

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN PECK**, on February 5, 1991, at 8:00 am

ROLL CALL

Members Present:

Rep. Ray Peck, Chairman (D)
Sen. Greg Jergeson, Vice Chairman (D)
Sen. Don Bianchi (D)
Rep. Larry Grinde (R)
Sen. H.W. Hammond (R)
Rep. Mike Kadas (D)

Staff Present: Pam Joehler, Senior Fiscal Analyst (LFA)
Mary Ann Wellbank, Budget Analyst (OBPP)
Melissa Boyles, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

EXECUTIVE ACTION ON COMMUNITY COLLEGES

Tape No. 1

013

Pam Joehler distributed and reviewed a handout on formula factors for the Community Colleges. **EXHIBIT 1**

049

CHAIRMAN PECK asked Ms. Joehler if she had a figure on what the one percent state support increase would cost. **Ms. Joehler** said it would be approximately \$75,848 in the first year and \$69,863 in the second year. **Ms. Joehler** said these numbers include the full amount of the audit in the first year.

054

Don Kettner, Dawson Community College, stated that the total student FTE as of February 4, 1991 was 435. This is a difference of seven FTE from when they presented their budget to the subcommittee. **Mr. Kettner** asked, that rather than decrease DCC budget, the subcommittee hold them at what was funded in the past biennium.

Motion/Vote: REP. KADAS moved to adopt the LFA Current Level.
MOTION CARRIED unanimously.

Motion/Vote: REP. KADAS moved to adopt the audit cost in first year of budget. MOTION CARRIED unanimously.

113

SEN. JERGESON asked if the subcommittee increased the cost factor and did not increase the percentage of stated support would that shift the burden on to the property tax. CHAIRMAN PECK stated that if it were shifted on to the property tax it would put Flathead Valley in more difficulty. SEN. JERGESON said that the most important issue to be decided is what to do with state support. CHAIRMAN PECK said that state support is fundamental.

Motion: SEN. HAMMOND moved to adjust Dawson Community College Enrollment from 382-389.

Discussion: REP. GRINDE asked how much money this would take. SEN. JERGESON said it would take \$28,000.

Vote: MOTION CARRIED unanimously.

139

REP. KADAS asked what the cost of state share increase would be from 47% to 48%. Ms. Joehler said it would be \$75,000. REP. KADAS asked what the cost to increase the \$3,907 one percent. Ms. Joehler said it would be about \$33,600 annually.

Motion: SEN. JERGESON moved to adopt 49% in the first year and 51% in the second year on State support.

Discussion: REP. KADAS asked what the 49%-51% would cost. CHAIRMAN PECK stated it would be \$150,000 in the first year and \$140,000 in the second year. Ms. Joehler said it would be additional \$440,000 per biennium.

183

CHAIRMAN PECK asked what the Governor's position was on state support. Mary Ann Wellbank said the Governor stayed at 47%. REP. KADAS asked if it were the Governor's position that this money should come out of the \$8,000,000. Ms. Wellbank said no, it is the Governor's position that the \$8,000,000 can be utilized for whatever the regents designate it for.

Motion: REP. GRINDE made a substitute motion to adopt 48% in the first year and 48% in the second year. Roll Call Vote: MOTION FAILED, 3/3 back to 49%-51% SEN. BIANCHI, REP. KADAS, and SEN. JERGESON voting no.

232

SEN. JERGESON stated that greater reliance in the future is going to be placed on the Community Colleges. They will become more of a state responsibility and the subcommittee needs to make some progress in reversing the trend.

Roll Call Vote: MOTION FAILED 3/3 REP. GRINDE, SEN. HAMMOND, and REP. PECK voting no.

Motion: REP. KADAS moved to adopt 49% in the first year and 50% in the second year.

Discussion: CHAIRMAN PECK stated that 49%-50% would cost \$370,000 per biennium.

