

MINUTES OF THE MEETING
EDUCATION SUBCOMMITTEE
50TH LEGISLATURE

March 3, 1987

The meeting of the Education Subcommittee was called to order by Chairman Dennis Nathe at 8:10 a.m. on Tuesday, March 3, 1987 in Room 104 of the State Capitol.

ROLL CALL: All members were present. Also present were Dori Nielson, Jim Haubein, and Jane Hamman of the Legislative Fiscal Analyst office, Sib Clack of the Office of Budget and Program Planning, and Deb Thompson, Secretary.

MONTCLIRC: Dean Mudd informed the subcommittee about the purposes of the MONTCLIRC program. The program serves the criminal justice system and is designed to help prevent mistrials and retrials. It saves money by hiring law students and taking advantage of the law library. The program handles requests from public defenders and judges. It is not part of the law school budget. Senator Jergeson discussed the need for the service for county attorneys. Senator Hammond pointed out that if it saved the counties money they ought to be paying for the service. Chairman Nathe said recommendations would be forthcoming from the committee chaired by Senator Hammond by Thursday.

Modified - Hazardous Waste: Hazardous waste management by means of central coordination was discussed. Commissioner Krause said the units had combined their figures and together had a lower figure that would allow the development of a central management at Montana State University (Exhibit 1). Representative Iverson questioned whether SRM, the private company, had been contacted. Craig Roloff responded that they may be a provider of service in the future, mostly in the transportation portion, but that they were not experienced, in fact they had gotten advice and technical assistance from MSU. Cost savings by contracting with SRM instead of the Idaho firm was discussed. Commissioner Krause pointed out that the combined figure of the units would be an annual cost. Dori Nielson (372) said that MSU does have the expertise and can put the project together. Commissioner Krause said that the responsibility of the right to know law made it necessary for people to know how to handle waste. Chairman Nathe reiterated that there was a savings by consolidating.

Representative Peck (477) moved to accept the hazardous material operation proposal by all six units for a cost of \$140,030 annually. The motion PASSED unanimously.

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Water Rate Increase: Dori Nielson (498) discussed the total annual increase of the University of Montana water rates of 20.69 percent.

Senator Jacobson moved to accept for University of Montana in the plant program \$22,000 per year for water rate increase. The motion PASSED unanimously. (543)

Insurance costs: Dori Nielson discussed the increase of \$88,309 in the entire system for plant budget that would result because of adjustments to insurance rates. (Exhibit 2) Sib Clack felt it was appropriate to add these figures. The insurance costs in plant would then be consistent and in the appropriate account.

(1-B) Senator Jacobson moved to accept the \$88,309 for plant property insurance for each year of the biennium. The motion PASSED unanimously (071).

Instruction: Chairman Nathe pointed out that the subcommittee had tried to be fair but one unit had taken 2/3 of the total cuts. Representative Bradley (110) commented that Montana State University had taken a beating. She recommended consistency and requested a rolling average for MSU. President Tietz (191) said an assistance fund, that had started at University of Montana in 1977, had a serious discrepancy. He distributed a graph showing the MSU/LFA non-resident tuition comparison (Exhibit 3). He requested consideration for enrollment. He suggested to either drop the tuition revenue estimate or raise the enrollment estimate. Of the total cut of 3 million taken by the university system, MSU represents 2 million of that. He pointed out that MSU had the highest support rate for education at the institutions. The tendency was to raise the other institutions to the level that MSU has sustained. However, MSU has had similar increases but there is no institution above to pull up to. (287)

Glen Williams, vice president of fiscal affairs of the University of Montana, said there should be an adjustment in the difference, especially the non resident mix.

Dori Nielson discussed the non-resident to resident student mix. The anticipated tuition revenue estimate utilized an increase in tuition. She distributed the draft of the subcommittee actions for the appropriations bill (Exhibit 4).

(2-A) Senator Jacobson discussed the percentage of support program costs for 5 of the 6 units that had a marked decrease of 11-12 percent. She suggested a raise in support costs. Representative Peck (260) mentioned that in the past

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the committee had not changed enrollment but had used let down money. He said a dollar figure tended to correct the shortfall in tuition. Dori Nielson said a formula funding study would address many issues of concern.

President Tietz said there were two issues to consider, the discrepancy between what the enrollment projections and the revenue projections. He stated that the discrepancy would be eliminated by using the 9,500 student enrollment estimate for the biennium. Commissioner Krause (533) said the actual was a known factor. He recommended considering this rather than speculating. (2-B)

Agricultural Experiment Station: Jane Hamman (021) discussed the US Range Laboratory. She said that the subcommittee had increased the FTE by 20.04 to over 36 FTE. However, 16.7 FTE could be supported by the budget. The 16.70 FTE was satisfactory with the agency but the committee needed to make a motion. Senator Jacobson moved to authorize the 16.70 FTE for the US Range Laboratory in Miles City, under the Agricultural Experiment Station. The motion PASSED unanimously.

Cooperative Extension Service: Jane Hamman detailed additional information on the increased retirement costs. She said that other states had similar projected costs for the increased benefits. States have filed letters of protest against the adjustment and both Wyoming and North Carolina are working on lawsuits. The committee discussed the problem of increased costs. The consensus of the committee was that the federal government should pay for the increase in the retirement costs and not the state. This was the only agency where state employees would receive the new federal retirement benefits due to courtesy federal appointments and this was not equitable. A resolution was discussed. Senator Jacobson pointed out that a supplemental would be a year and a half into the budget before money was made available. Senator Jacobson recognized the cash flow difficulties that would ensue and said it was reasonable to put money in a contingency fund for the 2nd year. Sib Clack suggested a budget amendment. Dr. Luft referred to previous testimony discussing the \$668,000 per year in increased retirement costs (147). The civil service retirement portion was up from 7 percent to 14.8 percent with the addition of an increase of social security from 1.45 to 7.15 percent. The thrift savings plan was an additional cost where the agency must contribute 1 percent of salary with up to a 5 percent match by the employer. Representative Peck stated that he did not believe the federal government had the authority to force the state to match the money nor did the state have the funds to do so.

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Jane Hamman put the finance situation in perspective. She said the subcommittee had approved on February 13, \$60,871 towards this \$400-\$668 thousand dollar cost (215). That was savings from the consolidation plan that was reviewed. The new increased federal retirement costs for 8 of the professional FTE in administration had projected costs of about \$7,609 per person or \$60,871. The subcommittee had left that in the budget towards these federal costs. She asked whether a line item could be used to track it. The subcommittee also included in the FTE a new communications specialist at \$40,034 each year. The subcommittee approved a line item increase in either equipment or operating expenses of \$70,068 for improved communications. This totaled \$170,973.

Senator Jergeson said that a modified to cover costs with a strict reversion clause was needed so that if Wyoming's suit was successful and Montana participates in that suit the money could be recovered quickly. Chairman Nathe said that the congressional delegations from all the states voted for this. He had mentioned this problem to the congressmen. Chairman Nathe agreed that these costs should not be imposed on the state. He said that the state does not have the prerogative of deficit spending like the federal government does. Senator Jergeson said that by refusing to put something in the budget to deal with this problem that the extension service could be harmed. Senator Hammond said that Montana could be awfully delinquent on something they had not agreed to do. Dori Nielson (302) offered a suggestion to take care of the social security end and participate in the lawsuit with Wyoming. Social security is done for everyone in state government with the increase of 1.45 to 7.15 but the civil service retirement jump at 7 to 14 percent and the savings plan was not. Chairman Nathe suggested to ask the attorney general to enter into the lawsuit. Dr. Luft mentioned that their agency was required on a monthly basis to pay into those retirements, starting July 1, 1987. Jack Noble said that employees would file lawsuits against the extension service if the payments were not made by the agency. Dr. Luft said they would appeal and try to get a reversal. Until then some appropriation with a reversion clause and line item so they can operate would be necessary. He said a cash flow problem would result in 8 or 9 months. Representative Bardanouve said that no other state employees get that amount of retirement benefits. The social security was ok but not the savings plan. Representative Peck suggested a line item so as not to pay for the thrift savings costs.

