make further cuts. In 1989 there is going to be a problem in which President Regan has recommended zero federal monies for vocational education. The intent for that federal money is for new and innovative expansion of programs for current level or below budget.

Rep. Winslow asked the directors if the votechs can play a greater roll in trying to work with the state and the caseload they are getting in the AFDC area. Are there any other votechs around the country that have taken on a more concentrated effort in getting these women off AFDC

rolls, and have any of them participated in any kind of a or have in their facilities, day care facilities to assist these people.

Mr. Gene Christiaansen, Office of Public Instruction, stated with PWP, it came as a short term training programs. There are votechs in other states that are available to work with those people. It takes considerable effort to work with financial aides. It means that there are restrictions in terms of AFDC or any of the other types of benefits those people receive. They often see, if they get the financial backing to go to school, they decrease their assistance and those types of things need to be corrected.

(56:A:29.51) Rep. Spaeth questioned why there is a difference from the executive. Rep. Nathe answered that current level is based on a three-year rolling average except for Butte. In Butte they used a two-year average because of their move into the new center. Their old facility restricted the number of students they could have.

Tom Crosser, OBPP, stated that the number the executive used in terms of the enrollment was based on the concurrent year's estimate of what the enrollment would actually be. That was not a problem, but there was a problem with the way the enrollment was funded in the executive budget. The number used for the actual student enrollment is based on what they projected the actual enrollments would be.

Rep. Spaeth asked if more information could be furnished regarding the enrollment before they take executive action.

No action was taken on this portion of the budget.

EXECUTIVE ACTION Higher Education

(56:B:2.08)(Page F-8) Rep. Nathe moved that the modified on F-8 for Carl Perkins Scholarship Program of \$50,000 each year of the biennium be adopted. Rep. Devlin called the question. The motion CARRIED unanimously.

Rep. Nathe moved the modified on F-9, for Federal indirect cost revenue be adopted. Rep. Peck called the question. The motion CARRIED unanimously.

Rep. Nathe moved modified #1 on page F--11 for Consultation and Assessment Specialist be Adopted. Rep. Devlin called the question. The motion CARRIED unanimously.

Rep. Nathe moved to approve the modified on F-12 for Education for Economic Security Program for \$58,000 each year of the biennium of federal funds. Rep. Devlin called the question. Rep. Menke voted NO. The motion CARRIED.

(56:B:10.19) Rep. Nathe moved the modified for Group Insurance Program on page F-14 be adopted. Rep. Peck called the question. The motion CARRIED unanimously.

Rep. Nathe moved the wellness program modified on page F-15 be accepted. Mr. Noble noted that this is monies deposited by the students into an employee fund. He didn't feel this should even be in the appropriation act. It is reflected in the agency account and would be there for auditors and analyst to review in terms of activity or whatever happens with that account but it does not need to be in an appropriation bill.

Rep. Menahan made a substitute motion to DO NOT ACCEPT this modified to be included in the appropriation bill in their budget. The motion CARRIED unanimously.

Rep. Nathe moved to create a study on the University Funding (Exhibit 5), and to add funds for travel expenses so the Regents could sit with the committee while carrying out the study. There was a roll call vote. Reps. Donaldson, Winslow, Bradley, Manuel, Menahan, Nathe, Peck, Poulsen, Spaeth and Swift voted YES. Reps. Thoft, Bardanouve, Connelly, Devlin, Menke, Miller, Rehberg, and Switzer voted NO. The motion CARRIED 10 to 8.

Rep. Bradley made a substitute motion to amend paragraph one, line 3 of Rep. Nathe's amendment, strike the next line and replace it with Leadership and Committee on Committees appoint four people from each house. There was a roll call vote. Reps. Thoft, Bradley, Connelly, Devlin, Manuel, Menahan, Menke, Miller, Nathe, Poulsen, Quilici, Rehberg, Spaeth, Swift, and Switzer voted YES. Reps. Donaldson, Winslow, and Peck voted NO. The motion CARRIED with a vote of 14 to 3.

(56:B:36.00) Rep. Bardanouve spoke in regard to the WICHI/WAMI program and the amount of money being poured into these programs. He stated that Senator Regan had a proposed bill requiring 1/4 pay back or three year service in the state as a payback or a 10 year payback. Senate Bill 127 was the bill. This bill did pass the Senate.

Rep. Nathe stated they had taken out two medical slots in the WICHI Program on F-6 and 7. The money was reinserted in the student assistance programs at the undergraduate level.

Rep. Nathe stated this program, on F-7, the Incentive Grant Program, is increased by \$51,828 over 1986 actual each year due to the revised federal maintenance of effort in matching requirements. They had to find some money some place to stick into this.

Mr. Krause noted this program is currently matched by the federal government and there is a maintenance of effort requirement efforts must continue. The amounts can't be reduced. That was a minimum match to keep the program.

Mr. Bill Landon, Commissioner of Higher Education's Office, stated the program is a 50-50 match that provides grants up to \$600 to eligible institutions. This appropriation will fully match the amount of federal dollars that will be coming to the state of Montana to provide these grants. The state dollars will be transmitted along with the federal dollars to the educational institutions to administer this program. In the past the legislature has appropriated about \$175,000, however, the education amendments that just passed Congress required the states to fully match their allocation. If the legislature does not fully match it, the only thing they can do is utilize the funds appropriated and that is the amount of money the state and students will be able to receive.

(57:A:4.10) Rep. Nathe moved the subcommittee report for the Board of Regents and the Commissioner's Office as amended and modified. Rep. Quilici called the question. The motion CARRIED unanimously.

COMMUNITY COLLEGES:

Rep. Nathe moved to adopt the subcommittee report for the Community Colleges. Rep. Devlin called the question. The motion CARRIED unanimously.

Rep. Nathe made a recommendation to the committee. Sometime in the future two things should occur: (1) before the 1989 session the education subcommittee should spend a week similar to what the institutions subcommittee does, going to each campus and holding hearings. This would give them more time during the 90 days to make decisions. They spent 8 days hearing testimony from the 6 units alone besides the Ag. Experiment Stations, and the Cooperative Extension Service; and (2) whoever is in charge of house appropriations next session should look very seriously at setting up a separate subcommittee just to handle the university system. There is not time to take all of that testimony in those 50 days, try to act on all those budgets, and yet go in to see if they are performing their mission.

Rep. Bardanoue inquired how much of that testimony is pertinent to the budget and how much is PR approach to the appropriation process. Rep. Nathe replied that was why he was making the suggestion for next session. The eight days they heard testimony gave him an overview of the university system. However, what happened during those days; they did not have time to ask questions, specifically, because they were spending 4 to 5 hours taking testimony with no time for questions. With what was really specific regarding the appropriation process, he hesitates to put a percentage figure on it, they need only the administrators in there and their administrative staff talking to you. This basically did not happen during those eight days of testimony they took this year. What does happen, the faculty, students, alumni, parents, supporters of higher education get a chance to speak and they are included in the process. It is their government too and how do you allow them to participate in the process. It is that process he would like to see take place prior to session.

Rep. Menahan asked how the Community Colleges were funded. Rep. Nathe replied they fund FTEs. Mr. Krause stated all Community Colleges are accredited by the Board of Regent's approval. These are real credits and transferable.

