

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION

Call to Order: By Chairman Peck, on March 8, 1989, at 7:00 a.m.

ROLL CALL

Members Present: All with exception of:

Members Excused: Sen. Hammond, Sen. Boylan and Sen. Jacobson

Members Absent: None

Staff Present: Keith Wolcott, Senior Fiscal Analyst
Sandy Whitney, Associate Fiscal Analyst
Joe Williams, Budget Analyst, OBPP
Claudia Johnson, Committee Secretary

Announcements/Discussion: Mr. Joe Williams, OBPP made an announcement from Governor Stephen's office, stating that due to the Subcommittee's action the general fund ends up with a total of \$212,305,808 that is allocated to the post secondary educational system. Governor Schwinden's total general fund budget was \$196,301,564 which is to be the base number from which the \$13 million is added from Governor Stephen's budget. Bringing the allowable general fund to \$209,301,564 and with the Subcommittee action the budget is over Governor Stephen's allowable general fund by \$3,004,244. Mr. Williams stated there was an error in the Schwinden budget of \$787,303 that had to be taken out of the budget. Mr. Williams stated that the supplementals of \$1.1 million dollars that had been discussed in the Subcommittee on Monday, March 6, 1989 are being pulled out of the base because they were not approved in Governor Schwinden's budget, they were being held for consideration by this legislature and Governor Stephens wants to go strictly by what Governor Schwinden proposed and the additional \$13 million. Mr. Williams stated that leaves the general fund with a total of \$1,076,854 that has to be found from some other source. See Exhibit 1.

HEARING ON VO-TECH CENTERS BONDING PAYMENTS

Rep. Kadas asked Mr. Williams what the executive office position is on the funding of the Vo-Tech bonding costs? Mr. Williams stated the executive office feels the same way the Subcommittee does, if the state is to continue to make bond payments the state should have every right to take over ownership of those buildings upon completion of payments. Rep. Kadas asked Mr. Williams if the Vo-Tech bonding costs

comes out of the \$13 million or do they come out of the education trust fund or general fund, etc.? Mr. Williams stated that when Governor Schwinden put his budget together he included those Vo-Tech bonding payments as general fund money, and Governor Stephen's \$13 million was in addition to Governor Schwinden's budget.

Rep. Peck asked Mr. Williams about the final two items on exhibit 1, the Schwinden's errors and Supplementals, and asked Mr. Williams if he could clarify them? Mr. Williams stated they were included under Governor Schwinden's allowable general fund and was included in the total general fund of \$196,301,564 plus the Schwinden budget error of \$787,303 plus the supplementals of \$1,140,087 of allowable general fund to be the sum of those three figures.

Rep. Peck asked Mr. Williams if he meant the \$212,305,808 was to be reduced to \$209,301,564? Mr. Williams stated that was correct.

Rep. Peck stated that the budget has been printed for the House Committee of Appropriations for this Friday, March 10, when executive action will be taken regarding those funds.

Dr. Carrol Krause stated that with the magnitude of the changes it is imperative to meet with the Board of Regents for a decision.

Rep. Peck stated he had promised the University of Montana the opportunity to address the question they had presented to him earlier regarding the 15 FTE faculty.

HEARING ON UNIVERSITY OF MONTANA

Tape No. 1:\1:000

Presentation and Opening Statement:

Dr. Koch addressed the problem at U of M stating that the faculty members do many things other than teaching, e.g.; a. research, b. public service and c. administration, etc. and on that basis their responsibilities are assigned to some budget category. When they teach, their category is assigned to Instructional support, but when they do research, service, etc., that assignment is not clear. Dr. Koch stated that starting in 1977 the University assigned some faculty to the Instructional Support category when they were doing things other than teaching, e.g. heads of writing laboratories, and mathematical labs have been assigned on a split basis of 50 percent Instruction and 50 percent to Instructional Support which reflects the fact that the teachers are directing the labs and leading those activities. Dr. Koch stated that over a period of time they have assigned parts of those 15 FTE faculty members to the Instructional Support category and Dr. Koch stated that in the past it didn't make any difference to the University's funding, but with the new formula and new definitions these

faculty members are no longer included in the Instructional Support category and unfortunately have not been added anywhere else. Dr. Koch stated that the University now has 15 FTE faculty members that are no longer in Instructional Support nor anywhere else. They have fallen through the financial cracks and have disappeared. Dr. Koch stated the cost of this, for which the University bears some responsibility, is \$457,000 annually. Dr. Koch stated that Sylvia Weisenburger would present how that happened.