Senator Hammond moved that on the new federal retirement program to just fund the social security increase from 1.45 to 7.15 in fiscal 1988 and to 7.51 in fiscal 1989. Sib

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Clack asked if that meant to reduce the \$60,871 to reflect only the social security increase. The motion PASSED with one NO by Senator Jergeson. (491)

Representative Peck moved that a letter be composed to all 4 of the congressional delegation informing them of the displeasure over the new federal retirement program and of the money it was costing. Also to send a letter to the state attorney general and have the attorney general contact the Wyoming attorney general and send a copy of attorney general's letter to the congressional delegation and vice versa. The motion PASSED unanimously. (545)

Senator Hammond said it was necessary to consider protecting the agency. Dr. Luft was instructed to seek legal advice on how to protect the agency from lawsuits. Chairman Nathe said to ask Greg Petesch from the legislative council to draft boilerplate language.

Formula study: Chairman Nathe said there was a need to update the factors and achieve consistency in data. This inconsistency caused suspicion and tension. He said the committee should consider inserting money directly in this appropriation bill for the Commissioner of Higher Education, Legislative Fiscal Analyst, Legislative Finance Committee, and the Office of Budget and Program Planning to develop consistent methodology for a means of consistency. Senator Hammond said he did not have faith in studies, that a legislative subcommittee had created the formula in the first place. Senator Jergeson commented that the LFC plus an outside committee should look at the study. Chairman Nathe stated that this was too important and too much money involved to let it be beat out by another project.

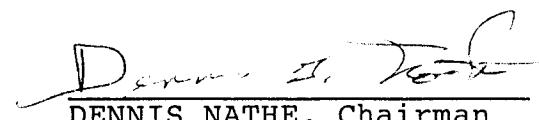
(3-A) Chairman Nathe said the LFC was funded as a permanent standing committee. Representative Peck said that everyone agreed that the study was needed. Chairman Nathe suggested two sets of numbers be worked out, one for the LFC and one including membership outside of the LFC. A house joint resolution could be drafted. Representative Peck said it could be put in the budget bill directly. Senator Jergeson said he did not have the confidence that someone with less experience could do that study. Representative Iverson pointed out that the real expense of interim studies was legislative travel. Commissioner Krause said the information gained from this study was important and useful and should have participation from this subcommittee group.

MSU - Plant Adjustment: Rep Dorothy Bradley commented on a base adjustment cost from the last biennium for MSU. Senator Jacobson had made a motion on the base adjustment for plant at MSU from 1984. MSU transferred money to

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instruction and then lost the base. The money was put back in the budget for fiscal 1986 on the Senate floor and should remain in the budget. Senator Jacobson moved to reopen the issue of the adjustment. The motion PASSED unanimously. Senator Jacobson moved to reinsert \$229,535 into base of plant budget for MSU each year of the biennium. The motion PASSED with one NO vote by Representative Peck.

ADJOURNMENT: The meeting was adjourned at 12:00. The next meeting was announced for 8:00 a.m., March 4.


DENNIS NATHE, Chairman

dt/3-3

DAILY ROLL CALL

EDUCATION SUB COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-3-87

MONTANA UNIVERSITY SYSTEM
 HAZARDOUS MATERIAL MANAGEMENT OPERATIONS
 FY88 COST OF CONSOLIDATED OPERATIONS (A1..H58)

ITEM	BARRELS	FTE	PERSONNEL	OPERATIONS	CAPITAL	TOTAL	COST PER BARREL
EMC							
Program coordination & RTK Law		0.25	5,800	500	0	6,300	
Material disposal through MSU	6	0.00	0	6,600	0	6,600	
	6	0.25	5,800	7,100	0	12,900	2,150
NMC							
Program coordination & RTK law		0.25	5,800	500	0	6,300	
Material disposal through MSU	1	0.00	0	1,100	0	1,100	
subtotal NMC	1	0.25	4,075	1,600	0	7,400	7,400.00
WMC							
Program coordination & RTK law		0.25	5,800	500	0	6,300	
Material disposal through MSU	1	0.00	0	1,100	0	1,100	
subtotal WMC	1	0.25	5,800	1,600	0	7,400	7,400.00
MCMST							
Program coordination & RTK law		0.25	5,800	1,000	0	6,800	
Material disposal through MSU	5	0.00	0	5,500	0	5,500	
On-site material storage		0.00	0	0	10,000	10,000	
subtotal MCMST	5	0.25	5,800	6,500	10,000	22,300	4,460.00
UM							
Program coordination & RTK law		0.75	17,400	1,750	0	19,150	
Material disposal through MSU	8	0.00	0	10,000	0	10,000	
subtotal UM	8	0.75	17,400	11,750	0	29,150	3,643.75
MSU							
Material disposal	34	0.70	15,550	20,000	0	35,550	
Material processing	20	0.50	11,600	2,000	0	13,600	
R-T-K law		0.25	5,800	600	0	6,400	
Campus safety		0.20	3,800	200	0	4,000	
Administration		0.10	2,130	100	0	2,230	
Processing research		0.00	0	0	5,400	5,400	
subtotal MSU	54	1.75	38,880	22,900	5,400	67,180	1,244.07
GRAND TOTAL							
MONTANA UNIVERSITY SYSTEM	75	3.25	\$71,955	\$46,550	\$15,400	\$140,030	\$1,867.07

TO: Education Subcommittee
FROM: Sib Clack, OBPP *SJ*
RE: Revenues from the Local Government Block Grant to
the university system's 6-mill levy account

State law (sections 61-3-509 and 61-3-536, MCA) requires that counties prorate their LGBG funds among their various taxing jurisdictions (i.e., county, city gov't, school districts) when they receive LGBG funds from the state. Therefore, the portion of the LGBG that goes into each county's six-mill levy account would be:

