

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN PECK**, on February 6, 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)
Skip Culver, Associate Fiscal Analyst (LFA)
Doug Schmitz, Budget Analyst (OBPP)
Mary Ann Wellbank, Budget Analyst (OBPP)
Melissa Boyles, Secretary

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

Announcements/Discussion: **CHAIRMAN PECK** reviewed a handout on University Students - Qualifications and Rights, given to the subcommittee by Northern Montana College. **EXHIBIT 1**

CHAIRMAN PECK stated that the subcommittee received a memo from Pam Joehler dated February 5, 1990. The memo states that the Community Colleges are not in the pay plan again. **CHAIRMAN PECK** asked the subcommittee to note it for further reference.

CHAIRMAN PECK stated that the subcommittee received a letter from Mr. Heikes of Eastern Montana College regarding their public service program budget, asking how it was arrived at and asking for consideration.

CHAIRMAN PECK reviewed a handout given to the subcommittee by Mary Ann Wellbank on Additional Executive Budget Information. **EXHIBIT 2**

CHAIRMAN PECK stated that the subcommittee needs to adjourn by 11:00 a.m. for the House members to go to caucuses.

CHAIRMAN PECK asked Commissioner Hutchinson if he has any problem with the subcommittee taking Executive Action on the University System in the order that they have been presented. **Commissioner Hutchinson** said no. **CHAIRMAN PECK** asked Commissioner Hutchinson if they would be prepared on February 8, 1991 to start taking Executive Action. **Commissioner Hutchinson** said yes.

HEARING ON COMMISSIONER OF HIGHER EDUCATION

Tape No. 1

046

Commissioner Hutchinson stated that if we are going to affect change in higher education in Montana, change must be driven from the top. This would have to come from the Commissioners Office, however, the Commissioners Office is inadequately staffed and supported to execute this responsibility. The report from the Education Commission for the 90s and Beyond states that the Commissioner of Higher Education should maintain an executive and supervisory relationship over the unit presidents and directors and be the chief spokesperson for the system and the Commissioner should have general responsibility for managing system matters. **Commissioner Hutchinson** said he agrees with this charge from the Education Commission but does not have the staff and support needed to do all of this.

Commissioner Hutchinson stated that the Commissioner is responsible for general administration of the Montana University System. The Presidents and Directors report to the Commissioner of Higher Education and the Commissioner serves as chief spokesperson for the whole system. In addition to the general administration the Commissioners Office is responsible for providing staff services to the Board of Regents. The Commissioners Office is responsible for centralized academic administration of the whole of Public Higher Education in Montana. This includes program evaluation and review, telecommunications, community college coordination, central oversight of student affairs, faculty relations, research administration, native american affairs and institutional research. All of this is overseen by Deputy Commissioner Toppen.

Commissioner Hutchinson stated that there is also a financial arm to the Commissioners Office. The financial administration consists of management of the University System, the Vo-Tech Centers and the Community College budgets. The Commissioners Office provides assistance in financial management of the Guaranteed Student Loan program, responsibility for management of the group insurance program for the University System and also have oversight of the WICHE/WAMI exchanges. **Commissioner Hutchinson** stated that Deputy Commissioner Noble is responsible for the financial arm of the Office. **Commissioner Hutchinson** said there is also a labor relations and personnel administration component in the Commissioners Office. There are 22 different bargaining units the Commissioners Office is responsible for and

over 15 different labor organizations that must be contacted. The Commissioners Office provides representation of the systems for over 100 grievances per year. These grievances come from union and non-union sources, 2/3 of the postsecondary work force is attached to some bargaining unit. **Commissioner Hutchinson** said that Mr. Sunstad will assume responsibility for the labor relations and personnel component when he completes his work with the Budget Office. **Commissioner Hutchinson** stated that Deputy Commissioner Vardemann is responsible for the Vo-Tech Administration. This includes program evaluation and review, supervision of the Directors of the Vo-Tech Centers, Faculty relations, Policy development and management, and Oversight of Federal Vocational Grants.

Commissioner Hutchinson stated that they have one Attorney who provides general counsel to the Regents, Commissioner, the four Colleges, five Vo-Techs and general counsel to the three Community Colleges. This person also coordinates legal counsels at the University of Montana (UM) and Montana State University (MSU). **Commissioner Hutchinson** stated that this is the overall scope of the responsibilities in the Commissioners Office.