AGRICULTURAL EXPERIMENT STATION

Rep. Winslow moved Exhibit 6 regarding the quality versus quantity of education. The intent of the motion is to close two research centers. The savings from this, 1/2 of the money would go back into the remaining five centers, hopefully making them stronger centers.

(57:A:18.30) Dr. Welch stated each research center has a unique situation. If they were to close research centers, they would have to look to a priority setting to identify those centers that have the lowest priority activity as far as the overall research program in the state is concerned.

These are not an immediate savings operation. They do have tenured faculty associated with each of these centers. They do have land, facilities, etc. which would be a potential savings over a period of time.

President Tietz stated he was concerned about agriculture around the state. With the possibility of closing two of the research centers IT would be a very difficult decision for the university to make and could be a detriment to the agricultural industry.

Rep. Iverson commented he might support the motion if it were systemwide, however it is now narrow, unfair and not terribly responsible.

(57:A:36.50) Rep. Peck called the question. There was a roll call vote. Reps. Donaldson, Thoft, Winslow, Peck, Poulsen, Rehberg, Spaeth, Swift and Switzer voted YES. Reps. Bardanouve, Bradley, Connelly, Devlin, Iverson, Manuel, Menahan, Menke, Miller, Nathe, Peck, Quilici, Switzer voted NO. The motion FAILED by a vote of 8 to 12.

COOPERATIVE EXTENSION SERVICE

Rep. Nathe moved the Language in the Bill as a modified on page F-25 concerning the professional retirement benefit increase for 124 administrators, specialists, and county agents.

Rep. Peck stated the subcommittee got marching orders from the federal government. They have advised the Attorney General of the problem by letter, they have contacted other states in terms of possible suits being filed there, they have sent letters to the Congressional people to try to get assistance in changing this. The Legislative Council had advised them not to keep the money out of the budget, and they felt it should be in there with language restricting it.

President Tietz stated they are going to pursue through their university attorney and cooperation with Mr. Petesh, a decision by the federal district court relative to the application of this particular federal statute or federal guideline in Montana.

Rep. Nathe moved to adopt putting this into language in the budget as a modified. Rep. Peck called the question. The motion CARRIED unanimously.

(57:B:4.44) Rep. Nathe moved to adopt the modified on page F-26 for Improved Communications, modified 2. Rep. Rehberg made a substitute motion to make this a one-time appropriation rather than an ongoing appropriation because that becomes a slush fund for purchase of computers and updates, and things like that. He would like to include this as a line-item.

Rep. Quilici called the question on the motion. There was a roll call vote. Reps. Thoft, Bardanouve, Menke, Miller, Peck, Poulsen, Quilici, Rehberg, Spaeth, Swift and Switzer voted YES. Reps. Donaldson, Winslow, Bradley, Connelly, Manuel, Menahan, and Nathe voted NO. The motion CARRIED 11 to 7.

Rep. Spaeth moved regarding the 80.56 FTE in the Extension Service's budget be increased to 4 percent from 2 percent.

(57:B:21.00) Dr. Leroy Luft, MSU, stated they don't have a figure specific for vacancy savings. They had lost several programs as the result of the cuts last year. They would have to terminate FTEs if the 4 percent were approved and they currently have no vacancy savings right now. In consolidation efforts, they have eliminated 3 top administrative positions. Those three individuals have tenure in the system. A position must be found for those people. If they have an additional vacancy savings opposed on them, they will really be in a bind.

Rep. Menke called the question. There was a roll call vote. Reps. Bardanouve, Rehberg, Spaeth and Swift voted YES. Reps. Donaldson, Thoft, Winslow, Bradley, Connelly, Devlin, Manuel, Menahan, Menke, Miller, Nathe, Peck, Poulsen, Quilici and Switzer voted NO. The motion FAILED 4 to 15.

Rep. Bradley suggested that maybe there should be something in the language to indicate the massive amount of dollars that has gone out of the budget in the last few years. For further clarification, it may be advisable to point out in the language that the \$57,000 of Dr. Hoffman's salary was part of that paragraph said that sum is no longer a part of the budget either.

Rep. Nathe said if there were not objections that language could be inserted; there was in addition to the \$117,000, a savings of Dr. Carl Hoffman's salary.

Ms. Ripplingale stated if the committee does not object, and that is their instructions, their office will write it up.

Rep. Nathe moved the language be inserted that the \$56,000 be listed also as savings for the state of Montana due to the retirement of Dr. Carl Hoffman and not be included in any of the base. Rep. Quilici called the question. The motion CARRIED unanimously.

(57:B:30.13) FORESTRY EXPERIMENT STATION

Rep. Nathe moved the Operating Expenses as a modified on page F-29, 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 \$3,293, which were paid from the general fund in fiscal 1986 for the first time, were budgeted.

Mr. Ken Stotz said the Lubrecht Forest is the largest research forest in the country and until last year it was run at no expense to the general fund. There were four people, two people year around and two people in the summer, the maintenance summer people have been laid off because of the fall off timber sales until 1986, they were able to run it without spending any money out of the Forest Experiment budget.

The motion CARRIED unanimously.

Rep. Nathe moved the new expenditures of general fund within the research program under Forest and Conservation Experiment Station be reflected as a modified in the narrative. Rep. Quilici called the question. The motion carried unanimously.

UNIVERSITY SYSTEM: (58:A:0.00)

Rep. Nathe moved modification #1 on page F-47 for the hazardous waste funding. He stated this is a program that has been ongoing at Montana State University. They are responsible for the disposal of all hazardous wastes for all of the university system. The question was called and the motion CARRIED unanimously.

Rep. Nathe moved modifieds 2, 3, and 4 regarding New Space, page F-47 be accepted. Rep. Quilici called the question. The motion CARRIED unanimously.

(58:A:14.45) Rep. Nathe moved modified #5 for Security Personnel at an annual rate of \$34,000 for 2 FTE as the narrative was previously corrected to read.

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

Rep. Nathe moved the modified on F-45, paragraph three, 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.

(58:A:17.45) Rep. Rehberg made a substitute motion to include an additional \$250,000 for Eastern for phasedown funding to soften the effects of declining enrollment.

Rep. Bradley made a motion before all motion pending to segregate the issues. Rep. Quilici called the question. The motion CARRIED unanimously.

(58:A:25.40) Rep. Bradley moved that the MSU FTE Student Enrollment on page F-44 of the narrative be amended from

\$9,248 to \$9,403. This is in addition to Rep. Nathe's previous motion to add \$456,470 to the instructional program for general fund at MSU for the 1989 biennium for phase down funding. There was a roll call vote. Reps. Winslow, Bradley, Connelly, Manuel, Menahan, Rehberg and Quillici voted YES. Reps. Donaldson, Thoft, Bardanouve, Devlin, Menke, Miller, Nathe, Peck, Poulsen, Swift and Switzer voted NO. The motion FAILED 7 to 11.

The vote reverted to Rep. Nathe's motion for MSU. Reps. Devlin, Peck and Bardanouve voted NO. The motion carried.

Rep. Nathe said he would let Ms. Nielsen explain all of the factors that go into estimating these future enrollments. Ms. Nielsen replied the enrollment model that has been used, includes many factors and the most recent factors this fall were the ones that were entered to come up with the later projections which included retention from freshman to sophomore, sophomore to junior, junior to senior; the proportion of students that were to graduate; unclassified; and all other categories are included. It takes into account the number of students graduating from high school in Montana, which is low right now, with about 9,800 students graduating from high school. The next three years it will rise only slightly, and then it is going to drop below where it has been. Of the figures that came out here for 1988 and 1989, the only two units that showed a decline between 1988 and 1989 were in fact, the school of Mines and Montana State University. The subcommittee chose to look at the School of Mines and build a flat level to maintain the programs. They did look at Montana State University and did give them a cushion because of the decline. The other institutions do not have that kind of decline.