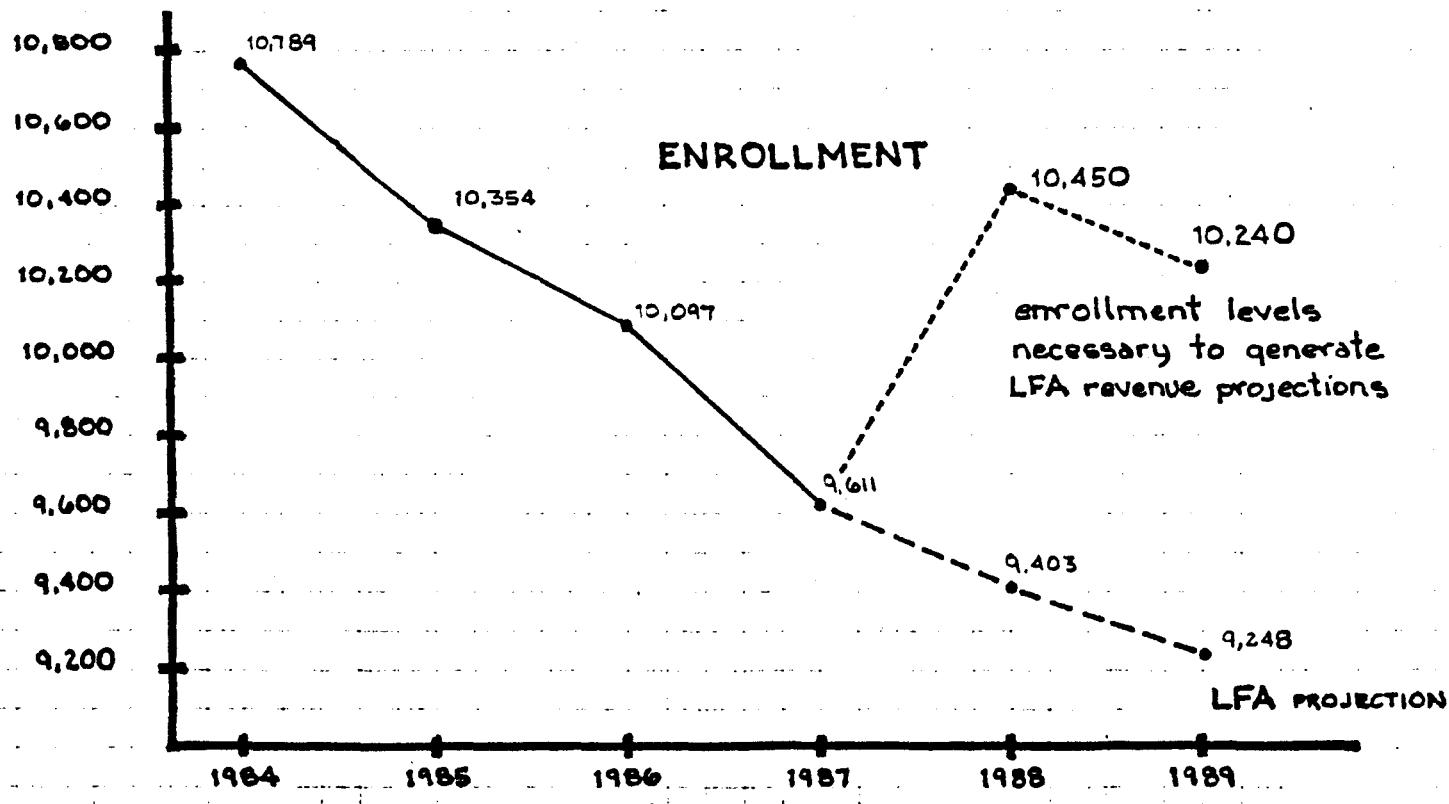
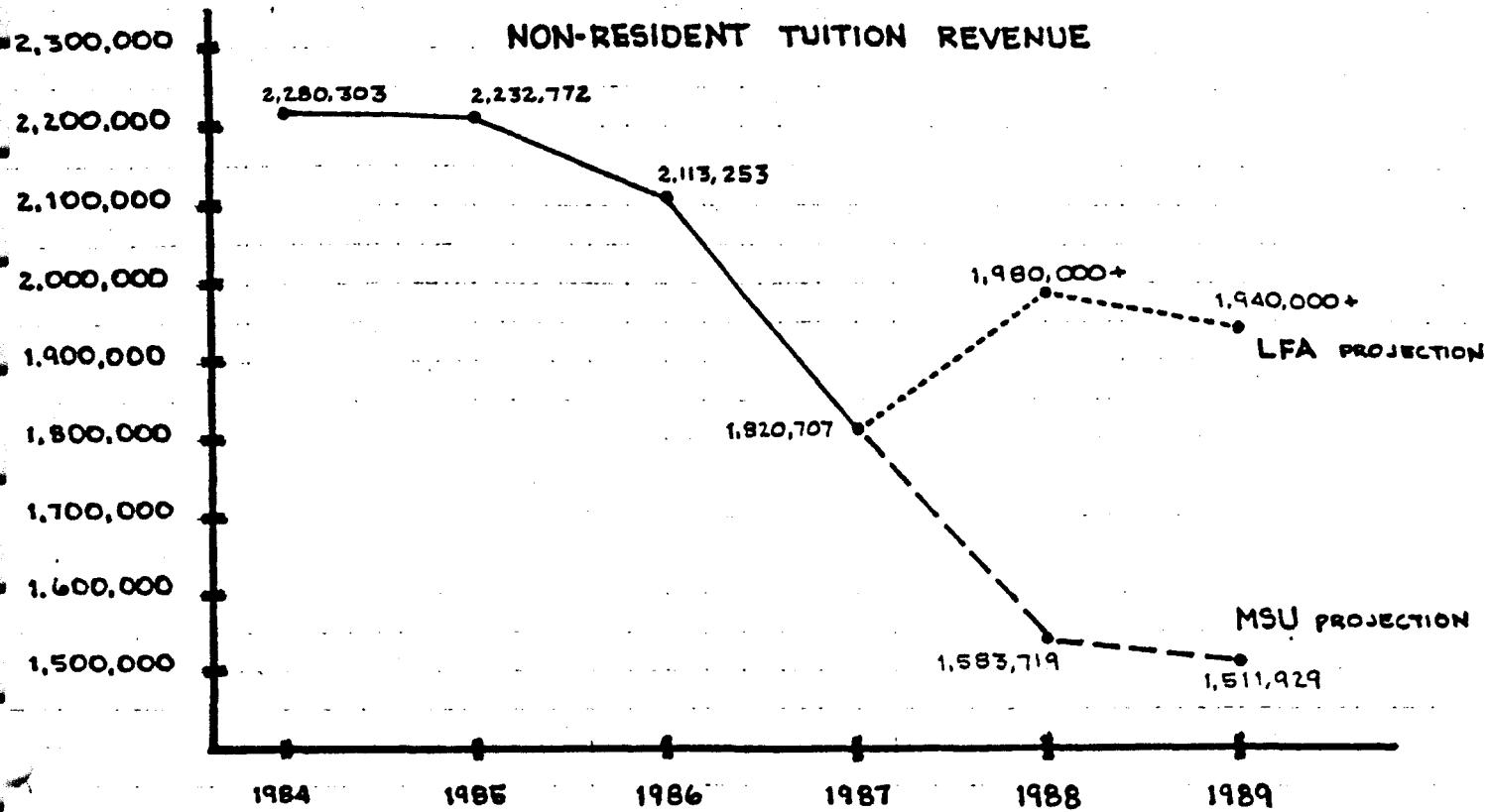
(Six mills / total county mills levied) X LGBG payment

F-10-12

**INSURANCE COSTS - PROPORTIONATE AMOUNT FOR CURRENT UNRESTRICTED PLANT - SUPPORT AND PLANT PROGRAMS
1989 Biennium (Annual)**

UNIT	Total Insur Costs	Other Funds	Current Unrestricted SUPPORT PLANT	Current Level Over (Under) CL	Property Ins Over (Under) CL
HSU	\$199,213	\$53,663	\$66,217	\$79,333	\$51,471
UM	\$154,518	\$45,493	\$52,182	\$56,843	\$37,768
EMC	\$49,157	\$11,890	\$19,450	\$17,817	\$0
NPC	\$32,500	\$8,352	\$11,404	\$12,744	\$1,765
HPC	\$18,548	\$6,729	\$3,723	\$8,096	\$9,090
TECH	\$36,253	\$12,816	\$9,577	\$13,862	(\$994)
					\$13,570
Total	\$490,189	\$162,553	\$188,695	\$100,386	\$88,309

MONTANA STATE UNIVERSITY
MSU/LFA NON-RESIDENT TUITION COMPARISON



AGENCY: BOARD OF PUBLIC EDUCATION

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION

<u>BUDGET ITEM</u>	<u>FY 1986</u>		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>		<u>% Change</u>
	<u>Actual</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>		
FTE	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	30,873 -12.36
Equipment	2,420	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 \$4,420 were eliminated, 3) secretarial service costs were reduced \$1,425, as the expense was incurred during a temporary staff shortage, 4) legal fees were reduced \$2,982, as it is anticipated one of the lawsuits currently pending before the board will be settled, 5) \$590 was added each year for administrative rules, 6) \$662 in advertising costs were deleted, and 7) travel was increased \$1,805 to allow board members to attend meetings of interest around the state.

AGENCY: FIRE SERVICES TRAINING SCHOOL

LEGISLATIVE ACTION

PROGRAM: FIRE SERVICES TRAINING SCHOOL

<u>BUDGET ITEM</u>	<u>FY 1986</u>		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>		<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>% Change</u>
	<u>Actual</u>	<u>Executive Current Level</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>5.00</u>	<u>5.00</u>		<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	
FTE	6.00	5.00	5.00								-1.00
Personal Services	\$183,293	\$156,349	\$162,571	\$162,571			\$156,116	\$162,964	\$162,964	\$162,964	-11.31
Operating Expenses	53,215	58,198	50,643	50,643			56,866	48,476	48,476	48,476	-4.83
Equipment	5,553	0	0	0			500	2,000	2,000	2,000	-100.00
TOTAL EXPENSES	\$242,061	\$216,547	\$213,214	\$213,214			\$213,462	\$213,440	\$213,440	\$213,440	-11.92
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FUNDING											
General Fund	\$227,940	\$200,547	\$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	-84.00
Proprietary Revenue	1,620	12,000	12,000	12,000			12,000	12,000	12,000	12,000	640.74
TOTAL FUNDING	\$242,061	\$216,547	\$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 library. Federal funds decrease by 84 percent because of a one-time federal planning grant for \$12,000 was utilized in fiscal 1986. The \$2,000 in federal grant funds for fiscal 1988 and fiscal 1989 are for resource materials. DNAR:arsfsts.