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Ms. Weisenburger distributed handouts that explained the difference by categorizing the positions. Ms. Weisenburger spoke on the faculty compensation that included contract professionals. The amount listed for contract professionals of \$533,116 is the amount that was paid to contract positions in 1987 from the Instructional Support budget. Ms. Weisenburger stated the definition of faculty compensation and instructional support has a significant impact on the funding of instruction at the University. In determining the support rate, Ms. Weisenburger said if Contract Professionals were defined as instructional support rather than faculty then the actual Instructional Support rate would be \$409 per student, and if they are defined as faculty and included in the total amount of faculty compensation the amount of the support rate would be \$342. See Exhibit 2.

Questions From Subcommittee Members: Rep. Marks asked Ms. Weisenburger why the Regents had not reconciled this problem before the budget was brought before the Subcommittee? Ms. Weisenburger stated that at the time they were putting the budget together using the new formula, they had come up with from the funding study, it was not apparent to the Regents or the Commissioner and University Personnel that the definitions had slipped identifying these people as faculty rather than Instructional Support. See Exhibit 3.

(215)

Rep. Peck asked Ms. Weisenburger based on her understanding of the formula, what did she see as a correction regarding the problem with the faculty? Ms. Weisenburger stated that the University could not correct the problem, and was presenting it to the Subcommittee as a suggestion if opportunities should arise in the future that this could be addressed.

Rep. Peck asked Mr. Williams if he had been involved with this situation and what should be done about it? Mr. Williams stated that the executive office felt the Board of Regents and the University of Montana should resolve the problem.

(264)

Mr. Krause commented that the issue has been correctly stated as they move to the new formula those positions were just dropped out because of the way they had to calculate. Mr.

Krause stated if they had been able to make more progress on the Student/Faculty ratio then it would have picked up that problem and hoped that as progress is made with the new formula that it would correct itself. Mr. Krause felt that they did not error in calculating the number of FTE that U of M should receive based upon the process that they are using based on the credit hours they are now using for enrollment purposes.

HEARING ON HOUSE BILL 233

Tape 1/1:298

Presentation and Opening Statement by Sponsor:

Rep. Brown, House District 72, opened stating this bill is an act allocating reimbursements for indirect costs of University grants and contracts to the University System and provides an effective date. Rep. Brown stated that the Subcommittee should be well aware of the indirect costs on the 5/1 return to the system from the last biennium because of the expansion of the indirect costs to the 50 percent level. Rep. Brown encouraged the Subcommittee to deal not only with the budget but with Legislation. Rep. Brown stated if this bill was in the statute they would not have to come back again year after year.

Questions From the Subcommittee Members: Rep. Kadas stated in terms of making the bill work with the way the Regents have set their budget, he felt they should make the effective date the beginning of fiscal year 1990.

DISPOSITION OF HOUSE BILL 233

Tape No. 1\1:348

(348)

Motion: Rep. Kadas moved to adopt the amendment for HB 233 on line 22 to change the effective date from 1989 to 1990.

Discussion: None

Amendments, Discussion, and Votes: Sen. Nathe called the question. The motion CARRIED unanimously to DO PASS.

Recommendation and Vote: Rep. Marks moved to adopt HB 233 as amended to the full Committee of Appropriations. Sen. Nathe called the question. The motion CARRIED unanimously to DO PASS AS AMENDED.