Rep. Donaldson asked Rep. Nathe why he used that type of cushion; two different methods. Rep. Nathe replied there was a lot of consideration at the time that they were going into the budgets to move the School of Mines out of the formula and have a programmatic funding. They made every attempt to keep the School of Mines in the formula. The next modified that he will be presenting will be on the 1550 base level for the School of Mines. They had to do something so they could maintain their national accreditation standards. This gave them a level of funding to maintain those standards, was the rational they used.

Rep. Peck stated that Rep. Nathe covered it rather well. He was surprised Tech was unhappy because the subcommittee took the figure that they had requested and used that for the purposes of the base budget. They are hearing Tech is unhappy with the numbers. He said he really doesn't understand that because they said they would like to be

assured of the base. This enrollment is always a problem because it drives so many dollars in the formula. Once you establish it, all of the units want to monkey with it.

They accepted the projection formula that is being used. They went over this with Dori Nielsen before accepting it. It takes into account many factors that most formulas do not take into account. It is a much more comprehensive formula. The individual units argue it does not take into account certain things. We have to agree it doesn't. One of the things they like to argue is the out-of-state tuition, which is on the decline as they say. We tried to take that into account. They always argue that they are not exhilarating that enough.

Reps. Devlin, Peck and Bardanouve voted NO. The motion CARRIED.

Rep. Rehberg's motion was before the committee for the \$250,000 for Eastern. The community colleges, lets say you are using \$3,622 times the anticipated enrollment. If your enrollment is not at the level you anticipated, there is a windfall. You don't line-item in the budget and say if there is a windfall. It goes back to the general fund. That is windfall because they actually did not have to provide service to, lets say, 800 students and they only have to provide it to 740 students. That is a windfall.

At Eastern they projected 3,199 students, is that multiplied times a factor to help out in their total funding? Rep. Nathe said that figure would be multiplied by instruction support rate, support rate, the student-teacher ratio, scholarships and fellowships, and that also projects the overall tuition revenue. That does not apply to community colleges.

(58:B:4.55) Mr. Carroll Krause stated they usually don't know their enrollment until the first day of class. By that time you have made a commitment and the costs are fixed. You're geared up for a certain number of students and you are going to have to expend that money on the staff you have already employed. So it isn't like the money is free and available in most cases.

There was a roll call vote. Reps. Winslow, Bradley, Quilici, Rehberg, Spaeth, Swift and Switzer voted YES. Reps Donaldson, Thoft, Bardanouve, Connelly, Devlin, Manuel, Menahan, Menke, Miller, Nathe, Peck, Poulsen, and Switzer voted NO. The motion FAILED 6 to 13.

Rep. Nathe moved Modified #7 base funding level of 1550 FTE for MCMST to meet the minimum national accreditation standards.

(58:B:19.00) Rep. Quilici made a substitute motion to raise the figures on F-44 for Montana Tech from 1550 to 1600 each year of the biennium. Rep. Peck spoke against the motion stating that the committee should consider that the Board of Regents has terminated the Business Program at Tech. Doctor Norman has admitted that they may have some increase in out-of-state registration. He had several personal conversations with Dr. Norman and he said we need a base on which we can plan for Tech. The formula predictions for enrollment will absolutely kill us, you might as well close up, those were his exact words. Rep. Peck stated he asked Dr. Norman what figure he needed. "We have to have 1550 to exist", Dr. Norman said, "but I think it will be up from that based on the factors he spoke of". He admitted he could not predict what the Regents actions would be on the Business Program. There was a roll call vote. Reps. Connelly, Manuel, Menahan, Quilici, Rehberg, Spaeth and Switzer voted YES. Reps. Donaldson, Thoft, Winslow, Bardanouve, Bradley, Devlin, Menke, Miller, Nathe, Peck, Poulsen, and Swift voted NO. The motion FAILED by a vote of 7 to 12.

(58:B:37.44) Rep. Bradley requested additional narrative to indicate to the full house exactly what has been done and why. Rep. Nathe referred to F-43, under budget.

The question was called on the Nathe amendment to change the base to 1550. The motion CARRIED unanimously.

Rep. Nathe moved modified # 8, instruction program for the instruction support rate at Eastern and Montana State Colleges which was increased in fiscal 1988 from \$381.79 to \$409.75 and in fiscal 1989 from \$382.16 to \$410.15. Also for School of Mines for fiscal 1988 they increased instruction support rate in the engineering school from \$464.57 to \$633.30 in fiscal 1989 the increased it from \$465.97 to \$633.92.

The motion CARRIED unanimously.

Rep. Nathe moved that it be included in the narrative an issue that was built into the base budget. In the 1985 session under the plant program, under the Montana State University, the amount of \$229,535 was removed on the floor of the house. It had been put in for both fiscal 1986 and fiscal 1987. This money had not been used in plant in the fiscal year in 1984 but had been transferred to other parts of the budget that are driven by the formula so the \$229,535 was lost to the base of the plant budget. On the floor of the Senate the \$229,535 was restored for fiscal 1986 only. The subcommittee looked at the issue and they inserted the \$229,535 back into the plant base for the Montana State

University. There will have to be language put back in to the narrative to explain that.

Reps. Quilici voted no. The motion CARRIED.

Rep. Connelly moved to amend the funding level for the support program of the six units of the university system which will be at 95 percent of the developed support program budgets. This will cost approximately \$1,759,736 in fiscal 1988 and \$1,750,838 in fiscal 1989. Rep. Quilici called the question (Exhibit 7). There was a roll call vote. Reps. Bradley, Connelly, Devlin, Manuel, Menahan, Quilici, and Spaeth voted YES. Reps. Donaldson, Thoft, Bardanouve, Miller, Nathe, Peck, Poulsen, Quilici, Rehberg, Swift and Switzer and Winslow voted NO. The motion FAILED by a vote of 7 to 12.

(59:A:16.40) Rep. Bardanouve moved to close Western Montana College (Exhibit 8) and 50 percent of the appropriation shall be distributed to the other five university and college units of the Montana university system. Rep. Quilici called the question. There was a roll call vote. Reps. Winslow, Bardanouve, Bradley, Connelly, Menke, Peck, Poulsen, Rehberg, Spaeth and Switzer voted YES. Reps. Donaldson, Thoft, Devlin, Manuel, Menahan, Miller, Nathe, Quilici, and Swift voted NO. The motion CARRIED by a vote of 10 to 9.

Rep. Menahan moved to close Northern Montana College with the same conditions as the Bardanouve motion except for the law enforcement academy portion. Rep. Swift made an additional motion to close Montana Tech in Butte. Chairman Donaldson asked Rep. Swift to withdraw his motion until Rep. Menahan's motion could be voted on separately as Rep. Menahan objected to his adding an addition to his motion. Rep. Swift agreed.

Rep. Spaeth stated we have expressed a very strong position we have to do something regarding this. This should be done on the floor of the House.

Rep. Menahan withdrew his motion.