AGENCY: SCHOOL FOR THE DEAF AND BLIND

BUDGET ITEM	LEGISLATIVE ACTION			PROGRAM: AGENCY SUMMARY		
	FY 1986 Actual	Executive Current Level	Fiscal 1988 Current Level	Subcommittee	Executive Current Level	Fiscal 1989 Current Level
FTE	86.82	84.63	84.63	84.63	84.63	84.63
Personal Services	\$1,916,671	\$1,954,770	\$1,917,542	\$1,973,951	\$1,952,819	\$1,917,648
Operating Expenses	413,397	460,579	427,932	462,928	453,919	424,556
Equipment	51,269	18,450	12,100	12,000	10,750	7,500
TOTAL EXPENSES	\$2,381,337	\$2,433,799	\$2,357,574	\$2,448,879	\$2,417,488	\$2,349,704
FUNDING						
General Fund	\$1,967,908	\$2,027,194	\$1,949,204	\$2,040,509	\$2,050,410	\$1,941,778
Federal Revenue	413,429	406,605	408,370	408,370	387,078	407,926
TOTAL FUNDING	\$2,381,337	\$2,433,799	\$2,357,574	\$2,448,879	\$2,417,488	\$2,349,704

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

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

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

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

AGENCY: SCHOOL FOR THE DEAF AND BLIND

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION PROGRAM

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

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

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

AGENCY: SCHOOL FOR THE DEAF AND BLIND**LEGISLATIVE ACTION****PROGRAM: GENERAL SERVICES PROGRAM**

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

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

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

AGENCY: SCHOOL FOR THE DEAF AND BLIND

PROGRAM: STUDENT SERVICES

LEGISLATIVE ACTION

<u>BUDGET ITEM</u>	<u>FY 1986</u>			<u>Fiscal 1988</u>			<u>Fiscal 1989</u>			<u>FY 86-88 % Change</u>
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>			
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			12.21
Operating Expenses	99,040	112,183	100,866	126,112	115,127	103,819	130,470			27.33
Equipment	16,851	7,110	1,400	4,000	4,200	1,000	5,850			-76.26
TOTAL EXPENSES	\$642,551	\$723,244	\$678,311	\$721,096	\$722,755	\$680,397	\$726,805			12.22
FUNDING										
General Fund	\$612,551	\$693,244	\$643,311	\$686,096	\$692,755	\$645,397	\$691,805			12.01
Federal Revenue	30,000	30,000	35,000	35,000	30,000	35,000	35,000			16.67
TOTAL FUNDING	\$642,551	\$723,244	\$678,311	\$721,096	\$722,755	\$680,397	\$726,805			12.22

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

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

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

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

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

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

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

AGENCY: SCHOOL FOR THE DEAF AND BLIND

LEGISLATIVE ACTION

PROGRAM: EDUCATION

<u>BUDGET ITEM</u>	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>			<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>Fiscal 1989</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>FY 86-88</u>	<u>% Change</u>
	<u>FY 1986</u>	<u>Actual</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>							
FTE	47.60	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

Equipment Item	Fiscal 1988	Fiscal 1989
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-	3,450
Total Equipment	\$8,000	\$6,150

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

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88	
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>% Change</u>
FTE	134.1	129.60	125.85	125.90	129.60	125.85	125.90	125.85	125.90	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	\$3,588,960	\$3,597,934	\$3,597,934	2.07
Operating Expenses	2,038,450	1,749,873	1,765,744	1,661,965	1,707,720	1,666,841	1,623,014	1,666,841	1,623,014	1,623,014	-18.47
Equipment	134,325	55,001	44,101	68,374	37,930	27,000	68,374	37,930	27,000	68,374	-49.10
Non-Operating	388,365	331,910	370,807	408,612	331,910	370,553	408,432	370,553	408,432	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	\$5,653,354	\$5,697,758	\$5,697,758	-5.74
FUNDING											
General Fund	\$3,112,832	\$2,743,104	\$2,769,266	\$2,578,529	\$2,690,945	\$2,722,084	\$2,547,609	\$2,690,945	\$2,722,084	\$2,722,084	-17.16
State Special Rev	678,908	695,557	667,950	675,517	696,893	667,947	675,437	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	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	\$5,653,354	\$5,697,758	\$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)				Indirect Costs	Total	Indirect Costs	Total
	Chief	State	School Officer				
Publications				\$ 21,568	\$ 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				\$3,159,249		\$408,452
							\$3,150,350

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

PROGRAM: CHIEF STATE SCHOOL OFFICER

		LEGISLATIVE ACTION			PROGRAM: CHIEF STATE SCHOOL OFFICER				
		FY 1986 <u>Actual</u>	Executive	Fiscal 1988 Current Level	Subcommittee	Executive	Fiscal 1989 Current Level	Subcommittee	FY 86-88 % Change
BUDGET ITEM	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	\$ 93,762	3.15
Operating Expenses	62,127	54,810	51,836	51,836	46,241	43,368	43,368	43,368	-6.96
Equipment	538	0	0	0	0	0	0	0	-100.00
TOTAL EXPENSES	\$147,305	\$148,732	\$143,875	\$145,758	\$140,103	\$135,243	\$137,130	\$137,130	-1.05
FUNDING									
General Fund	\$128,190	\$127,173	\$122,307	\$124,190	\$127,064	\$122,175	\$124,062	\$124,062	-3.12
Federal Revenue	19,115	21,559	21,568	21,568	13,059	13,068	13,068	13,068	12.83
TOTAL FUNDING	\$147,305	\$148,732	\$143,875	\$145,758	\$140,103	\$135,243	\$137,130	\$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.

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: BASIC SKILLS

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

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

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

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

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

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

State special revenue consists of the following: 1) fees to support the audio-visual library, which total \$145,125 in fiscal 1988 and 1989, and 2) traffic safety education administration funds, totaling \$92,780 in fiscal 1988 and \$92,819 in fiscal 1989. These funds are derived from fines and citations issued by the highway patrol and by GVW 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

Program/Fund	FTE	Fiscal 1988	Fiscal 1989
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
		145,125	145,125
Miscellaneous Federal Grants	0.00	13,510	13,511
Traffic Safety Education - Traffic Safety	1.67	92,780	92,819
Indian/Veteran's Ed	3.00		
- General Fund		38,128	38,128
- Federal Johnson-O'Malley		10,000	10,000
- Federal Veteran's Education		52,751	52,808
Driver's Education Fees	0.00	46,253	46,333
Program Total	32.80		\$1,215,464

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: VOCATIONAL EDUCATION

		Fiscal 1988				Fiscal 1989						
		<u>FY 1986 Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittees</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittees</u>	<u>FY 86-88 % Change</u>
BUDGET ITEM												
FTE		18.07	17.15	15.95	15.95	17.15	15.95	15.95	15.95	15.95	15.95	-1.20
Personal Services	\$492,132	\$540,442	\$500,834	\$500,834	\$539,951	\$500,431	\$500,431	\$500,431	\$500,431	\$500,431	\$500,431	1.77
Operating Expenses	87,441	87,299	87,503	87,503	87,334	87,538	87,538	87,538	87,538	87,538	87,538	0.07
Equipment	4,525	3,300	8,000	8,000	5,300	8,000	8,000	8,000	8,000	8,000	8,000	76.80
Non-Operating	67,648	67,520	67,552	67,552	67,520	67,379	67,379	67,379	67,379	67,379	67,379	
TOTAL EXPENSES	\$651,746	\$698,561	\$663,889	\$663,889	\$698,105	\$663,348	\$663,348	\$663,348	\$663,348	\$663,348	\$663,348	1.86
FUNDING												
General Fund	\$302,458	\$314,303	\$274,812	\$274,812	\$313,899	\$275,467	\$275,467	\$275,467	\$275,467	\$275,467	\$275,467	-9.14
Federal Revenue	349,288	384,258	389,077	389,077	384,206	387,881	387,881	387,881	387,881	387,881	387,881	11.39
TOTAL FUNDING	\$651,746	\$698,561	\$663,889	\$663,889	\$698,105	\$663,348	\$663,348	\$663,348	\$663,348	\$663,348	\$663,348	1.86