132

Commissioner Hutchinson distributed and reviewed **EXHIBIT 3**

Commissioner Hutchinson distributed and reviewed **EXHIBIT 4**

Commissioner Hutchinson stated that the Commissioners Office needs a facilities planner and facilities administrator. This function was available prior to the more serious cut in previous years. Sixty percent of the square footage in the state buildings in Montana rest with the University System and the Vocational Technical Center System. **Commissioner Hutchinson** said he is not sure what the insured value is but it is enormous. The Commissioners Office needs a facilities planner that can provide independent advise and counsel. If the Commissioners Office had a facilities planner this person would provide independent advice and could also work with the four colleges. **Commissioner Hutchinson** stated that there is a need for a personnel grievance officer. There are more grievances due to the addition of the Vocational Technical Centers and, because the Commissioners Office has to provide the centralized personnel management and counseling function, we feel this is very important. Finally, he suggested a need for an internal auditor who would function in a system capacity. The two Universities have internal auditors but none of the other campuses have an internal auditor or anyone who does the kind of internal auditing that is necessary. He feels that in a systemwide function, this would be coordinated with the UM and MSU and have direct services to the four Colleges and the three Community Colleges and to the five Vocational Technical Centers. This would allow in addition to traditional audits, trouble shooting and checking on policy compliance. Right now the Commissioners Office does not have the man power to see that the campuses are complying with policies.

470

CHAIRMAN PECK asked how much the six units spend on private counsel in the biennium. **Commissioner Hutchinson** said he does not know how much was spent.

CHAIRMAN PECK asked Commissioner Hutchinson if it were a Board decision to bring the salaries up or a Commissioners decision. **Commissioner Hutchinson** said it was brought to the Board and asked their advice on it but it is fundamentally a Commissioners decision. It was The Board that authorized the increase in salaries.

CHAIRMAN PECK asked Commissioner Hutchinson if they are obligated to be in the Tort Claims Insurance Program or could they go to a private Insurance Company. **Commissioner Hutchinson** stated that he believes by statute they are obligated to be in the Tort Claims Insurance Program.

CHAIRMAN PECK asked if Internal Auditors are needed in the units or shouldn't they all be in the Commissioners Office if you'r going to look at it from a system approach. **Commissioner Hutchinson** said that one could make an argument that Internal Auditors should be centralized, but the Presidents will say that they use the Internal Auditors, Internal Audits, various kinds of trouble shooting and policy complaints within their own units as a management tool. This allows them to determine whether or not there are things going wrong within the campus. **Commissioner Hutchinson** stated that Internal Audits are used as important management tools. **CHAIRMAN PECK** asked Commissioner Hutchinson if he is saying that MSU and UM need them and the other units don't. **Commissioner Hutchinson** stated that he didn't mean to imply that the other units don't need them but they are quite small and don't have the resources and the "luxury" of having an Internal Auditor on staff. Their administrations are relatively lean and for them to add an Internal Auditor would make it a top heavy situation.

578

REP. KADAS asked Commissioner Hutchinson what the Regents policy is regarding Audits. **Commissioner Hutchinson** said that the Board passed an Internal Audit Policy. It is basically a set of steps on how an Internal Audit becomes public. If a campus President calls for an Internal Audit, the Internal Auditor does the audit function and reports to the president. At this point it becomes a public document and does not have to go to the Commissioner Office, unless there are significant compliance problems. **Commissioner Hutchinson** stated that if there are compliance problems the Audit would go to the Commissioner before being made public. This allows the Commissioners Office to double check and assure the information is accurate before being made public. **REP. KADAS** asked what kind of delay the Commissioner is talking about. **Commissioner Hutchinson** stated that if there were an Internal Auditor in the Commissioners office the delay would be no longer than two weeks.

672

SEN. HAMMOND asked if any of the Six Units or the University Systems have facilities planners. **Commissioner Hutchinson** said that MSU and UM have this function. **SEN. HAMMOND** asked if they have been made available to any of the other campuses. **Commissioner Hutchinson** said from time to time Mr. Lannan, from the Commissioners Office, has been used to assist campuses.