Rep. Quilici moved to reconsider the Bardanouve Amendment. There was a roll call vote. Reps. Donaldson, Thoft, Bradley, Manuel, Menahan, Miller, Nathe, Peck, Quilici, Spaeth and Swift voted YES. Reps. Winslow, Bardanouve, Connelly, Devlin, Menke, Poulsen, Rehberg and Switzer voted NO. The motion CARRIED 11 to 8.


Rep. Quilici moved that the amendment made by Rep. Bardanouve moved DO NOT PASS.

Rep. Connelly made a substitute motion to DO PASS the amendment using the first sentence and the last paragraph of Rep. Bardanouve's amendment. There was a roll call vote. Reps. Bardanouve, Connelly, Menke, and Poulsen voted YES. Reps. Donaldson, Thoft, Winslow, Bradley, Devlin, Manuel, Menahan, Miller, Nathe, Peck, Quilici, Rehberg, Spaeth, Swift, Switzer voted NO. The motion FAILED by a vote of 4 to 15.

The motion reverted to the Quilici motion to DO NOT PASS the Bardanouve amendment. There was a roll call vote. Reps. Donaldson, Thoft, Bradley, Manuel, Menahan, Menke, Miller, Nathe, Peck, Quilici, Spaeth, and Swift voted YES. Reps. Winslow, Bardanouve, Connelly, Devlin, Poulsen, Rehberg, and Switzer voted NO. The motion CARRIED 12 to 7.

ADJOURNMENT:

There being no further business before the committee, the meeting was adjourned at 3:30 p.m.



Rep. Gene Donaldson, Chairman

DAILY ROLL CALL

APPROPRIATIONS

COMMITTEE

50th LEGISLATIVE SESSION -- 1987 .

Date

3/11/87

| 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 | ✓ | | |
| MANUEL, REX | ✓ | | |
| MENAHAN, RED | ✓ | | |
| MENKE, LARRY | ✓ | | |
| MILLER, RON | ✓ | | |
| NATHE, DENNIS | ✓ | | |
| PECK, RAY | ✓ | | |
| POULSEN, HAROLD | ✓ | | |
| QUILICI, JOE | ✓ | | |
| REHBERG, DENNIS | ✓ | | |
| SPAETH, GARY | ✓ | | |
| SWIFT, BERNIE | ✓ | | |
| SWITZER, DEAN | ✓ | | |
| | | | |
| | | | |
| | | | |

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | ✓ | |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | ✓ | |
| Rep. Francis Bardonoue | | ✓ |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | | ✓ |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | ✓ | |
| Rep. Ray Peck | ✓ | |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Quilici | | |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | ✓ | |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY CARRIED

10 8

Denise Thompson Rep. Gene Donaldson
 Secretary Chairman

MOTION: REP. NATHE MOVED TO CREATE A STUDY ON THE UNIVERSITY

FUNDING.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | ✓ | |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardonoue | | |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | ✓ | |
| Rep. Dennis Iverson | ✓ | |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | ✓ | |
| Rep. Ron Miller | ✓ | |
| Rep. Dennis Nathe | ✓ | |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Quilici | | |
| Rep. Dennis Rehberg | ✓ | |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | ✓ | |
| Rep. Dean Switzer | ✓ | |
| | | |
| | | |

TALLY

14 3

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Bradley made a substitute motion to the Nathe amendment
to strike the line after line 3, paragraph one, and replace it with
the leadership of the House and Committee on Committees will appoint
four people from each house. (Ex 5)

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3-11-87 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | | ✓ |
| Rep. Dorothy Bradley | | ✓ |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | ✓ |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | | |
| Rep. Ron Miller | ✓ | |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Ouilici | ✓ | |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | | ✓ |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

6

13

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Miller moved a zero percent vacancy savings for
the direct care positions at the School for the Deaf and Blind.
(Exhibit 4).

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11/87 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | ✓ | |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | | ✓ |
| Rep. Dorothy Bradley | | ✓ |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | ✓ |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | ✓ | |
| Rep. Ron Miller | ✓ | |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | | ✓ |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

MOTION FAILED

8

12

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Miller moved Option 2 of Exhibit 4 for 4 percent
vacancy savings for administrative staff and 2 percent on direct
care staff.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11

BILL NO. Proposed

NUMBER _____

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | ✓ | |
| Rep. Bob Thoft, Vice Chairman | ✓ | |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanoue | | |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | ✓ | |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | ✓ | |
| Rep. Ron Miller | ✓ | |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | ✓ | |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Quilici | | ✓ |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | ✓ | |
| | | |
| | | |

TALLY FAILED 3/4 vote required

13

6

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Bradley moved that a committee revenue bill be drafted
for the purpose to try to save money in state medicaid budget to
put a tax on hospitals for 1 percent of gross net revenues to
bring in \$2 million a year.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11/87 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | | ✓ |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | ✓ |
| Rep. Rex Manuel | | ✓ |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | | |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | | ✓ |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

MOTION FAILED

5 14

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Bradley moved that the Audiology Program be moved
back with the Board of Public Education from the Office of Public
Instruction.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11/87 BILL NO. 46 NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | ✓ | |
| Rep. Dorothy Bradley | | ✓ |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | | ✓ |
| Rep. Red Menahan | | ✓ |
| Rep. Larry Menke | ✓ | |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Quilici | | ✓ |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | | ✓ |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

The Motion Failed

4 15

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Substitute Motion by Rep. Connelly to DO PASS The first
sentence and the last paragraph of Rep. Bardanouve's amendment.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | ✓ | |
| Rep. Bob Thoft, Vice Chairman | ✓ | |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | | ✓ |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | | ✓ |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | ✓ | |
| Rep. Ron Miller | ✓ | |
| Rep. Dennis Nathe | ✓ | |
| Rep. Ray Peck | ✓ | |
| Rep. Harold Poulsen | | ✓ |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | ✓ | |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

12

7

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Quilici moved to DO NOT PASS the Bardanouve
amendment.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11

BILL NO. House Bill

NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | ✓ | |
| Rep. Bob Thoft, Vice Chairman | ✓ | |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | | ✓ |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | | ✓ |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | ✓ | |
| Rep. Dennis Nathe | ✓ | |
| Rep. Ray Peck | ✓ | |
| Rep. Harold Poulsen | | ✓ |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | ✓ | |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY Carried

11 8

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Quilici moved to reconsider the Bardanouve Amendment

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE March 11 BILL NO. House Bill NUMBER 2 (Universities)

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | ✓ | |
| Rep. Francis Bardanouve | ✓ | |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | | ✓ |
| Rep. Red Menahan | | ✓ |
| Rep. Larry Menke | ✓ | |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | ✓ | |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Quilici | | ✓ |
| Rep. Dennis Rehberg | ✓ | |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | ✓ | |
| | | |
| | | |

TALLY

CARRIED

10

9

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Bardanouve moved to delete Western Montana College
by July 1, 1988 and 50 percent of the appropriation to Western Mont.
College shall be distributed to the other five university and college
units of the Montana University System. (See Exhibit 8)

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | ✓ | |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | ✓ | |
| Rep. Dennis Iverson | ✓ | |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | | ✓ |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | | ✓ |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

Failed

7 12

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Connelly moved to amend The funding level for
the support program of the six units of the University System will
be at 95 percent of the developed support program budgets. This
will cost approximately \$1,759,736 in fiscal 1988 and \$1,750,838
in fiscal 1989. (Exhibit 7)

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | | ✓ |
| Rep. Dorothy Bradley | | ✓ |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | ✓ | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | | ✓ |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | ✓ | |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | ✓ | |
| | | |
| | | |

TALLY

FAILED

7 12

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Quilici moved to change the FTE Student Enrollment
for MCMST in Table 1 on page F-44 of the narrative from 1,550 to
1,600.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | ✓ | |
| Rep. Francis Bardonoue | | ✓ |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | | ✓ |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | | ✓ |
| Rep. Red Menahan | | ✓ |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | | ✓ |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | ✓ | |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | ✓ | |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

FAILED

6 12

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Rehberg moved to add \$250,000 into the
instruction program at Eastern Montana College for phasedown
funding to soften the effects of declining enrollment.