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

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

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

AGENCY: SUPERINTENDENT OF PUB INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION

BUDGET ITEM	FY 1986 Actual	Executive	Fiscal 1988 Current Level	Subcommittee	Executive	Current Level	Fiscal 1989	Subcommittee	FY 86-88 % Change
FTE	34.05	47.30	46.25	47.30	47.30	46.25	47.30	47.30	-1.0
Personal Services	\$1,259,888	\$1,302,720	\$1,291,305	\$1,303,617	\$1,302,270	\$1,290,076	\$1,302,316	\$1,302,316	3.47
Operating Expenses	581,064	547,505	530,674	530,674	512,960	499,389	499,389	499,389	-8.67
Equipment	55,184	0	4,000	4,000	0	4,000	4,000	4,000	-92.75
Non-Operating	106,327	50,000	102,131	102,131	50,000	102,131	102,131	102,131	-3.95
TOTAL EXPENSES	\$2,002,463	\$1,900,225	\$1,928,110	\$1,940,422	\$1,965,230	\$1,895,596	\$1,907,836	\$1,907,836	-3.10
FUNDING									
General Fund	\$ 939,997	\$ 834,824	\$ 885,388	\$ 885,051	\$ 799,053	\$ 852,755	\$ 852,423	\$ 852,423	-5.83
State Special Rev	425,279	434,817	430,045	437,612	435,559	430,003	437,493	437,493	2.90
Federal Revenue	637,187	630,584	612,677	617,759	630,618	612,838	617,920	617,920	-3.05
TOTAL FUNDING	\$2,002,463	\$1,900,225	\$1,928,110	\$1,940,422	\$1,865,230	\$1,895,596	\$1,907,836	\$1,907,836	-3.10

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

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

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

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

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

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

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

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

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: SPECIAL SERVICES

BUDGET ITEM	FY 1986		Fiscal 1988		Fiscal 1989		Subcommittee	FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level		
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	786,586	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	\$1,332,804	\$1,332,392

AGENCY: SUPERINTENDENT OF PUBLIC INSTRUCTION

LEGISLATIVE ACTION

PROGRAM: DISTRIBUTION TO PUBLIC SCHOOLS

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive Current Level	Subcommittee							
Special Education	\$27,450,020	\$27,361,646	\$27,361,646	\$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	500,000	400,000	400,000	500,000	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	6,200,918	6,200,918	2.52
School Foods	626,910	622,250	594,751	594,751	622,250	594,751	594,751	594,751	594,751	-5.13
Secondary Vo-Ed	500,000	400,000	450,000	400,000	400,000	450,000	400,000	400,000	400,000	-20.00
Impact Aid	5,000	5,000	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	95,000	95,000	-2.54
Adult Basic Education	147,523	156,258	147,523	147,523	147,523	147,523	147,523	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	\$40,064,838	\$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	\$35,157,315	\$35,157,315	0.11
State Special	147,523	156,258	147,523	147,523	156,258	147,523	147,523	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	\$40,064,838	\$40,064,838	3.68

Language in Bill: Language is included for four issues: a) to make secondary vocational 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. TPAR:tpopi.

AGENCY: Vocational-Technical Centers

LEGISLATIVE ACTION

PROGRAM: System Summary

CENTER	FY 1986 Actual	Fiscal 1988		Fiscal 1989		Subcommittee	Executive Current Level	Fiscal 1989 Current Level	% Change
		Executive	Current Level	Subcommittee	Executive				
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		1,433,211	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	1,936,679	1,706,613		1,929,783	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 for Vo-tech centers removing \$623,100 in fiscal 1988 and \$670,600 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 cannot 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 will cause a general fund reversion of a like amount each year.

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	\$1,677,976	\$1,364,902	\$1,432,211	\$2,090,012	\$1,929,783	\$8,494,982

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 because 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 .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 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 \$1929.80 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 foot 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.

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	\$1,686,282	\$1,377,458	\$1,443,460	\$2,099,672	\$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>
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	\$1,677,076	\$1,364,903	\$1,433,211	\$2,090,012	\$1,929,783	\$8,494,985

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. 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	Executive	Current Level	
FTE	2.00	2.00	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	\$ 60,318	\$ 60,318	46.71
Operating Expenses	42,380	55,144	54,752	59,002	55,795	55,397	55,397	59,682	59,682	39.22
TOTAL EXPENSES	\$83,956	\$113,607	\$115,750	\$120,000	\$113,663	\$115,715	\$115,715	\$120,000	\$120,000	42.93
FEDERAL REVENUE	\$83,956	\$113,607	\$115,750	\$120,000	\$113,663	\$115,715	\$115,715	\$120,000	\$120,000	42.93

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

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

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

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

AGENCY: BOARD OF REGENTS

LEGISLATIVE ACTION

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

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 Actual*	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	26.50	28.85	25.35	25.35	28.85	25.35	25.35	- 1.15
Personal Services	\$ 832,090	\$ 937,394	\$ 835,444	\$ 835,444	\$ 936,773	\$ 835,043	\$ 835,043	0 .40
Operating Expenses	800,802	1,250,008	926,109	926,109	1,347,279	959,815	959,815	15 .65
Equipment	22,149	0	7,000	4,500	0	12,500	10,000	-79 .68
Non-Operating	4,747,504	12,971,118	4,639,702	4,653,902	13,484,175	4,631,239	4,576,039	-1 .97
TOTAL EXPENSES	\$6,402,545	\$15,158,520	\$6,408,255	\$6,419,955	\$15,768,227	\$6,438,597	\$6,380,897	0 .27
FUNDING								
General Fund	\$2,813,473	\$ 3,133,564	\$3,096,284	\$3,107,984	\$ 3,107,446	\$2,937,883	\$2,880,183	10 .47
State Special	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

* Does not include \$5,999,381 for insurance program modification.

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 .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

<u>BUDGET ITEM</u>	<u>FY 1986 Actual</u>	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>			<u>FY 86-88 % Change</u>
		<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	
FTE	15.60	14.40	14.40		14.40	14.40	14.40	-1.20
Personal Services	\$567,232	\$573,217	\$570,361		\$572,989	\$570,209	\$570,209	0.6
Operating Expenses	210,845	218,545	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	-1.2
GENERAL FUND	\$795,595	\$791,762	\$788,693		\$786,193	\$791,707	\$776,604	-1.2