REP. KADAS stated that he doesn't want to drive the institutions in to a position where they lose their local support. SEN. HAMMOND stated that he is not worried about drying up local support, people don't mind paying taxes where they can see them. That is why the Community Colleges have the facilities they have. CHAIRMAN PECK said he agrees some what with what SEN. HAMMOND is saying but is going to support this motion. It is a question of who is going to pay the bill, state or local. CHAIRMAN PECK said he feels local is carrying a pretty heavy burden. SEN. HAMMOND asked how this will support Flathead Valley Community College. Mr. Fryett said that if there are no changes in the percentage it would affect them by \$190,000 in the first year and \$90,000 in the second. The action on the table now would be a great help. SEN. HAMMOND asked if HB28 help them. Mr. Fryett said it helped school district 5. CHAIRMAN PECK stated that some were helped and some were not. SEN. HAMMOND asked what HB28 did for Glendive and Miles City. Mr. Kettner said to his recollection it increased the mill levy considerably. CHAIRMAN PECK stated that Glendive broke even and Miles City increased.

Motion/Vote: REP. GRINDE made a substitute motion to adopt 48 1/2% in the first year and 48 1/2% in the second year. Roll Call Vote: MOTION FAILED 4/2 back to 49%-50% SEN. BIANCHI, REP. KADAS, SEN. JERGESON and CHAIRMAN PECK voting no.

Roll Call Vote: MOTION CARRIED 4/2 REP. GRINDE, and SEN. HAMMOND voting no.

REP. GRINDE asked what the total cost would be for that. Ms. Joehler said it would be approximately \$360,000 for the biennium.

Basic Cost Factor

CHAIRMAN PECK stated that the Executive has \$3907 and the LFA has \$3907 in the first and the second year. The Regents are requesting \$4,063 in the first year and \$4,226 in the second year. SEN. JERGESON asked if \$3,907 had an inflation factor. CHAIRMAN PECK said it would be on just what is used. REP. KADAS asked if the \$3,907 were increased by \$124 would that account for

the pay plan. Mr. Noble said it would be \$124 per FTE in FY92 and \$256 per FTE in FY93. REP. KADAS asked what that cost would be now that the rate has been changed to 49%-50%. Mr. Noble said it would be \$111,859 in the first year and \$235,648 in the second year. REP. KADAS asked if the \$124,256 were based on 2 1/2%. Mr. Noble said it was based on 4 1/2%. REP. KADAS said that he feels at the minimum the pay plan cost for the last session should be included in the base and would prefer to include pay plan cost for this session as well.

Motion: REP. KADAS moved to add \$124 per FTE in FY92 and \$256 per FTE in FY93 total state share of \$346,000.

Discussion: CHAIRMAN PECK asked if the \$336 Mr. Noble gave was the state share or the total. Mr. Noble said it would be the state share. SEN. JERGESON asked REP. KADAS if he is inflating cost factor by 1 1/2%. REP. KADAS said yes, he feels this should have been done in the last session. CHAIRMAN PECK asked if this motion were passed if the pay plan would be considered taken care of for the next biennium. REP. KADAS said no, this would just catch up the current level to where it should have been. Ms. Joehler said that she would encourage the subcommittee to keep the pay plan separate from the cost factor.

Tape No: 2

CHAIRMAN PECK asked REP. KADAS if this would establish an argument for other agencies to ask for this to be done with them also. REP. KADAS said he feels it is already being done. SEN. HAMMOND asked how many units didn't get in the pay plan. REP. KADAS stated that these were the only ones that didn't get in at all. CHAIRMAN PECK stated that this was not the first time the Community Colleges didn't get the pay plan in the base. REP. GRINDE asked who made the decision on the six and six. Mr. Noble said the six and six was negotiated by the Regents and funded by the legislature. REP. KADAS stated that the subcommittee put the six and six in.

Roll Call Vote: MOTION CARRIED, 4/2 REP. GRINDE and SEN. HAMMOND voting no.

SUPPLEMENTAL REQUESTS

Ms. Joehler distributed and reviewed a handout on the Supplemental Appropriation Requests. EXHIBIT 2

Board of Public Education

SEN. JERGESON asked if the Office of Budget and Program Planning agrees (OBPP). Ms. Wellbank said she is not aware of the position of the OBPP. However, they are listed as supplementals.

Motion/Vote: SEN. JERGESON moved the \$6,000 supplemental for the Board of Public Education. MOTION CARRIED 4/2 SEN. HAMMOND and REP. GRINDE voting no.

Office of Public Instruction

Motion/Vote: REP. KADAS moved the \$605,589 supplemental for OPI transportation (General Fund). MOTION CARRIED unanimously.