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | ✓ | |
| Rep. Francis Bardonoue | | ✓ |
| Rep. Dorothy Bradley | ✓ | |
| Rep. Mary Ellen Connelly | ✓ | |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | ✓ | |
| Rep. Red Menahan | ✓ | |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | | ✓ |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | ✓ | |
| Rep. Gary Spaeth | | |
| Rep. Bernie Swift | | ✓ |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

7 11

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Bradley moved that the MSU FTE Student Enrollment on
page F-44 of the narrative be amended from \$9,248 to \$9,403.
This is in addition to Rep. Nathe's previous motion to add \$456,470
to the instructional program for general fund at MSU for the 1989
biennium for phase down funding.

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | | ✓ |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardonoue | ✓ | |
| Rep. Dorothy Bradley | | ✓ |
| Rep. Mary Ellen Connelly | | ✓ |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | | ✓ |
| Rep. Red Menahan | | ✓ |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | | ✓ |
| Rep. Harold Poulsen | | ✓ |
| Rep. Joe Quilici | | ✓ |
| Rep. Dennis Rehberg | ✓ | |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | ✓ | |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

FAILED

4 15

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Spaeth moved to increase vacancy savings from 2 percent to 4 percent for 30.56 FTE extension specialists and county agents.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3-11-87 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | | ✓ |
| Rep. Bob Thoft, Vice Chairman | ✓ | |
| Rep. Cal Winslow, Vice Chairman | | ✓ |
| Rep. Francis Bardanouve | ✓ | |
| Rep. Dorothy Bradley | | ✓ |
| Rep. Mary Ellen Connelly | | ✓ |
| Rep. Gerry Devlin | | |
| Rep. Dennis Iverson | | |
| Rep. Rex Manuel | | ✓ |
| Rep. Red Menahan | | ✓ |
| Rep. Larry Menke | ✓ | |
| Rep. Ron Miller | ✓ | |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | ✓ | |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Quilici | ✓ | |
| Rep. Dennis Rehberg | ✓ | |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | ✓ | |
| Rep. Dean Switzer | ✓ | |
| | | |
| | | |

TALLY

MOTION CARRIED

11 7

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Rehberg made a substitute motion to adopt the modified
on F-26 for Improved Communications as a line-item or one time
appropriation.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/11 BILL NO. House Bill NUMBER 2

| NAME | AYE | NAY |
|---------------------------------|-----|-----|
| Rep. Gene Donaldson, Chairman | ✓ | |
| Rep. Bob Thoft, Vice Chairman | ✓ | |
| Rep. Cal Winslow, Vice Chairman | ✓ | |
| Rep. Francis Bardanoue | | ✓ |
| Rep. Dorothy Bradley | | ✓ |
| Rep. Mary Ellen Connelly | | ✓ |
| Rep. Gerry Devlin | | ✓ |
| Rep. Dennis Iverson | | ✓ |
| Rep. Rex Manuel | | ✓ |
| Rep. Red Menahan | | ✓ |
| Rep. Larry Menke | | ✓ |
| Rep. Ron Miller | | ✓ |
| Rep. Dennis Nathe | | ✓ |
| Rep. Ray Peck | ✓ | |
| Rep. Harold Poulsen | ✓ | |
| Rep. Joe Quilici | | ✓ |
| Rep. Dennis Rehberg | ✓ | |
| Rep. Gary Spaeth | ✓ | |
| Rep. Bernie Swift | ✓ | |
| Rep. Dean Switzer | | ✓ |
| | | |
| | | |

TALLY

FAILED

8

12

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Winslow moved Exhibit 6 to reduce the research center
from 7 to 5 and place 1/2 of the savings back into the 5 remaining
centers perhaps improving their services.

Cost per year for Deaconess Home to add 8 beds:

- 1) Rate increase for existing 24 beds from \$70.10 per day to \$84 per day or daily rate increase of \$13.90.

$$\$13.90 \text{ per day} \times 24 \text{ children} \times 365 \text{ days} = \$121,764$$

- 2) Eight new children at \$84 per day for 365 days.

$$\$84 \text{ per day} \times 8 \text{ children} \times 365 \text{ days} = \underline{\$245,280}$$

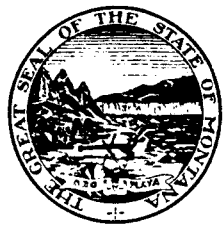
$$\text{Total increased cost at Deaconess} \quad \$367,044$$

Cost reduction for out-of-state care

Assuming that 4 of the new 8 beds at Deaconess would be filled with children who would have been placed out of state at the daily rate for Colorado Christian Home (\$78 per day), the increase at the Deaconess would be off-set by:

$$\$78 \text{ per day} \times 4 \text{ children} \times 365 \text{ days} = \underline{\$113,800}$$

$$\text{Net Cost Increase} \quad \$253,244$$



JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

EXHIBIT 2
DATE 3/11/87
HB 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>\$253,244</u> | <u>\$253,244</u> | <u>\$506,488</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>\$253,244</u> | <u>\$253,244</u> | <u>\$506,488</u> |

If I can be of further assistance, please call.

Sincerely,

Peter Blouke
Senior Fiscal Analyst

EXHIBIT 3
DATE 3/11/87
HR 2

Legislative Intent for Foster Care

The Department is authorized to utilize funds that would be expended for out-of-state residential programs or other funds in the foster care budget to develop additional in-state residential treatment slots. Furthermore, the department is authorized to modify and/or increase all or part of existing contracts with in-state providers to achieve this end.

SCHOOL FOR THE DEAF AND THE BLIND



STATE OF MONTANA

3911 CENTRAL AVENUE

GREAT FALLS, MONTANA 59401

(406) 453-1401

TED SCHWINDEN, GOVERNOR

AGENCY: Montana School For The Deaf And The Blind
PROGRAM: STUDENT SERVICES
SUBJECT: Vacancy Savings Proposal
DATE: March 10, 1987

Background: The Education Subcommittee assessed 4% to all positions, both administrative and direct care at the following savings:

| | <u>1988</u> | <u>1989</u> |
|--------------------|-------------|-------------|
| Vacancy Savings 4% | \$23,623 | \$23,601 |

OPTION #1: Assess four (4) percent vacancy savings to administrative positions (3 FTE) and one (1) percent to direct care positions.

| | <u>1988</u> | <u>1989</u> |
|------------------------------|--------------|--------------|
| 4% Administrative (3 FTE) | \$3,692 | \$3,689 |
| 1% Direct Care (28.95 FTE) | <u>5,274</u> | <u>5,271</u> |
| Total | \$8,966 | \$8,960 |
| DIFFERENCE from Subcommittee | \$14,657 | \$14,641 |