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

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

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

AGENCY: COMMISSIONER OF HIGHER EDUCATION

PROGRAM: STUDENT ASSISTANCE PROGRAM

LEGISLATIVE ACTION

<u>BUDGET ITEM</u>	<u>FY 1986</u>			<u>Fiscal 1988</u>			<u>Executive Current Level</u>			<u>Subcommittee</u>			<u>Fiscal 1989</u>			<u>FY 86-88</u>	
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>% Change</u>	<u>% Change</u>		
WICHE Dues	\$ 53,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	11.3	11.3		
WICHE Student Assistance	1,943,586	1,875,234	1,875,234	1,830,434	1,769,068	1,769,068	1,769,068	1,769,068	1,769,068	1,769,068	1,677,868	1,677,868	1,677,868	-5.8	-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	1,991,721	1,991,721	1,991,721	1,991,721	1,991,721	1,991,721	4.7	4.7		
MN. Rural Dentistry	108,000	113,000	90,400	90,400	115,000	92,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000	-16.3	-16.3		
State Student Incentive Grants	368,172	385,000	385,000	620,000	385,000	385,000	385,000	385,000	385,000	385,000	420,000	420,000	420,000	14.1	14.1		
National Direct Student Loan	55,322	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	-0.6	-0.6		
College Work Study	291,000	265,950	276,450	300,450	265,950	276,450	276,450	276,450	276,450	276,450	300,450	300,450	300,450	3.2	3.2		
Carl Perkins Scholarship	0	50,000	0	0	50,000	0	0	0	0	0	0	0	0	0.0	0.0		
TOTAL EXPENSES	\$4,632,395	\$4,701,802	\$4,639,702	\$4,653,902	\$4,693,739	\$4,631,239	\$4,693,739	\$4,631,239	\$4,693,739	\$4,631,239	\$4,576,039	\$4,576,039	\$4,576,039	0.5	0.5		
FUNDING																	
General Fund	\$2,017,878	\$2,341,802	\$2,307,591	\$2,321,791	\$2,315,739	\$2,161,279	\$2,106,079	\$2,106,079	\$2,106,079	\$2,106,079	\$2,106,079	\$2,106,079	\$2,106,079	15.1	15.1		
State Special (Ed Trust)	2,421,328	2,100,000	2,122,111	2,122,111	2,118,000	2,259,960	2,259,960	2,259,960	2,259,960	2,259,960	2,259,960	2,259,960	2,259,960	-12.4	-12.4		
Federal Revenue	193,189	260,000	210,000	210,000	260,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	8.7	8.7		
TOTAL FUNDING	\$4,632,395	\$4,670,802	\$4,639,702	\$4,653,902	\$4,693,739	\$4,631,239	\$4,693,739	\$4,631,239	\$4,693,739	\$4,631,239	\$4,576,039	\$4,576,039	\$4,576,039	0.5	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

<u>Field</u>	<u>Continuing Students</u>	<u>Fiscal 1988 New Students</u>	<u>Total Cost</u>	<u>Continuing Students</u>	<u>Fiscal 1989 New Students</u>	<u>Total Cost</u>
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	\$1,671,868

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
MRD Rural Den.	10	10,800	108,000	8	11,300	90,400	6	11,500	69,000
SSIG - Loan Nos.	1,830	201	368,172	1,680	250	420,000	1,680	250	420,000
Work Study	654	445	291,000	668	450	300,450	668	450	300,450
Total	2,696		\$4,524,073	2,535		\$4,539,902	2,521		\$4,459,039
Percent Increase in Average Cost Per Student									
Fiscal 1986-88					Fiscal 1988-89			Fiscal 1988-89	
WICHE					12.4%			1.9%	
WAMI					4.7%			4.9%	
Minnesota Rural Dentistry					4.6%			1.8%	

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

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

Modifieds Recommended:

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

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: TALENT SEARCH

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

Modified 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.

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: GUARANTEED STUDENT LOAN

BUDGET ITEM	FY 1986 Actual	----- Executive Current Level	----- Fiscal 1988 Subcommittee	----- Executive Current Level	----- Fiscal 1989 Subcommittee	FY 86-88 % Change
FTE	4.90	5.95	4.95	5.95	4.95	0.05
Personal Services	\$137,271	\$171,239	\$143,261	\$171,034	\$143,103	4.4
Operating Expenses	544,617	652,348	670,031	699,456	716,222	23.0
Equipment	4,631	0	4,500	0	10,000	-2.8
TOTAL EXPENSES	\$686,519	\$823,587	\$817,792	\$870,490	\$869,325	19.1
FEDERAL REVENUE	\$686,519	\$823,587	\$817,792	\$870,490	\$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 have no general fund impact.

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: EDUCATION FOR ECONOMIC SECURITY

<u>BUDGET ITEM</u>	<u>FY 1986 Actual</u>	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>			<u>FY 86-88 % Change</u>
		<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	
FTE	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
Operating Expenses	3,644	1,364	0	0	0	1,364	0	0.0
Equipment	0	0	0	0	0	0	0	0.0
Total Expenses	3,644	1,364	0	0	0	1,364	0	0.0
Non-Operating Costs	\$114,133	\$56,636	\$ 0	\$ 0	\$56,636	\$ 0	\$ 0	0.0
TOTAL EXPENSES	\$117,577	\$58,000	\$ 0	\$ 0	\$58,000	\$ 0	\$ 0	0.0
FEDERAL REVENUE	\$117,577	\$58,000	\$ 0	\$ 0	\$58,000	\$ 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

<u>BUDGET ITEM</u>	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change	
	<u>Actual*</u>	<u>FTE</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>% Change</u>						
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	\$ 0	\$ 0		---
Operating Expenses	0	332,636	0	0	382,601	0	0	0	0		---
Total Expenses	0	404,974	0	0	454,846	0	0	0	0		--
Non-Operating Costs	0	\$8,211,000	0	0	\$8,731,800	0	0	0	0		---
TOTAL EXPENSES	0	\$8,615,974	0	0	\$9,186,646	0	0	0	0		---
PROPRIETARY FUND	\$0	\$8,615,974	\$0	\$0	\$9,186,646	\$0	\$0	\$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.

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

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

AGENCY: COMMISSIONER OF HIGHER EDUCATION

LEGISLATIVE ACTION

PROGRAM: WELLNESS PROGRAM

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

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

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

Modifieds Recommended:

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

AGENCY: COMMUNITY COLLEGES

LEGISLATIVE ACTION

PROGRAM: STATE ASSISTANCE

<u>Budget Item</u>	<u>FY 1986 Actual</u>	<u>Fiscal 1988 Executive Current Level</u>	<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Fiscal 1989 Subcommittees</u>	<u>FY 86-88 % Change</u>
Student FTE	1740	1709	1740	1740	1709	1740
Dawson Community College	\$ 741,334	\$ 743,704	\$ 701,724	\$ 718,732	\$ 698,070	\$ 713,832
Flathead Valley Community Coll.	1,577,827	1,637,874	1,667,929	1,655,816	1,629,054	1,656,090
Miles Community College	865,002	738,274	766,138	740,029	729,154	762,839
TOTAL EXPENSES	\$3,184,163	\$3,119,852	\$3,135,791	\$3,114,577	\$3,093,392	\$3,130,518
GENERAL FUND	\$3,184,163	\$3,119,852	\$3,135,791	\$3,114,577	\$3,093,392	\$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

<u>College</u>	<u>Legislature</u>	<u>Fiscal 1986 Actual</u>	<u>Difference</u>	<u>Fiscal 1987 College Est.</u>	<u>FY 1988-89 Budgeted</u>	<u>% Change FY 86-88</u>
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	-2.2

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

Colleges	FTE	Fiscal 1988				Fiscal 1989				
		Total Cost Factor	Unrestricted Budget	% State Support	General Fund	Total Cost Factor	Unrestricted Budget	% State Support	General Fund	
Dawson	400	x \$3,622	= \$1,448,800	x 49	= \$ 709,912	400	x \$3,642	= \$1,456,800	x 49	= \$ 713,832
Flathead	928	x 3,622	= 3,361,216	x 49	= 1,646,996	928	x 3,642	= 4,379,776	x 49	= 1,656,090
Miles	412	x 3,622	= 1,492,264	x 49	= 731,209	412	x 3,642	= 1,500,504	x 49	= 735,247
Audit	-0-	-0-	54,000	x 49	= 26,460	—	—	—	—	—
Total	1,740		\$6,356,280		\$3,114,577	1,740		\$6,337,080		\$3,105,169

AGENCY: MONTANA AGRICULTURAL EXPERIMENT STATION

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	LEGISLATIVE ACTION			PROGRAM: AGENCY SUMMARY		
	FY 1986 Actual	Fiscal 1988 Executive Current Level	Subcommittee	Fiscal 1989 Executive Current Level	Fiscal 1989 Subcommittee	FY 86-88 % Change
FTE	291.70	258.59	258.50	258.70	258.59	258.70
Personal Services	\$6,844,711	\$6,717,917	\$6,944,97	\$6,717,917	\$6,865,861	\$6,975,097
Operating Expenses	1,478,861	1,435,585	1,445,375	1,457,996	1,468,420	1,468,420
Equipment	223,102	285,197	119,553	201,553	285,197	117,875
TOTAL EXPENSES	\$8,546,674	\$8,438,699	\$8,399,989	\$8,591,225	\$8,461,110	\$8,452,156
FUNDING						
General Fund	\$5,953,382	\$6,108,294	\$5,861,686	\$6,206,968	\$5,913,853	\$6,259,135
State Special	826,446	657,102	865,000	710,954	657,719	865,000
Federal Revenue	1,766,846	\$1,673,303	1,673,303	1,673,303	1,673,303	1,673,303
TOTAL FUNDING	\$8,546,674	\$8,438,699	\$8,399,989	\$8,591,225	\$8,461,110	\$8,452,156

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 9.7 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 4.3 percent to support the remainder of the main station budget.