716

SEN. JERGESON asked who pays for the cost if a campus has a building problem and has to call A & E. **Commissioner Hutchinson** stated that there is no charge, this a service A & E provides.

Tape No: 1B

742

SEN. HAMMOND asked if the rent was raised by the landlord after they knew the Commissioners Office was going to move out. **Commissioner Hutchinson** said yes. **SEN. HAMMOND** asked if they had a contract to protect themselves from this. **Commissioner Hutchinson** said they had a lease and it ran out and they had to extend the lease.

749

Commissioner Hutchinson referred to page F31 in the LFA Budget Book. **EXHIBIT 5**

Commissioner Hutchinson stated that the Board of Regents (BOR) have requested a four percent increase in accord with all of the other incremental increases that the Commissioners Office has asked for the BOR administration. The LFA has made a suggestion from FY91 and FY93 of .20 percent increase. **Commissioner Hutchinson** stated that he was done with his presentation and turned the meeting over to Brady Vardemann.

778

Brady Vardemann distributed and reviewed written testimony. **EXHIBIT 6**

827

REP. KADAS asked if the Commissioners Office deals with federal funds. **Ms. Vardemann** said yes, she is the immediate supervisor of the Director for Federal Vocational Grants. The statute that governs Vocational Technical Education in the State requires a large portion of time with regards to general supervision. **REP. KADAS** asked **Ms. Vardemann** what the reaction would be if the subcommittee funded her position 90% State and 10% Federal. **Ms. Vardemann** said it would be more precise.

Jack Noble distributed and reviewed a handout on System Modification Requests. **EXHIBIT 7**

881

Mr. Noble distributed and reviewed a handout on Regents Employee Reporting System (RERS) Budgeted Costs. **EXHIBIT 8** **Mr. Noble** stated that the amounts on exhibit 8 are different than the original regents request. They are less in terms of cost that the campuses think they are going to incur but the differ from the Executive Budget Office Figures. **Mr. Noble** said that differences are attributed to the FTE categories. The Executive document had FTE at .83, .86, etc. The Commissioners Office feels they need to deal with 1.0, or .5 the FTE amounts were rounded up and adjusted the schedules accordingly.

913

CHAIRMAN PECK asked if RERS funding covers costs of reports and work to the legislative offices. **Mr. Noble** said in the Executive branch presentation it didn't cover utilization costs or the Legislative Offices. **Mary Ann Wellbank** said it did not cover utilization costs, but there will be a charge made to the OBPP and the LFA for work done.

Mike Trevor, Administrator Information Services Division, Department of Administration, said he would like to commend the Commissioners Office and the individual units for the cooperation while working on this project.

979

REP. KADAS stated that the RERS request for \$348,000 and the Commissioners Office request is \$498,000 and asked **Mr. Noble** what the difference is. **Mr. Noble** said the difference is in the disagreement in estimates of what the Commissioner Office saw versus the analysis of ISD and the Department of Administration. Neither side can prove their estimates and at this point the Commissioners Office will concede to the department of administrations adjustments.

028

SEN. HAMMOND asked why the Commissioners Office rounded to .5 and 1.0 FTE. **Mr. Noble** said they rounded because it is more realistic to hire someone on a part-time or full-time basis rather than .2 FTE.

040

SEN. JERGESON asked if the cost in this modification is the whole cost of RERS. **Mr. Noble** said this is the amount the Commissioners Office is seeking, however, there may be other related costs to RERS that cannot be identify at this time. **Mr. Noble** said this is the negotiated and the official cost estimate for RERS. **SEN. JERGESON** stated that the Regents Reporting System indicates that there is information gathered and asked what information is being gathered and what use is being made of it. **Mr. Noble** stated that the outputs and outcomes of reports worked out through evaluating the needs of the Legislative Fiscal Analyst Office, Executive Budget Office, Commissioner of Higher

Education and essentially there will be some information outputs that will enhance some of the internal reports of campus. It is designed so that everyone gets something out of it.

065

REP. KADAS stated that one of his concerns in budgeting this session is to not run into the same problem we had last session with the pay plan costs and asked Mr. Noble if he can get step and grade information for the University System. Mr. Noble said the step and grade information has been submitted to the Executive Budget Office and are in agreement with the LFA and the OBPP with what the pay plan will cost. REP. KADAS said that some time within the next day or so he would like to have a discussion with Mr. Noble, the OBPP and the LFA and would like to know what the impacts on the system will be.