OPTION #2: Assess four (4) percent to administrative positions (3 FTE) and two (2) percent to direct care (28.95 FTE) positions.

| | <u>1988</u> | <u>1989</u> |
|------------------------------|-----------------|-----------------|
| 4% Administration (3 FTE) | \$3,692 | \$3,689 |
| 2% Direct Care (28.95 FTE) | <u>\$10,549</u> | <u>\$10,543</u> |
| TOTAL= | \$14,241 | \$14,232 |
| DIFFERENCE from Subcommittee | \$9,382 | \$9,369 |

University Funding Study

| | |
|---|-----------|
| a. Commissioner of Higher Education | \$ 15,000 |
| b. Office of the Legislative Fiscal Analyst | 130,000 |
| c. Office of Budget and Program Planning | 5,000 |

The Montana Legislature recognizes the need to review the adequacy of the current method for funding the university system. The study shall be conducted by an eight member legislative committee comprised of the 4 members of the Joint Education Subcommittee of the Appropriation and Finance and Claims committees of the Fiftieth Legislature and four members of the Legislative Finance Committee appointed by the chairman of the Legislative Finance Committee.

The study shall be coordinated by the Office of the Legislative Fiscal Analyst in conjunction with the Commissioner of Higher Education and active participation of the Office of Budget and Program Planning.

The scope of the study will encompass a review of higher education expenditures and funding, and an analysis of the adequacy and consistency of the university financing.

Items a, b, and c are biennial appropriations.

March 10, 1987

1. Page F-5, Line 14.

Strike: "\$6,124,968"

Insert: "\$5,903,968"

Strike: "\$1,998,303"

Insert: "\$1,972,589"

Strike: "\$6,177,135"

Insert: "\$5,956,135"

Strike: "\$1,998,303"

Insert: "\$1,972,589"

2. Page F-5, line 20.

Following: line 19

Insert: "The Montana Agricultural Experiment Station shall close two of its seven research centers."

Explanation:

This amendment reflects the closing of two research centers. There will be an annual general fund savings of \$442,000 and a state special revenue loss of \$51,428 from closing two research centers. The total budget reduction would be \$493,428 per year. However, the amendment only takes 50 percent of the budget reduction or \$221,000 in general fund and \$25,714 of state special revenue so that the agency may use 50 percent of the savings for improving other services.

EXHIBIT 7
DATE 3/11/87
BY 2

The funding level for the support program of the six units of the University System will be at 95 percent of the developed support program budgets.

This will cost approximately \$1,759,736 in fiscal 1988 and \$1,750,838 in fiscal 1989.

DN1:bn:sp.

Representative Bardanouve

Page _____, Line _____

Western Montana College shall be closed by July 1, 1988 and 50 percent of the appropriation to Western Montana College shall be distributed to the other five university and college units of the Montana University System. ~~Any debt payments owed by Western Montana College in excess of the Western Montana College land grant revenue shall be paid by the other five units. The appropriation and debt payment distribution shall be made in proportion to each unit's percentage of the total university fiscal 1988 enrollment, excluding Western Montana college.~~

The Board of Regents shall give consideration to making facilities of Western Montana College available for potential use by the Department of Justice for the Montana Law Enforcement Academy.

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 | \$ 73,882 | 13.27 |
| Operating Expenses | 37,932 | 34,505 | 36,564 | 33,242 | 32,221 | 36,195 | 30,673 | -12.36 |
| Equipment | 2,420 | 0 | 0 | 0 | 0 | 0 | 0 | -100.00 |
| TOTAL EXPENSES | \$105,675 | \$103,696 | \$106,681 | \$107,234 | \$101,311 | \$104,202 | \$104,755 | 1.48 |
| GENERAL FUND | \$105,675 | \$103,696 | \$106,681 | \$107,234 | \$101,311 | \$104,202 | \$104,755 | 1.48 |

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 \$5,606, 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 \$4,426 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 % Change |
|---------------------|-----------|-------------|-----------|-----------|--------------|-------------|-----------|-----------|--------------|----------------------|
| | Actual | Executive | Current | Level | Subcommittee | Executive | Current | Level | Subcommittee | |
| FTE | 6.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | -1.00 |
| Personal Services | \$183,293 | \$156,349 | \$162,571 | \$162,571 | \$162,571 | \$156,116 | \$162,964 | \$162,964 | \$162,964 | -11.31 |
| Operating Expenses | 53,215 | 58,198 | 50,643 | 50,643 | 50,643 | 56,846 | 48,476 | 48,476 | 48,476 | -4.83 |
| Equipment | 5,553 | 0 | 0 | 0 | 0 | 500 | 2,000 | 2,000 | 2,000 | -100.00 |
| TOTAL EXPENSES | \$242,061 | \$214,547 | \$213,214 | \$213,214 | \$213,214 | \$213,462 | \$213,440 | \$213,440 | \$213,440 | -11.92 |
| FUNDING | | | | | | | | | | |
| General Fund | \$227,940 | \$200,547 | \$199,214 | \$199,214 | \$199,214 | \$199,462 | \$199,440 | \$199,440 | \$199,440 | -12.60 |
| Federal Revenue | 12,501 | 2,000 | 2,000 | 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 | 12,000 | 12,000 | 640.74 |
| TOTAL FUNDING | \$242,061 | \$214,547 | \$213,214 | \$213,214 | \$213,214 | \$213,462 | \$213,440 | \$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. Federal funds decrease by 84 percent because of a one-time federal planning grant for \$12,000 was

reduced by 84 percent. The \$2,000 in federal funds for resource materials in fiscal 1988 and fiscal 1989 are for resource materials.

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. *90000 to OPI 70000*

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 Actual | Fiscal 1988 | | | Fiscal 1989 | | | FY 86-88 % Change |
|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------------|
| | | 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 | <u>\$184,241</u> ===== | <u>\$196,365</u> ===== | <u>\$196,649</u> ===== | <u>\$196,649</u> ===== | <u>\$179,549</u> ===== | <u>\$179,838</u> ===== | <u>\$179,838</u> ===== | <u>6.73</u> ===== |
| GENERAL FUNDING | <u>\$184,241</u> ===== | <u>\$196,365</u> ===== | <u>\$196,649</u> ===== | <u>\$196,649</u> ===== | <u>\$179,549</u> ===== | <u>\$179,838</u> ===== | <u>\$179,838</u> ===== | <u>6.73</u> ===== |

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.

Handwritten: 10/1/88

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.

Handwritten: 6/2/88

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 | Level | Subcommittee | Executive | Current | Level | Subcommittee | |
| FTE | 27.47 | 31.95 | 31.95 | 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 | \$590,485 | 12.21 | |
| Operating Expenses | 99,040 | 112,183 | 100,866 | 126,112 | 115,127 | 103,819 | 130,470 | 130,470 | 27.33 | |
| Equipment | 16,851 | 7,110 | 1,400 | 4,000 | 4,200 | 1,000 | 5,850 | 5,850 | -76.26 | |
| TOTAL EXPENSES | <u>\$642,551</u> | <u>\$723,244</u> | <u>\$678,311</u> | <u>\$721,096</u> | <u>\$722,755</u> | <u>\$680,397</u> | <u>\$726,805</u> | <u>\$726,805</u> | <u>12.22</u> | |
| FUNDING | | | | | | | | | | |
| General Fund | \$612,551 | \$693,244 | \$643,311 | \$686,096 | \$692,755 | \$645,397 | \$691,805 | \$691,805 | 12.01 | |
| Federal Revenue | 30,000 | 30,000 | 35,000 | 35,000 | 30,000 | 35,000 | 35,000 | 35,000 | 16.67 | |
| TOTAL FUNDING | <u>\$642,551</u> | <u>\$723,244</u> | <u>\$678,311</u> | <u>\$721,096</u> | <u>\$722,755</u> | <u>\$680,397</u> | <u>\$726,805</u> | <u>\$726,805</u> | <u>12.22</u> | |

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, infirmiry 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.