School for the Deaf and Blind

Motion/Vote: SEN. BIANCHI moved to adopt \$161,285 for annual leave and holiday pay, settlement for FY88 and FY89. MOTION CARRIED 6/0

Motion/Vote: SEN. BIANCHI moved to adopt \$21,829 to cover the annual leave and holiday pay settlement to prior employees of the School for the Deaf and Blind for FY88 and FY89. MOTION CARRIED 6/0.

SEN. JERGESON asked how to estimate federal funds and avoid having similar supplemental request. CHAIRMAN PECK stated that the method of estimating federal funds is through assumption. REP. KADAS asked if these were one to one match. CHAIRMAN PECK said they are straight grants; there is no match.

Motion: SEN. JERGESON moved to adopt \$38,000 in FY91 to cover a shortfall.

Discussion: REP. GRINDE asked how far in advance a shortfall is predicted. CHAIRMAN PECK stated that it could be immediately or in to the second year.

Roll Call Vote: MOTION FAILED, REP. GRINDE, SEN. BIANCHI, REP. KADAS, SEN. HAMMOND, AND CHAIRMAN PECK voting no.

Motion/Vote: SEN. BIANCHI moved the adoption of \$10,000 for educational supplies. MOTION CARRIED 5/1 REP. KADAS voting no.

Motion/Vote: SEN. BIANCHI moved the payment of \$13,400 to pay for upgrades for teachers. MOTION CARRIED unanimously

University System

040

CHAIRMAN PECK asked Mr. Noble if there were only three units that received the increases indicated on EXHIBIT 2. Mr. Noble said

yes.

CHAIRMAN PECK asked what was causing all of the increases. **Dr. Daehling** stated that it was from an accident. **Mr. Noble** said that Northern's increase in support will go to pay the tort claims bill in the next biennium. **CHAIRMAN PECK** asked if this is a pool program operated by the state. **Mr. Noble** said yes. **CHAIRMAN PECK** stated that it doesn't make sense to carry insurance if they turn around and make you pay it. **CHAIRMAN PECK** asked who ran the pool. **Ms. Joehler** said the Department of Administration runs the pool. **REP. KADAS** asked if the requests are settlement costs. **Mr. Noble** said yes, they are settlement costs and are then reassessed in the form of a premium over a period of years. They then essentially amortize a settlement cost against the agency that incurred it. **REP. KADAS** asked what the term is that they are being amortized over. **Mr. Noble** said five. **Ms. Joehler** said experience is one factor used when tort claims allocates the cost. **REP. KADAS** stated that experience seems to have a heavy weight on the equation.

SEN. JERGESON stated that these are the smallest supplemental requests that have come from the University System.

Motion/Vote: **SEN. JERGESON** moved the adoption of \$93,843 University of Montana, \$106,011 Eastern Montana, and \$133,237 for Northern Montana College. **MOTION CARRIED** unanimously.

CHAIRMAN PECK stated that this is a topic that should be taken up in General Appropriations and have the D of A there to explain.

REP. GRINDE asked if the subcommittee could see where the remainder of the current unrestricted money goes to. **Mr. Noble** said he has a publication that shows where all the money is spent. This publication covers every accounting entity, and expenditure recorded in SABS. **REP. GRINDE** asked if this were considered discretionary money. **Mr. Noble** said the current unrestricted funds are the state appropriated dollars. Current restricted funds are primarily federally restricted grants that come in with specific obligations tied to them. The designated funds are primarily recharge centers and separate fees assessed by the University System. The loan funds are provided to the University System for loans only. Agency funds are funds held in trust for a non state entity. **CHAIRMAN PECK** asked what section of the law sets all of this up. **Mr. Noble** said it is the State Budget Act. This is a National Accounting structure and are audited by the legislative auditor.

CHAIRMAN PECK asked Commissioner Hutchinson if he would like to

HOUSE EDUCATION & CULTURAL RESOURCES SUBCOMMITTEE

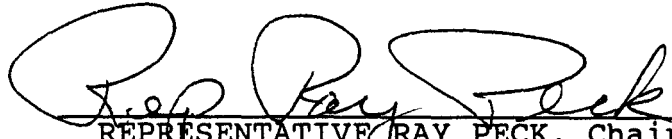
February 5, 1991


Page 7 of 7

begin with his presentation. **Commissioner Hutchinson** said he would like to wait until February 6, 1991. Chairman Bill Mathers is coming in for the presentation and he won't be here until Wednesday the sixth. **CHAIRMAN PECK** said okay.