HEARING ON HOUSE BILL 277

Tape No. 1:\1:395

Presentation and Opening Statement:

Rep. Raney, House District 82, opened stating this bill is an act appropriating money for the support and production of

programming and for maintenance of KUSM, the only licensed public television station in Montana, and providing an effective date. Rep. Raney stated that KUSM should not be considered as a mod for MSU because it is public television for the state of Montana. Rep. Raney stated that the long term goal for KUSM is to have it on cable TV as well as all of Montana. Rep. Raney stated they are asking for \$217,000 annually at this time.

DISPOSITION OF HOUSE BILL 277

Tape No. 1\1:423

Motion: Rep. Kadas moved to adopt \$100,000 for the biennium. To amend line 1, on page 3, to change the \$435,800 to \$100,000 for the 1991 biennium.

Discussion: None

Amendments, Discussion, and Votes: The question was called. The motion CARRIED unanimously to DO PASS.

Recommendation and Vote: Rep. Kadas moved for a DO PASS as amended. Rep. Kadas called the question. The motion CARRIED 4/2 to DO PASS AS AMENDED. Rep. Marks and Rep. Peck voted no.

HEARING ON HOUSE BILL 294

Tape No. 1:\1:454

Presentation and Opening Statement: Rep. Gould, House District 61, opened stating this is a good bill to appropriate money from the general fund to the University of Montana to enable the School of Pharmacy to meet accreditation standards and providing an immediate effective date. Rep. Gould stated that 75 percent of the pharmacy students stay in the state of Montana and urged the Subcommittee to appropriate the funds needed so the School of Pharmacy can keep its accreditation.

Testifying Proponents and Who They Represent: Dr. Forbes, School of Pharmacy, U of M.

Proponent Testimony: Dr. Forbes stated that the enrollment in the pharmacy program has been up and down in the past, but a couple of years ago when there was the possibility of closing the school of Pharmacy because of lack of students, but in the last couple of years the enrollment has picked up strongly. Last year they had 2½ applications for every student they did take into the program. Dr. Forbes stated their school has been approached by 6 entities across the nation to start new pharmacy programs.

Questions From Subcommittee Members: Rep. Marks asked Dr. Forbes that with the high demand of students that want to take the program, if he saw them still losing their accreditation?

Dr. Forbes stated they are on unpublished probation and has spoken with deans across the country and none of them have been on unpublished probation so Dr. Forbes stated they do not know where they go from this point. Dr. Forbes stated they cannot survive on the normal university allocation of an 18/1 student/faculty ratio, because clinical programs have to operate on a 6/1 student/faculty ratio.

DISPOSITION OF HOUSE BILL 294

Tape No. 1:\1:602

Motion: Rep. Kadas made the motion to strike the \$200,000 and insert \$50,000 annually on line 12 of HB 294.

Discussion: None

Amendments, Discussion, and Votes: Rep. Kadas moved to adopt the \$50,000 annually for the School of Pharmacy. The motion CARRIED unanimously.

Recommendation and Vote: Rep. Kadas moved for a DO PASS as amended. Rep. Nathe called the question. The motion CARRIED unanimously to DO PASS AS AMENDED.

Rep. Marks asked Dr. Krause if Rep. Kadas' amendment passes for HB 294, in the Appropriations Committee, did he see any problems with them keeping their accreditation? Dr. Krause answered that it is difficult to say, but it is helpful that legislature does recognize the problem.

There being no further business the Subcommittee was adjourned.

ADJOURNMENT

Adjournment At: 8:00 a.m.