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 education 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 | \$147,305 | \$148,732 | \$143,875 | \$145,758 | \$140,103 | \$135,243 | \$137,130 | -1.05 |
| 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 | \$147,305 | \$148,732 | \$143,875 | \$145,758 | \$140,103 | \$135,243 | \$137,130 | -1.05 |

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 | |
| FTE | 37.80 | 34.30 | 32.80 | 32.80 | 34.30 | 32.80 | -5.00 |
| Personal Services | \$ 934,458 | \$ 886,460 | \$ 886,649 | \$ 886,649 | \$ 887,742 | \$ 888,191 | -4.40 |
| Operating Expenses | 318,976 | 265,084 | 251,145 | 257,145 | 265,768 | 251,861 | -22.66 |
| Equipment | 68,531 | 33,100 | 15,000 | 35,000 | 33,100 | 15,000 | -48.93 |
| Non-Operating | 19,221 | 19,221 | 34,413 | 34,413 | 19,221 | 34,413 | |
| TOTAL EXPENSES | \$1,341,186 | \$1,203,865 | \$1,187,207 | \$1,213,207 | \$1,205,831 | \$1,189,465 | -9.54 |
| FUNDING | | | | | | | |
| General Fund | \$ 939,536 | \$ 850,309 | \$ 852,788 | \$ 852,788 | \$ 851,540 | \$ 854,869 | -9.23 |
| State Special Rev | 253,629 | 260,740 | 237,904 | 237,905 | 261,334 | 237,943 | -6.20 |
| Federal Revenue | 148,021 | 92,816 | 96,515 | 122,514 | 92,957 | 96,653 | --- |
| TOTAL FUNDING | \$1,341,186 | \$1,203,865 | \$1,187,207 | \$1,213,207 | \$1,205,831 | \$1,189,465 | -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 GVV 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 | <u>0.00</u> | <u>46,253</u> | <u>46,333</u> |
| Program Total | <u>32.80</u> | <u>\$1,213,207</u> | <u>\$1,215,464</u> |

LEGISLATIVE ACTION

PROGRAM: VOCATIONAL EDUCATION

| BUDGET ITEM | FY 1986 | Fiscal 1988 | | Fiscal 1989 | | FY 86-88 |
|--------------------|-----------|-------------|---------------|--------------|-----------|----------|
| | Actual | Executive | Current Level | Subcommittee | Executive | % Change |
| FTE | 18.07 | 17.15 | 15.95 | 15.95 | 17.15 | -1.20 |
| Personal Services | \$492,132 | \$540,442 | \$500,834 | \$500,834 | \$539,951 | 1.77 |
| Operating Expenses | 87,441 | 87,299 | 87,503 | 87,503 | 87,334 | 0.07 |
| Equipment | 4,525 | 3,300 | 8,000 | 8,000 | 3,300 | 76.80 |
| Non-Operating | 67,648 | 67,520 | 67,552 | 67,552 | 67,520 | |
| TOTAL EXPENSES | \$651,746 | \$698,561 | \$663,889 | \$663,889 | \$698,105 | 1.86 |
| FUNDING | | | | | | |
| General Fund | \$302,458 | \$314,303 | \$274,812 | \$274,812 | \$313,899 | -9.14 |
| Federal Revenue | 349,288 | 384,258 | 389,077 | 389,077 | 384,206 | 11.39 |
| TOTAL FUNDING | \$651,746 | \$698,561 | \$663,889 | \$663,889 | \$698,105 | 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 | Executive | Current Level | |
| FTE | 34.05 | 47.30 | 46.25 | 47.30 | 46.25 | -1.0 |
| Personal Services | \$1,259,888 | \$1,302,720 | \$1,291,305 | \$1,302,270 | \$1,290,076 | 3.47 |
| Operating Expenses | 581,064 | 547,505 | 530,674 | 512,960 | 499,389 | -8.67 |
| Equipment | 55,184 | 0 | 4,000 | 0 | 4,000 | -92.75 |
| Non-Operating | 106,327 | 50,000 | 102,131 | 50,000 | 102,131 | -3.95 |
| TOTAL EXPENSES | \$2,002,463 | \$1,900,225 | \$1,928,110 | \$1,865,230 | \$1,895,596 | -3.10 |
| FUNDING | | | | | | |
| General Fund | \$ 939,997 | \$ 834,824 | \$ 885,368 | \$ 799,053 | \$ 852,755 | -5.83 |
| State Special Rev | 425,279 | 434,817 | 430,045 | 435,559 | 430,003 | 2.90 |
| Federal Revenue | 637,187 | 630,584 | 612,677 | 630,618 | 612,838 | -3.05 |
| TOTAL FUNDING | \$2,002,463 | \$1,900,225 | \$1,928,110 | \$1,865,230 | \$1,895,596 | -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 % Change |
|--------------------|-------------|-------------|---------------|--------------|-------------|---------------|--------------|----------------------|
| | Actual | Executive | Current Level | Subcommittee | Executive | Current Level | Subcommittee | |
| 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 | \$ 818,387 | \$ 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 | \$1,944,282 | \$1,850,035 | \$1,787,277 | \$1,774,492 | \$1,832,385 | \$1,769,702 | \$1,773,980 | -8.73 |
| 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 | \$1,944,282 | \$1,850,035 | \$1,787,276 | \$1,774,492 | \$1,832,385 | \$1,769,701 | \$1,773,980 | -8.73 |

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> |

| 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 | \$27,361,646 | -0.32 |
| Special Education Contingency | 392,443 | 400,000 | 400,000 | 500,000 | 400,000 | 400,000 | 500,000 | 27.41 |
| Transportation | 6,048,428 | 5,781,000 | 6,200,918 | 6,200,918 | 5,781,000 | 6,200,918 | 6,200,918 | 2.52 |
| School Foods | 626,910 | 622,250 | 594,751 | 594,751 | 622,250 | 594,751 | 594,751 | -5.13 |
| Secondary Vo-Ed | 500,000 | 400,000 | 450,000 | 400,000 | 400,000 | 450,000 | 400,000 | -20.00 |
| Impact Aid | 5,000 | 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 | 95,000 | -2.54 |
| Adult Basic Education | 147,523 | 156,258 | 147,523 | 147,523 | 156,258 | 147,523 | 147,523 | 0.00 |
| Federal Discretionary Grants | | | | | | | | |
| a) Vocational Education | 2,319,831 | | | 3,350,000 | | | 3,350,000 | 44.41 |
| b) EHA - B | 270,381 | | | 450,000 | | | 400,000 | 66.43 |
| c) EHA - SIG | 130,867 | | | 150,000 | | | 110,000 | 14.62 |
| d) JTPA | 337,314 | | | 475,000 | | | 475,000 | 40.82 |
| e) Adult Basic Education | 403,659 | | | 425,000 | | | 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 | 3.68 |
| FUNDING | | | | | | | | |
| General Fund | \$35,120,276 | \$34,664,896 | \$35,107,315 | \$35,157,315 | \$34,664,896 | \$35,107,315 | \$35,157,315 | 0.11 |
| State Special | 147,523 | 156,258 | 147,523 | 147,523 | 156,258 | 147,523 | 147,523 | 0.00 |
| Federal Revenue | 3,462,052 | | | 4,850,000 | | | 4,760,000 | 40.09 |
| 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 foods provides 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 | \$4,640,674 | \$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 Trust* | 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

| <u>Fiscal 1988</u> | <u>Billings</u> | <u>Butte</u> | <u>Great Falls</u> | <u>Helena</u> | <u>Missoula</u> | <u>Total System</u> |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| 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> |
| <u>Fiscal 1989</u> | <u>Billings</u> | <u>Butte</u> | <u>Great Falls</u> | <u>Helena</u> | <u>Missoula</u> | <u>Total System</u> |
| 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 | <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> |