Mary Ann Wellbank distributed EXHIBITS 8, 9, & 10 for informational purposes.

126

Dr. Toppen, Deputy Commissioner, Academic Affairs, distributed and reviewed a handout on System-Wide Modifications. EXHIBIT 11

Dr. Toppen reviewed page 11 of the 1993 Biennium Budget Request Book. EXHIBIT 12

Dr. Toppen paused in his presentation and asked if there were any questions regarding MUSENET.

REP. KADAS asked how much it costs for hardware and personnel. Dr. Toppen stated that over the six campuses the total costs for personnel is 9.5 FTE and hardware costs represent less than half of the overall proposal. REP. KADAS asked what kind of hardware is in the cost. Dr. Toppen said it is communication equipment of the computing variety, and disc drives which store the information in the networks. REP. KADAS asked what the mode of transmission is. Dr. Toppen said it rides on the state telecommunications network, and in some cases running along on the same line as your telephone conversations. It is a highbred network that uses what ever kinds of vehicles are available with the exception of satellite. There is very little satellite linkage because of the need to have rapid interaction. CHAIRMAN PECK asked if there was a rule of thumb how much the line costs percentage wise. Dr. Toppen said it would be no more than 10%. REP. KADAS asked if this would provide more inservice training. Dr. Toppen said yes. REP. KADAS asked what the ongoing costs are going to be. Dr. Toppen said he could get a detailed budget on what the cost is going to be. REP. KADAS stated that there wasn't going to be much savings and asked what other types of services are going to be provided. Dr. Toppen said we will see some savings in the library automation services. Another form of savings will come through software. At the present time the campuses are spending hundreds of thousands of dollars for software contracts which can come together in single point

purchases under system wide licenses. **REP. KADAS** asked if it would reduce the amount of interlibrary loans. **Dr. Toppen** said it will increase the amount of loans but will reduce the cost.

562

SEN. JERGESON asked **Dr. Toppen** what is more important, to provide a salary increase or fund MUSNET. **Dr. Toppen** said that providing faculty salaries is more important, however, we will not be able to entice faculty members to accept the peer salaries if we do not provide them with the tools they need to conduct their professions.

598

Dr. Toppen reviewed page 5 of **EXHIBIT 11**

669

SEN. JERGESON asked if it was in the last session when the University System retained all of the indirect costs. **Dr. Toppen** said that the last session began the phase in of the indirect cost dollars. The first year of the biennium we were authorized to keep 50% and the second year of the biennium we kept 100%.

SEN. JERGESON stated that he thought the reason the system was able to keep the indirect costs was to attract more research dollars. **Dr. Toppen** said that is happening and the dollars are being expended in a fashion that assists the building of the infrastructure.

691

Dr. Toppen reviewed pages 6 and 7 of **EXHIBIT 11**

861

Commissioner Hutchinson stated that the formal presentation for the Commissioner of Higher Education was over and would answer any questions.

REP. KADAS asked **CHAIRMAN PECK** what the schedule is for February 7. **CHAIRMAN PECK** said the Student Assistance Program is scheduled. **REP. KADAS** asked when the subcommittee would be getting a response in regards to the Regents view of implementing the Governors Budget. **Commissioner Hutchinson** said he could respond to that now. **Commissioner Hutchinson** stated that **Kirk Lacey** wanted to make a statement on behalf of the Commissioners Office and asked if **Mr. Lacey** could do that before he gave his response on implementing the Governor's budget.

895

Kirk Lacey stated that the students have seen a major change in the past year through their initiative to improve things between the Administration and the students. The Commissioner has been very willing to address the students concerns and has addressed concerns at student government meetings. The Commissioners Office has been willing to address issues any time a student has had a major concern and has made it clear that they are willing to listen. **Mr. Lacey** urged the subcommittee to support the

Commissioners Office.

Commissioner Hutchinson stated that the Board of Regents (BOR) discussed what they would do if the Executive Budget is requested. **Commissioner Hutchinson** said the Regents would downsize the Public PostSecondary Education System in Montana. The downsizing would only occur if the system funding is decoupled from the formula. **Commissioner Hutchinson** stated that the Regents cannot disclose how the decoupling will take place because they don't know at this time.