AGENCY: MONTANA AGRICULTURAL EXPERIMENT STATION

LEGISLATIVE ACTION

PROGRAM: MAIN STATION

<u>BUDGET ITEM</u>	<u>FY 1986 Actual</u>	<u>Fiscal 1988</u>		<u>Fiscal 1989</u>		<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>% Change</u>
		<u>Executive</u>	<u>Current Level</u>	<u>Executive</u>	<u>Current Level</u>					
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	\$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	1,462,720		-0.4
Equipment	220,652	282,197	116,553	198,553	282,197	114,875	196,875	196,875		-10.0
TOTAL EXPENSES	\$8,010,219	\$8,106,597	\$8,054,989	\$8,205,271	\$8,128,391	\$8,107,156	\$8,257,438	\$8,257,438		2.4
FUNDING										
General Fund	\$5,953,382	\$6,108,294	\$5,861,686	\$6,206,968	\$6,130,088	\$5,913,853	\$6,259,135	\$6,259,135		4.3
State Special	289,991	325,000	520,000	325,000	325,000	520,000	325,000	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	1,673,303		-5.3
TOTAL FUNDING	\$8,010,219	\$8,106,597	\$8,054,989	\$8,205,271	\$8,128,391	\$8,107,156	\$8,257,438	\$8,257,438		2.4

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 were the pay increases in fiscal 1987 and rising costs of social security and workers' compensation in the 1989

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

Table 1
Main State FTE and Average Salaries for Fiscal 1988

<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	17	16,433	<u>279,361</u>
Total FTE and Salaries	242		\$5,640,571
Benefits			862,443
Insurance			246,985
Vacancy Savings			(182,956)
TOTAL COMPENSATION			\$6,567,042

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 10 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

<u>BUDGET ITEM</u>	<u>FY 1986</u>			<u>Fiscal 1988</u>			<u>Fiscal 1989</u>			<u>% Change</u>
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	
FTE	36.13	26.68	16.50	16.70	26.68	16.70	16.70	16.70	16.70	-19.43
Personal Services	\$500,703	\$322,758	\$336,300	\$377,254	\$322,758	\$336,300	\$377,254	\$377,254	\$377,254	-24.7
Operating Expenses	33,302	6,344	5,700	5,700	6,961	5,700	5,700	5,700	5,700	-82.9
Equipment	2,450	3,000	3,000	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	\$385,954	\$385,954	-28.1
STATE SPECIAL REVENUE	\$536,455	\$332,102	\$345,000	\$385,954	\$332,719	\$345,000	\$385,954	\$385,954	\$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 cattle sale 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 Actual	Fiscal 1988		Fiscal 1989		FY 86-88 % Change
		Executive	Current Level	Executive	Current Level	
FTE	28.84	26.43	26.43	26.43	26.43	-2.41
Personal Services	\$ 957,620	\$ 868,378	\$ 868,378	\$ 868,378	\$ 868,378	-6.6
Operating Expenses	549,685	526,623	369,151	527,013	368,024	-32.8
Equipment	18,843	20,000	22,075	20,000	23,875	17.0
TOTAL EXPENSES	\$1,526,173	\$1,415,001	\$1,259,604	\$1,285,850	\$1,260,277	-15.7
FUNDING						
General Fund	\$1,173,871	\$1,362,001	\$1,206,604	\$1,232,850	\$1,362,391	\$1,233,523
State Special	52,302	53,000	53,000	53,000	53,000	53,000
Resource Indemnity Trust	300,000	0	0	0	0	0
TOTAL FUNDING	\$1,526,173	\$1,415,001	\$1,259,604	\$1,285,850	\$1,362,391	\$1,233,523

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 1989 are shown in table 1 below.

Table 1
FTE and Average Salary for Fiscal 1988

<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	0.72	16,666	12,000
Total FTE and Salaries	26.43	\$750,849	
Benefits		158,251	
Vacancy Savings		(14,476)	
TOTAL COMPENSATION		\$894,624 =	

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 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 agency'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

<u>BUDGET ITEM</u>	<u>FY 1986</u>			<u>Fiscal 1988</u>			<u>Fiscal 1989</u>			<u>FY 86-88 % Change</u>
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>			
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	\$3,332,701	\$3,223,172	\$3,355,392	\$3,332,701			-4.4
Operating Expenses	545,757	482,699	498,984	569,052	484,439	500,456	570,524			4.3
Equipment	20,217	15,000	12,829	12,829	15,000	12,829	12,829			-36.5
TOTAL EXPENSES	\$4,050,957	\$3,720,871	\$3,867,205	\$3,914,582	\$3,722,611	\$3,868,677	\$3,916,054			-3.4
FUNDING										
General Fund	\$2,237,166	\$1,891,603	\$2,037,937	\$2,085,314	\$1,893,343	\$2,039,409	\$2,086,786			-6.8
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	\$3,914,582	\$3,722,611	\$3,868,677	\$3,916,054			-3.4

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.

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. 2. Item 2 in the amount of \$70,068 is to be spent on improved communications to disseminate agricultural information statewide. This line-item appropriation shall not be used for FTE and 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.

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 4.4 percent personal services decrease from fiscal 1986 to 1988

due to the FTE reductions. After reviewing the agency's plans for administrative consolidation with the Montana Agricultural Experiment Station, the \$170,973 annual 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 costs for eight of the extension service administrators could be \$60,871 or an average increase of \$7,609 per person under the new Federal Retirement System Act, so these funds remain in personal services. The balance of the consolidation personal services savings is \$70,068 per year and this is an operating cost line-item appropriation 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.

Table 1
FTE and Personal Costs for Fiscal 1988

Category	Average FTE	Total Salary	Salary
Faculty	81.89	\$24,894	\$2,038,591
Professional	10.00	38,430	384,295
Classified	23.20	15,928	369,539
Part-time	<u>1.68</u>	<u>16,657</u>	<u>27,984</u>
Total	116.77		\$2,820,409
Benefits		500,522	
Federal Retirement - Insurance		60,871	
Health - Insurance		37,260	
Vacancy Savings		(86,361)	
TOTAL PERSONAL COSTS		\$2,332,701=	

Operating expenses increase 4.3 percent primarily due to the line-item transfer of \$70,068 consolidation savings from personal services and to increases for insurance and utilities offset by \$46,773 decreases in operating costs related to the reduction of the 18.53 FTE. The fiscal 1989 operating expenses increase results from inflation for utilities and rent. Equipment is \$12,829 per year which is \$2,171 less than the agency requested. 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. 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

<u>BUDGET ITEM</u>	<u>FY 1986 Actual</u>	<u>Executive Current Level</u>	<u>Fiscal 1988 Subcommittee</u>	<u>Executive Current Level</u>	<u>Fiscal 1989</u>	<u>Subcommittee</u>	<u>FY 86-88 % Change</u>
FTE	18.14	18.21	16.09	16.09	18.21	16.09	-2.05
Personal Services	\$515,809	\$511,084	\$493,009	\$511,084	\$493,009	\$493,009	-4.4
Operating Expenses	133,473	131,569	120,240	137,026	133,390	130,659	2.7
Equipment	19,062	15,233	13,500	13,500	13,233	13,500	-29.2
Non-Operating	3,468	0	0	0	0	0	0.0
TOTAL EXPENSES	\$671,812	\$655,886	\$635,749	\$643,535	\$657,707	\$637,168	-\$4,2
FUNDING							
General Fund	\$119,504	655,886	\$635,749	\$643,535	657,707	\$637,168	\$644,954
State Special	552,308	0	0	0	0	0	-100.0
TOTAL FUNDING	\$671,812	\$655,886	\$635,749	\$643,535	\$657,707	\$637,168	\$644,954

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 Lebrecht 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

<u>Category</u>	<u>Average FTE</u>	<u>Salary</u>	<u>Cost</u>
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

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 added. 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.