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 % 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 |
| Personal Services | \$ 5,600 | \$ 11,200 | \$ 9,800 | \$11,200 | \$11,200 | \$9,800 | \$11,200 | 100.0 |
| Operating Expenses | 16,986 | 166,286 | 16,751 | 16,751 | 16,341 | 16,808 | 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>\$28,008</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>\$28,008</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 |
|------------------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|----------|
| | Actual | Executive | Current | Level | Subcommittee | Executive | Current | % Change |
| 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.

AGENCY: COMMISSIONER OF HIGHER 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 | 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 | \$795,595 | \$791,762 | \$788,693 | \$786,193 | \$791,707 | \$776,604 | \$774,104 | -1.2 |
| 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. *See end of document for details of FY 1988*

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 | \$ 62,000 | \$ 62,000 | \$ 62,000 | 11.3 |
| WICHE Student Assistance | 1,943,586 | 1,875,234 | 1,875,234 | 1,830,434 | 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 | 1,991,721 | 1,991,721 | 1,991,721 | 4.7 |
| HM Rural Dentistry | 108,000 | 113,000 | 90,400 | 90,400 | 115,000 | 92,000 | 69,000 | -16.3 |
| State Student Incentive Grants | 368,172 | 385,000 | 385,000 | 420,000 | 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 | -0.6 |
| College Work Study | 291,000 | 265,950 | 276,450 | 300,450 | 265,950 | 276,450 | 300,450 | 3.2 |
| Carl Perkins Scholarship | 0 | 50,000 | 0 | 0 | 50,000 | 0 | 0 | 0.0 |
| TOTAL EXPENSES | \$4,632,395 | \$4,701,802 | \$4,639,702 | \$4,653,902 | \$4,693,739 | \$4,631,239 | \$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 | 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 | -12.4 |
| Federal Revenue | 193,189 | 260,000 | 210,000 | 210,000 | 260,000 | 210,000 | 210,000 | 8.7 |
| TOTAL FUNDING | \$4,632,395 | \$4,670,802 | \$4,639,702 | \$4,653,902 | \$4,693,739 | \$4,631,239 | \$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 |
| MR 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

WICHE
WAMI
Minnesota Rural Dentistry

12.4%
4.7%
4.6%

1.9%
4.9%
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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AGENCY: COMMISSIONER OF HIGHER EDUCATION

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 | Subcommittee | | Executive | Current Level | Subcommittee | | |
| 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 74,429 in fiscal 1989.

2. 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.

3. 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 spending 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 | 0.00 | 0.00 |
| Operating Expenses | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0.0 |
| Non-Operating Costs | 976 | 1,680 | 0 | 0 | 0 | 2,000 | 0 | 0 | 0 | 0.0 |
| TOTAL EXPENSES | <u>\$976</u> ===== | <u>\$1,680</u> ===== | <u>\$ 0</u> ===== | <u>\$ 0</u> ===== | <u>\$ 0</u> ===== | <u>\$2,000</u> ===== | <u>\$ 0</u> ===== | <u>\$ 0</u> ===== | <u>\$ 0</u> ===== | <u>0.0</u> ===== |
| PROPRIETARY | \$976 ===== | \$1,680 ===== | \$ 0 ===== | \$ 0 ===== | \$ 0 ===== | \$2,000 ===== | \$ 0 ===== | \$ 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.

Not Applicable

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 | | | | |
| 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 |
|--------------------|-------------|-------------|---------------|--------------|-------------|---------------|--------------|----------|
| | Actual | Executive | Current Level | Subcommittee | Executive | Current Level | Subcommittee | % Change |
| 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 cost 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

| <u>Category</u> | <u>Average FTE</u> | <u>Salary</u> | <u>Total Cost</u> |
|------------------------|------------------------|---------------|--------------------|
| 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 | <u>17</u> | 16,433 | <u>279,361</u> |
| Total FTE and Salaries | 242 | | \$5,640,571 |
| Benefits | | | 862,443 |
| Insurance | | | 246,985 |
| Vacany Savings | | | <u>(182,956)</u> |
| 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 kernel 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 | 26.43 <i>26.43</i> 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> | -15.7 |
| 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> | -15.7 |

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.

Added 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 | Salary |
|-------------------------------|---------|--|-----------------|--------------------|
| | FTE | | | |
| 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 | | Salary | Cost |
|-----------------------------|---------|--|----------|-----------|
| | FTE | | | |
| 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 | | | | \$493,009 |

* *McClure*
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 |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|
| | Actual | Executive | Current Level | Subcommittee | Executive | Current Level | Subcommittee | % Change |
| Instruction | \$ 60,616,310 | \$ 56,416,872 | \$ 55,951,562 | \$ 59,971,932 | \$ 56,416,872 | \$ 56,320,042 | \$ 59,733,818 | -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 | 26,920,359 | 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

| <u>Unit</u> | <u>FY88 and FY89</u> | | <u>- - - Instruction Support Rate - - -</u> | |
|-------------|-----------------------|--|---|--------------------|
| | <u>Average Salary</u> | | <u>Fiscal 1988</u> | <u>Fiscal 1989</u> |
| 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 |
| MCNST | 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 MCNST.

Audit costs total \$352,800 of which \$244,400 is included in the support program budget. Language included requires EMC, NMC, WMC, and MCNST 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, MCNST 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 the 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 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 | \$34,643,377 | \$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 | \$34,643,377 | \$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 Support | \$1,790,395 | \$2,235,292 | \$2,072,146 | \$2,321,136 | \$2,235,292 | \$2,094,749 | \$2,297,033 | 29.64 |
| Research | 1,383,313 | 1,192,571 | 1,153,167 | 1,186,367 | 1,150,571 | 1,121,464 | 1,141,019 | -14.24 |
| 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 | \$ 55,951,362 | \$ 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 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 | 1,659 | 1,572 | 1,550 | 1,550 |
| Total Enrollment | 25,889 | 25,060 | 24,766 | 24,639 |

*Actual FTE for WMC and MCMST.

Instruction: The university system budget for the instruction program for both years of 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.

~~MSU~~ 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 | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| 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 | \$34,392,665 | \$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 | \$34,392,665 | \$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.

LEGISLATIVE ACTION

| 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 | 1,506,213 | 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 | 1,677,886 | 1,668,737 | 1,094,429 | 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 | \$8,118,342 | \$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.