REP. KADAS said that he appreciates the difficulty the question puts the Regents in. **REP. KADAS** stated that he is interested in the description in the Regents process in going about the downsizing. **REP. KADAS** stated that he is not satisfied with the Regents saying they can't disclose how they will downsize. **REP. KADAS** stated that the discussion needs to begin and the subcommittee and the legislature need to be a part of it rather than keeping it within the Regents. **Commissioner Hutchinson** stated that it would all be done in a public way. The BOR meetings are open and would be a public discussion. There would also be a set of hearings held throughout the state to get an idea of what the will of the people is. **Commissioner Hutchinson** stated that he does appreciate the fact that there has to be communication with the legislature in this type of discussion, however, the ultimate management decision rests with the Regents. **CHAIRMAN PECK** stated that he does not disagree with the management authority of the BOR.

178

CHAIRMAN PECK stated that during the first week of the session he asked **Commissioner Hutchinson** to lay out some suggestions to this committee if the Commissioners Office took management decisions to phase out programs that could potentially reduce FTE. **CHAIRMAN PECK** stated that he has not had an answer to that question. **CHAIRMAN PECK** stated that he feels it is a very important question, particularly if phasing down is going to occur. The legislature has to become involved about how the University System will be protected under the formula. **Commissioner Hutchinson** stated that he feels the legislature should go to a base plus approach in funding. Each institution would be given a base and then would come to the subcommittee for increments above the base. **CHAIRMAN PECK** said he agrees that the Regents have management authority but does not believe that they have the authority to dictate to the legislature how decoupling occurs. **CHAIRMAN PECK** stated that he was looking for several ways decoupling could occur. **Commissioner Hutchinson** stated that in a broad general sense he does not know what else could be done if the legislature does not go to a base plus approach. **CHAIRMAN PECK** said that he feels it would be unwise for the Regents to proceed without exploring this in some detail with some element of the legislature. **Commissioner Hutchinson** stated that he accepts the argument of **CHAIRMAN PECK**.

244

SEN. JERGESON stated that he is distressed at the whole concept of the discussion of downsizing. **Commissioner Hutchinson** stated that he is not happy with the discussion of downsizing either, but there comes a point when you have to do something and the system has reached that point.

CHAIRMAN PECK asked what happens if they receive funding between the Regents Budget and the Executive Budget. **Commissioner Hutchinson** said if they get the Regents budget or some where near it they would be able to hang in and try to fund a catch up. However, at this stage in the game, it is hard to say where the cut off point is.

304

REP. KADAS stated that having spent the last 1 1/2 years taking a hard look at the system he has to agree with the Commission for the 90s and Beyond Members, that we are at a turning point. Unless we deal with quality we are going to suffer significant and long lasting consequences. Under the Governor's Budget the subcommittee needs to look at the darker side of the question. **REP. KADAS** stated that the ability of the State of Montana to bring young people into the next century is going to be vastly diminished unless we deal with this issue. The fact is that under the Governor's budget we have to make this decision. **REP. KADAS** stated that he does not agree with the funding restrictions but in the case that the University System is not totally funded than we have to deal with the question of quality.

SEN. HAMMOND asked how the University System was funded prior to the formula funding in 1981. **Jack Noble** stated that formula funding has been used since 1969. **Mr. Noble** said that in 1981 the legislature adopted their own formula components and refined them again in 1987.

361

SEN. HAMMOND stated that with formula funding bodies seem to mean quite a bit and he wonders if there are some ways to get rid of the people who make a profession out of being a student. **Commissioner Hutchinson** said that it is much more common to see students fail to complete school within five years than it was twenty years ago. **Commissioner Hutchinson** said that they have had some discussion that after so many credits a tuition increase be applied. This would give a disincentive for hanging on for a long period of time.

SEN. BIANCHI stated that the only way to take the system and downsize it and have any flexibility on how it is done would be to basically give you a lump sum appropriation. **Commissioner Hutchinson** agreed with **SEN. BIANCHI** and stated that downsizing can only occur if we decouple from the formula. In a process of downsizing, maximum flexibility is needed and lump sum appropriation would give the Regents greater flexibility in how they would manage.