AGENCY: University System - Six Units

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	Executive Current Level	Subcommittee	Executive Current Level	Subcommittee	
Instruction	\$ 60,616,310	\$ 56,416,872	\$ 55,951,362	\$ 59,971,932		\$ 56,416,872	\$ 56,320,042	\$ 59,733,818		-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	1,098,206		-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
Mileage	14,384,000	12,924,000	11,468,180	12,864,200		13,125,000	11,650,889	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	670,000		-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 Fiscal 1986	Projected Fiscal 1987*	Budgeted		Fiscal 1989
			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 is \$119,705,750 for the 1989 biennium. The funding level is at 97 percent for the instruction program for both years of the 1989 biennium compared to 99 percent for both years of the 1987 biennium. In Special Session III a general fund reduction of 5 percent and a reduction in pay plan funding resulted in a net funding level representing approximately 91.7 percent of the instruction and support program budgets. Table 2 lists the average salary formula factors and the instruction support rate used to develop the budget for the instruction program.

Table 2
Instruction Program - Formula Factors Adopted

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

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

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

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

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

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

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

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

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

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

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

Table 3
University System - Scholarships and Fellowships

<u>Unit</u>	<u>Actual Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>FY86-88 \$ Change</u>
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	<u>294,068</u>	<u>202,189</u>	<u>202,189</u>	<u>-31.24</u>
Total	<u>\$2,715,016</u>	<u>\$2,993,18</u>	<u>\$2,979,037</u>	<u>10.25</u>

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

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

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

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

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

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

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

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

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

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

AGENCY: Montana State University

LEGISLATIVE ACTION

PROGRAM: Agency Summary

<u>BUDGET ITEM</u>	FY 1986			Fiscal 1988			Fiscal 1989			<u>% Change</u>
	<u>Executive</u>	<u>Current</u>	<u>Level</u>	<u>Subcommittee</u>			<u>Executive</u>	<u>Current</u>	<u>Level</u>	
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	6,852,855	5,397,626	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
<hr/>										
FUNDING										
General Fund	\$28,302,260	\$26,857,586	\$25,698,802	\$26,788,441			\$26,895,675	\$25,784,191	\$26,520,861	-5.35
Tuition and Fees	9,431,365	9,518,988	10,371,026	10,181,269			9,518,988	10,387,316	10,013,440	7.95
Millage	5,681,680	5,104,980	4,529,932	5,081,359			5,184,375	4,605,656	5,097,870	-10.57
Indirect Cost Reimb	935,000	0	1,235,000	726,471			0	1,235,000	726,471	-22.30
Other	362,427	250,000	360,000	260,000			250,000	360,000	250,000	-28.26
Spenddown Balance	397,888									
TOTAL FUNDING	\$45,110,620	\$41,731,554	\$42,194,760	\$43,037,540			\$41,849,038	\$42,372,163	\$42,608,622	-4.60

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

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

AGENCY: University of Montana

LEGISLATIVE ACTION

PROGRAM: Agency Summary

<u>BUDGET ITEM</u>	<u>LEGISLATIVE ACTION</u>			<u>PROGRAM: Agency Summary</u>		
	<u>FY 1986 Actual</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Fiscal 1989</u>	<u>Subcommittee</u>
Student FTE	8,144	7,983	7,996	7,983	7,979	8,008
Instruction	\$18,894,842	\$17,499,838	\$18,760,558	\$17,499,838	\$17,365,051	\$18,819,270
Support	10,014,583	9,800,051	10,362,790	10,176,919	10,307,012	10,152,700
Research	631,404	592,758	518,179	445,254	594,436	519,459
Public Service	211,283	189,450	206,020	195,892	189,462	206,013
Physical Plant	5,099,031	5,268,397	5,273,489	5,216,702	5,405,843	5,410,778
Scholarships	897,738	981,835	985,840	983,741	988,069	985,218
TOTAL EXPENSES	\$35,748,881	\$34,332,329	\$34,643,377	\$35,779,066	\$34,392,265	\$35,953,617
FUNDING						
General Fund	\$22,324,622	\$21,228,028	\$21,280,220	\$22,178,082	\$21,226,860	\$22,353,903
Tuition and Fees	8,264,145	9,075,405	9,306,830	9,309,679	9,075,405	9,327,873
Millage	4,372,736	3,928,896	3,486,327	3,910,717	3,990,000	3,544,606
Indirect Cost Reimb.	400,000	0	460,000	270,588	0	460,000
Other	108,650	100,000	110,000	110,000	100,000	110,000
Resource Indemnity Trust	278,728					
TOTAL FUNDING	\$35,748,881	\$34,332,329	\$34,643,377	\$35,779,066	\$34,392,265	\$35,953,617

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.

AGENCY: Eastern Montana College

LEGISLATIVE ACTION

PROGRAM: Agency Summary

<u>BUDGET ITEM</u>	<u>FY 1986 Actual</u>	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>			<u>Subcommittee % Change</u>
		<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>		
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	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	1,669,920	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.

AGENCY: Northern 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	1,693	1,736	1,571	1,702	1,736	1,587	1,730	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	\$4,266,713	\$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	2,159,559	2,159,559	-11.58
Research	0	0	0	0	0	0	0	0	0	0
Public Service	9,062	8,575	9,373	8,891	8,575	9,373	8,891	8,891	8,891	-1.89
Physical Plant	1,081,539	1,053,678	944,384	1,069,384	1,079,017	969,517	1,054,517	1,054,517	1,054,517	-1.12
Scholarships	238,369	264,188	227,135	245,304	264,188	229,649	249,339	249,339	249,339	2.91
TOTAL EXPENSES	\$7,536,412	\$7,490,039	\$6,878,742	\$7,670,979	\$7,472,178	\$6,926,982	\$7,779,019	\$7,779,019	\$7,779,019	1.81
FUNDING										
General Fund	\$5,260,553	\$4,714,503	\$5,317,044	\$5,230,632	\$4,736,502	\$5,306,863	\$5,306,863	\$5,306,863	\$5,306,863	-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	1,588,678	1,588,678	19.20
Millage	863,040	775,440	688,090	771,852	787,500	699,593	774,360	774,360	774,360	-10.57
Indirect Cost Reimb.	24,807	0	24,000	14,118	0	24,000	14,118	14,118	14,118	-43.09
Other	4,458	3,300	5,000	5,000	3,300	5,000	5,000	5,000	5,000	12.16
TOTAL FUNDING	\$7,536,412	\$7,490,039	\$6,878,742	\$7,670,979	\$7,472,178	\$6,926,982	\$7,779,019	\$7,779,019	\$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	Subcommittee	Executive Current Level	Subcommittee	Subcommittee	
Student FTE	854	947	865	916			947	873	905	7.26
Instruction	\$1,790,395	\$2,235,292	\$2,072,146	\$2,321,336	\$2,235,292	\$2,094,749	\$2,297,033			29.64
Support	1,393,313	1,192,571	1,153,167	1,186,367	1,150,571	1,121,464	1,141,019			-14.24
Research	0	0	0	0	0	0	0	0	0	
Public Service	0	0	0	0	0	0	0	0	0	
Physical Plant	688,142	683,431	729,090	729,090	692,777	746,443	764,643			5.95
Scholarship	75,057	83,231	82,683	83,472	83,231	83,448	82,669			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.

AGENCY: Montana College of Mineral Science and Technology

PROGRAM: Agency Summary

LEGISLATIVE ACTION

<u>BUDGET ITEM</u>	<u>FY 1986</u>		<u>Fiscal 1988</u>		<u>Executive Current Level</u>		<u>Subcommittee</u>		<u>Fiscal 1989</u>		<u>Subcommittee</u>	<u>FY 86-88 % Change</u>
	<u>Actual</u>		<u>1,659</u>	<u>1,527</u>	<u>1,555</u>	<u>1,550</u>	<u>1,527</u>	<u>1,553</u>	<u>1,527</u>	<u>1,593</u>	<u>1,550</u>	<u>-6.57</u>
Student FTE												
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	2,530,016			-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			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.