ADJOURNMENT

Adjournment: 9:30 a.m.


REPRESENTATIVE RAY PECK, Chair


MELISSA J. BOYLES, Secretary

RP/mjb

HOUSE OF REPRESENTATIVES
EDUCATION SUBCOMMITTEE

ROLL CALL

DATE _____

2/5/91

NAME	PRESENT	ABSENT	EXCUSED
REP. RAY PECK, CHAIRMAN	✓		
SEN. GREG JERGESON	✓		
REP. LARRY GRINDE	✓		
SEN. DON BIANCHI	✓		
REP. MIKE KADAS	✓		
SEN. H.W. "SWEDE" HAMMOND	✓		

BOARD OF REGENTS MODIFIED REQUEST

1. Restore state/local funding to 65/35 over a five year time period.
This results in an approximate 4%/year move towards 65%.
2. Inflate cost factor 4% per year from FY91 rate

EXHIBIT 1DATE 2-5-91
HB Ed. & CUR. Des. Aut

Cost factor inflation:

FY 91 rate \$3,907
 FY 92 rate \$4,063 91 rate x 1.04
 FY 93 rate \$4,226 92 rate x 1.04

FISCAL 1992

CAMPUS	Avg Enr	Cost Factor	Unrestr. Budget	Audits	% State Support	GF
Dawson	382	\$4,063	\$1,552,066	\$18,000	51%	\$800,734
Flathead	987	\$4,063	\$4,010,181	\$25,000	51%	\$2,057,942
Miles City	465	\$4,063	\$1,889,295	\$18,000	51%	\$972,720
Total	1834		\$7,451,542	\$61,000		\$3,831,396

LFA CURRENT LEVEL \$3,382,091
 INCREASE FROM CURRENT LEVEL \$449,305

FISCAL 1993

CAMPUS	Avg Enr	Cost Factor	Unrestr. Budget	Audits	% State Support	GF
Dawson	382	\$4,226	\$1,614,332	\$0	55%	\$887,883
Flathead	987	\$4,226	\$4,171,062	\$0	55%	\$2,294,084
Miles City	465	\$4,226	\$1,965,090	\$0	55%	\$1,080,800
Total	1834		\$7,750,484	\$0		\$4,262,767

LFA CURRENT LEVEL \$3,382,091
 INCREASE FROM CURRENT LEVEL \$880,676

TOTAL BIENNIAL INCREASE FROM LFA CL DUE TO COST FACTOR INCREASE
 AND STATE SUPPORT CHANGE \$1,329,981

Percentage Increase 19.7%

	FY 92	FY 93
EACH 1% INCREASE IN STATE SUPPORT=	\$75,848	\$69,863 (assumes audit in FY92)
EACH 1% INCREASE IN INFLATION=	\$33,617	\$34,371

SUPPLEMENTAL APPROPRIATION REQUESTS
HOUSE BILL 3 - 1991 LEGISLATURE
JOINT APPROPRIATIONS EDUCATION SUBCOMMITTEE
February 5, 1991

BOARD OF PUBLIC EDUCATION

In fiscal year 1990, the Board of Public Education received a supplemental appropriation in the amount of \$6,000 to pay for accrued sick and annual leave of a departing staff member. Those funds were deducted from the fiscal year 1991 appropriation. The Board is requesting this supplemental to replace the funds moved from fiscal year 1991 to fiscal year 1990. The fiscal year 1991 general fund appropriation for the Board is \$115,311

Amount requested \$6,000 general fund

Subcommittee Recommendation: approve

OFFICE OF PUBLIC INSTRUCTION

The Office of Public Instruction is requesting a general fund supplemental appropriation to transportation aid to school districts. The supplemental will allow state reimbursement of school district transportation costs in accordance with the payment schedules set forth in 20-10-140, MCA and 20-10-142, MCA. The fiscal year 1991 appropriation for transportation aid is \$5,852,894. The OPI is requesting an additional \$605,589.