352

REP. KADAS asked if Commissioner Hutchinson equates lump sum funding with decoupling of the formula. Commissioner Hutchinson said the two would go hand in hand in a downsizing effort. CHAIRMAN PECK asked Commissioner Hutchinson what he means when he says lump sum funding. Commissioner Hutchinson said the ideal of lump sum funding would be for the subcommittee to give the Commissioners Office an amount of money to do what the Regents feel is needed to be done. The reality of lump sum funding would be for the Commissioners Office to come to the Legislature and say this is the amount of money we need to operate the University System and this is where the money would be spent. Depending on how much money the Commissioners Office received the priorities may change. If the money is changed from what was said the money would be spent on we would have a responsibility to tell the subcommittee why it was done and explain it. CHAIRMAN PECK asked Commissioner Hutchinson to submit a written statement as to what the Regents and the Commissioner mean when they are talking about lump sum funding.

458

REP. GRINDE asked if the subcommittee decouples from the formula would it be similar to a block grant formula. Commissioner Hutchinson said yes, in the sense that you would grant to the Regents a sum of money that they would in turn have a responsibility for allocating. REP. GRINDE stated that this has been one of the best discussions the subcommittee has had so far and this is where he wants to be in this committee. REP. GRINDE stated that he can relate to SEN. JERGESON'S argument about access but feels he would have to go along with REP. KADAS as far as quality being the most important. Maybe by downsizing we can get more students into the Vocational Systems and teach them occupations where they become productive members of society.

541

SEN. BIANCHI stated that if this legislature is irresponsible enough to accept the Executive Budget we have to turn this block of money over to those people and let them do what they need to with it.

560

REP. KADAS said that he disagrees with SEN. BIANCHI and doesn't feel that turning a chunk of money over to the Regents is something realistically less than what is needed to be done to deal with the problems. REP. KADAS said that is why he is going to demand that this subcommittee continue to be a part in the process of downsizing. REP. KADAS said that he would like to see a set of scenarios along with a descriptions of the advantages and disadvantages of them. Commissioner Hutchinson said they could provide a set of scenarios but it would take some time and can present it to the subcommittee. REP. KADAS asked when the Commissioners Office could present the scenarios to the subcommittee. Commissioner Hutchinson stated that they could be ready to present on Tuesday February 12, 1991.

650

Commissioner Hutchinson said he would like to make it clear that these will not necessarily be in priority order and reserves the right to come back with a more comprehensive list. It would be a preliminary set of possibilities. **REP. KADAS** said he understands and doesn't particularly want them prioritized.

REP. KADAS stated that he would also like to have a discussion on student tuition and wants to know where the Regents are at on tuition. There has been a revenue source there and has been used extensively in the past and at this time we are below peer levels in tuition. We need to talk about that and how we are going to deal with that aspect of funding the institutions.

762

SEN. HAMMOND asked **Commissioner Hutchinson** to remark on the values of recruiting. **Commissioner Hutchinson** said that there are three fundamental purposes in College recruiting. One is to get students into the University System, to get the outstanding students and particularly to get the outstanding Montana students, and to find a match. To match the interests of the students with what programs are available. **SEN. HAMMOND** asked if the recruiting would fall if we didn't have formula funding. **Commissioner Hutchinson** said there would be an easing of pressure in terms of keeping the numbers up.

ADJOURNMENT

Adjournment: 11:00 a.m.



REPRESENTATIVE RAY PECK, Chair



MELISSA J BOYLES, Secretary

RP/mjb

HOUSE OF REPRESENTATIVES

EDUCATION SUBCOMMITTEE

ROLL CALL

DATE

2-10-91

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	✓		

HR:1991

CS10LRLCALEDSUB

20-25-501

EDUCATION

DATE 2-6-91 382
HB Ed. & Cur. Rev. Act.

a unit of the university system may be retained by the student government supported by the fees.

History: En. Sec. 1, Ch. 341, L. 1987.

Part 5

University Students — Qualifications and Rights

Part Cross-References

Pupil immunization requirements, Title 20,
ch. 5, part 4.

Student financial assistance, Title 20, ch. 26.
Use of force by parent, guardian, or teacher,
45-3-107.

20-25-501. Definitions. (1) Terms used in this part are defined as follows:

(a) "Domicile" means a person's true, fixed, and permanent home and place of habitation.