REP. Ray Peck, Chairman

RP/cj

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DAILY ROLL CALL

EDUCATION

SUBCOMMITTEE

DATE March 8, 1989

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EXHIBIT 1
DATE March 8, 1989
~~HS~~ Higher Ed

Office Of Budget And Program Planning
General Fund Analysis
Of Higher Education System
07-Mar-89

Subcommittee Action

Where General Fund Was Applied:	FY90	FY91	Biennium Total
Commissioner of Higher Education	\$5,938,978	\$5,961,166	\$11,900,144
Board Of Regents	\$0	\$0	\$0
Community Colleges	\$3,207,671	\$3,182,291	\$6,389,962
Vocational Technical Centers	\$6,986,719	\$6,824,649	\$13,811,368
Bureau of Mines	\$1,254,014	\$1,275,109	\$2,529,123
Aq. Experiment Station	\$6,603,749	\$6,821,902	\$13,425,651
Extension Service	\$2,146,188	\$2,303,698	\$4,449,886
Forestry Station	\$654,455	\$667,253	\$1,321,708
University Units	\$75,579,179	\$82,898,787	\$158,477,966
	\$102,370,953	\$109,934,855	\$212,305,808
Total University System	\$92,176,563	\$99,927,915	\$192,104,478
Vocational Technical System	\$6,986,719	\$6,824,649	\$13,811,368
Community Colleges	\$3,207,671	\$3,182,291	\$6,389,962
	\$102,370,953	\$109,934,855	\$212,305,808
Schwinden Total General Fund	\$196,301,564		
Add:			
Stevens Proposal	\$13,000,000		
Allowable General Fund	\$209,301,564		
Subcommittee Action	\$212,305,808		
Amount Over Stevens Budget	\$3,004,244		
Less:			
Schwinden Budget Errors	\$787,303		
Supplementals	\$1,140,087		
	\$1,076,854		

EXHIBIT 2
 DATE March 8, 1989
~~HE Higher Ed.~~

ANALYSIS OF INSTRUCTIONAL SUPPORT
 Actual Expenditure FY 87

Student FY FTE 7963

FACULTY COMPENSATION EXCLUDING CONTRACT PROFESSIONALS:

Total Instruction \$18,338,443

Faculty Salaries
 Teaching Faculty \$11,223,606
 Summer Faculty 457,327
 Extra Compensation 10,362
 Termination Pay 114,137

Subtotal Faculty \$11,805,432
 Faculty Benefits @ 19.3% 2,278,448

 \$14,083,880

Teaching Assistants 945,227
 TA Benefits @ 5.8% 54,823

Total Faculty Compensation
 Excluding Contract Professionals 15,083,931

Instructional Support \$3,254,512 \ 7963 = \$409
 ===== (Per FTE Student)

FACULTY COMPENSATION INCLUDING CONTRACT PROFESSIONALS:

Total Instruction \$18,338,443

Faculty Compensation \$15,083,931
 Contract Professionals 533,116

Total Faculty Compensation
 Including Contract Professionals 15,617,047

Instructional Support \$2,721,396 \ 7963 = \$342
 ===== (Per FTE Student)

1990 INSTRUCTIONAL SUPPORT CALCULATIONS

Student FY FTE Support Calculation 7759

\$342 + 1/8 Gap = \$385 x 7759 \$2,987,215
 \$409 + 1/8 Gap = \$444 x 7759 3,444,996

DIFFERENCE (\$457,781)
 =====



University of Montana

EXHIBIT 3
DATE March 8, 1989
Higher Ed.

Vice President, Administration and Finance • Missoula, Montana 59812 • (406) 243-2311

Effect on the Instructional Budget of Changing the Budget Category of Contract Professionals

The proposed budget for the University of Montana has a major problem that apparently is unique to UM. Funding was not included for contract professionals who have been paid from Instructional Support, due to unexpected differences between the old and new formulas.

The dollar amount for the salaries and benefits in this category in 1987, the year used for the Funding Study, was \$533,116. The actual amount that appears to be unfunded in the new formula is \$457,781. The difference is attributed to a decline in enrollment.

Examples of positions in this category are the manager of Chem Stores in the Department of Chemistry and the curator of the paleomuseum for the Department of Geology.

In the old formula, these contract professionals were funded from Instructional Support, without effect on the calculation of the budget. In the new formula, contract professionals were not included in the calculation of Instructional Support, which had the effect at UM of eliminating funding for that category from the budget.

Education

DATE March 8, 198

DEPARTMENT _____

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FORM CS-33A
Rev. 1985