Amount requested: \$605,589 general fund

Subcommittee Recommendation: approve

SCHOOL FOR THE DEAF & BLIND

The School for the Deaf & Blind is requesting a general fund supplemental of \$246,897 for the following reasons:

Subcommittee
Recommendation

Agency Request

inchi 6-0
moved

approve

1) \$161,285 general fund to cover a settlement with the American Federation of Teachers, Local 4027 on annual leave and holiday pay for fiscal years 1988 and 1989;

inchi 6-0
moved

approve

2) \$21,829 (general fund) settlement for fiscal years 1988 and 1989 with employees who were previously covered by the union agreement but who were not part of the settlement with the union as they either terminated employment with the school or were promoted to a position not covered by the bargaining agreement;

inchi 5-1
moved

fails

3) ~~38,000~~ Chapter 1 shortfall

4) ~~\$57,700~~ general fund to cover a shortfall in federal Chapter 1 funds in fiscal year 1991; and

5) ~~13,400~~ Teacher upgrades

inchi 5-1
moved

approve

4) \$10,000 general fund for increased educational supplies in fiscal year 1991 to pay for an increase in the costs of large print and braille textbooks which are distributed through the schools itinerant consultant program. moved cost

inchi 6-0

approve

5) 13,400 Teacher upgrades

MONTANA UNIVERSITY SYSTEM

Three of the six university units are seeking a supplemental general fund appropriation for liability insurance premium increases in fiscal 1990 and 1991 from the fiscal 1988 premium level. The requested amounts listed below by university unit represent the net two year increase from fiscal year 1988 to fiscal years 1990 and 1991.

<u>Subcommittee Recommendation</u>	<u>University Unit</u>	<u>Request</u>	
<u>approve</u>	University of Montana	\$93,843 Fund	General
<u>approve</u>	Eastern Montana College	\$106,011 Fund	General
<u>approve</u>	Northern Montana College	\$133,237 Fund	General

BUTTE VOCATIONAL TECHNICAL CENTER

The supplemental appropriation request for the Butte Vocational Technical Center was withdrawn on 2/4/91.

Request Tort Claims + Leg Auditor
be present @ supplemental hearing

HOUSE OF REPRESENTATIVES

EDUCATION SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-5-91 BILL NO. _____ NUMBER _____

MOTION: Rep. Grinde moved to adopt 48%
in the first year and 48% in the second
year on state support

NAME	AYE	NO
REP. LARRY GRINDE	X	
SEN. DON BIANCHI		X
REP. MIKE KADAS		X
SEN. H.W. "SWEDE" HAMMOND	X	
SEN. GREG JERGESON, VICE CHAIRMAN		X
REP. RAY, PECK, CHAIRMAN	X	
TOTAL	3	3

HOUSE OF REPRESENTATIVES

EDUCATION SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-5-91 BILL NO. _____ NUMBER _____

MOTION: Sen. Jergeson moved to
adopt 49% in FY92 and 51% FY93
on State Support

NAME	AYE	NO
REP. LARRY GRINDE		X
SEN. DON BIANCHI	X	
REP. MIKE KADAS	X	
SEN. H.W. "SWEDE" HAMMOND		X
SEN. GREG JERGESON, VICE CHAIRMAN	X	
REP. RAY, PECK, CHAIRMAN	X	
TOTAL	4	2

HOUSE OF REPRESENTATIVES

EDUCATION SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-5-91 BILL NO. _____ NUMBER _____

MOTION: Sen. Jergeson moved \$10,000
supplemental for the Board of Public Education

NAME	AYE	NO
REP. LARRY GRINDE		X
SEN. DON BIANCHI	X	
REP. MIKE KADAS	X	
SEN. H.W. "SWEDE" HAMMOND		X
SEN. GREG JERGESON, VICE CHAIRMAN	X	
REP. RAY, PECK, CHAIRMAN	X	
TOTAL	4	2

HOUSE OF REPRESENTATIVES

EDUCATION SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-5-91 BILL NO. _____ NUMBER _____

MOTION: Sen. Ferguson moved to adopt
\$38,000 in FY91 to cover a shortfall.

NAME	AYE	NO
REP. LARRY GRINDE		X
SEN. DON BIANCHI		X
REP. MIKE KADAS		X
SEN. H.W. "SWEDE" HAMMOND		X
SEN. GREG JERGESON, VICE CHAIRMAN	X	
REP. RAY, PECK, CHAIRMAN		X
TOTAL	1	5

Education SUBCOMMITTEE DATE 2-5-91
DEPARTMENT(S) Exec. Adm. Community Colleges DIVISION

PLEASE PRINT

[illegible]

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.