(b) "Emancipated minor" means a person under the age of 18 years who supports himself from his own earnings or is married. A person who received more than 25% of the cost of supporting himself from any person other than an agency of the government shall not be considered an emancipated minor.

(c) "Minor" means a male or female person who has not obtained the age of 18 years.

(d) "Qualified person" means a person legally qualified to determine his own domicile.

(e) "Resident student" means:

(i) a student who has been domiciled in Montana for 1 year immediately preceding registration at any unit for any term or session for which resident classification is claimed. Attendance as a full-time student at any college, university, or other institution of higher education shall not alone be sufficient to qualify for residence in Montana.

(ii) any graduate of a Montana high school whose parents, parent, or guardian have resided in Montana at least 1 full year of the 2 years immediately preceding his graduation from high school. Such classification shall continue for not more than 4 academic years if the student remains in continuous attendance at a unit; or

(iii) a member of the armed forces of the United States assigned to and residing in Montana, his spouse, or his dependent children.

(2) In the event the definition of residency or any portion thereof is declared unconstitutional as it is applied to payment of nonresident fees and tuition, the regents of the Montana university system shall have authority to make rules on what constitutes adequate evidence of residency status not inconsistent with such court decisions.

History: En. 75-8702 by Sec. 53, Ch. 2, L. 1971; amd. Sec. 17, Ch. 240, L. 1971; amd. Sec. 1, Ch. 395, L. 1971; amd. Sec. 28, Ch. 94, L. 1973; amd. Sec. 1, Ch. 397, L. 1973; R.C.M. 1947, 75-8702; amd. Sec. 1, Ch. 435, L. 1979.

Cross-References

Rules for determining residence, 1-1-215.

Rulemaking power of regents not subject to
Montana Administrative Procedure Act,
2-4-102.

20-25-502. Qualification of students. The university system is open to all people, subject to such uniform regulations as the regents deem proper.

History: En. 75-8701 by Sec. 52, Ch. 2, L. 1971; amd. Sec. 37, Ch. 535, L. 1975; R.C.M. 1947, 75-8701(part).

MONTANA BOARD OF REGENTS OF HIGHER EDUCATION

Policy and Procedures Manual

PAGE: 940.1 (3 of 6)

SUBJECT: FINANCIAL AFFAIRS

Effective: Fall 1988

**Section: 940.1 Residency policy;
Montana University System**

Issued: May 15, 1989

Approved: P. P. Borch

(c) It is presumed, in the case of an individual who would have formerly been eligible for in-state status based on meeting the residency requirements but who has been absent from Montana for a period of 12 months or more, that such individual has abandoned in-state status. This presumption does not apply to individuals who can demonstrate satisfaction of the 12-month residency requirement subsequent to the absence. This presumption does not apply to absences from the state for purposes of post-secondary education or service in the armed forces of the United States provided the individual has not taken any actions in contradiction of the claim of Montana residency.

(d) In order to overcome any of the above presumptions, the person desiring in-state status must do so by clear and convincing evidence.

(6) If a person, who did not qualify for in-state status or who had not taken acts indicative of an intent to establish Montana residency prior to imprisonment, is incarcerated in a Montana state or local penal institution, the time spent in the institution may not apply towards satisfaction of the 12-month residency requirement.

(7) (a) Notwithstanding the residency requirement, the following classes of persons are eligible for in-state status:

(i) members of the armed forces of the United States assigned to active duty in Montana, their spouses, and their dependent children during the member's tour of duty in Montana;

(ii) an individual domiciled in Montana and employed full-time in a permanent job in Montana and the spouse and dependent children of such an individual provided the primary purpose of the person seeking in-state status for coming to Montana was not the education of the children, the spouse, or the employed individual;

EXHIBIT 2
DATE 2-6-91
HB

To: Representative Peck and Members of the Education
Subcommittee of the Appropriations Committee

From: Mary Ann Wellbank *MAW*
Office of Budget and Program Planning

Re: Additional Executive Budget Information

Date: February 6, 1991

Attached are three spreadsheets which I hope will be helpful to you in evaluating the executive budget recommendation for the Montana University System:

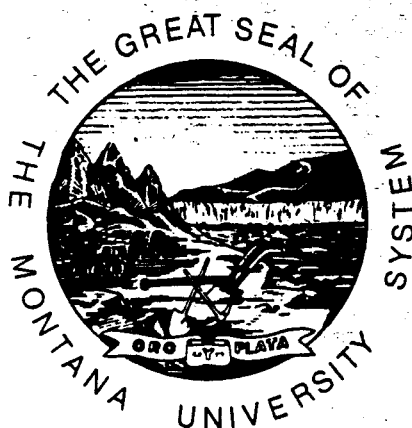
- 1) **Pay Plan** This is a summary of the key points of the Governor's Pay Plan - HB 509
- 2) **Montana University System Executive Budget Recommendation**
This is a summary of the Executive Budget Recommendation for the six units to be used as a direct comparison to LFA Tables 9 and 10 on pages F-74 and 75 of the LFA analysis. It shows the executive recommended "current level" budget as well as the modified budget recommendations.
- 3) **Executive Budget Recommendation for RERS** This shows the budget detail for the Regents' Employee Reporting System as proposed by the Executive Budget. Please note, the executive budget recommendation totals \$421,906 for the biennium. Of this amount, \$230,182 is included in the CHE. The remainder is allocated to the six units of the university system.

Exhibit 3 is a fairly lengthy study, available at the Montana Historical Society, 225 N. Roberts, Helena, MT. 59601 (Phone 406-444-4775).

EXHIBIT 3

DATE 2-6-91

HB Ed. & Curr. Prov. Sub.



MONTANA UNIVERSITY SYSTEM

AND POSTSECONDARY EDUCATION

ADMINISTRATION AND GOVERNANCE IN
THE MONTANA POST-SECONDARY EDUCATION SYSTEM

OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

Helena, Montana

Units of the Montana University System

University of Montana, Missoula
Montana State University, Bozeman
Eastern Montana College, Billings

Northern Montana College, Havre
Western Montana College, Dillon
Montana College of Mineral Science & Technology, Butte

ISSUES - CHE ADMINISTRATION PROGRAM

EXHIBIT 4

DATE 2-16-91

HB Ed. & Curr. Des. Sub.

- 1) ELIMINATION OF VACANT POSITION
.50 FTE DIRECTOR OF SPECIAL PROJECTS
AMOUNT: \$31,227

Position 00003 was left vacant in FY 90 and part of FY 91 in order to recover the termination pay of the previous Commissioner (\$22,154 plus benefits) and provide for search/screening and relocation cost of a new Commissioner. The position is currently filled by Joanne Sherwood. Ms. Sherwood is providing services in the area of personnel, affirmative action, grievance, and contract administration pending the filling of the Labor Relations position.

It is important that the position be reinstated to the position inventory of the CHE's administration program.

- 2) RESTORATION OF THE PERSONNEL SERVICES EXPENDITURE BASE IN THE CHE ADMINISTRATION PROGRAM (see attached schedule)
AMOUNT: \$49,587
- 3) TEMPORARY RENT ADJUSTMENT - FY 92 AND FY 93
FY 92: \$14,850
FY 93: \$ 3,713

The current owner of the building has increased the lease for the period commencing July 1, 1991 to September 30, 1992 (15 months). Rent was increased by \$1.50 per sq. ft. (\$8.50 to \$10.00).

$\$1.50 \times 9,900 = \$14,850$
 $\$1.50 \times 9,900 : 4 = \$3,713$

Rent costs will return to the current annual amount when CHE moves into the new quarters.

- 4) Tort Claims Division increased the estimated insurance expenses from \$5,700 in FY 90 to \$41,752 in FY 92 and \$44,252 in FY 93.

COMMISSIONER OF HIGHER EDUCATION
ADMINISTRATION PROGRAM
PERSONAL SERVICES

	<u>FTE</u>	<u>GR/STEP</u>	<u>LONG</u>	<u>CURRENT SALARY</u>	<u>OBPP '92</u>	<u>DIFF</u>
00002 Jack Noble	1.00			75,000	61,972	-13,028
00003 JoAnne Sherwood	.50			26,266	26,367	+ 101
00004 LeRoy Schramm	1.00			57,229	54,733	- 2,496
00008 Deborah Hendrix	.70	10/3	85	11,958	12,050	
00010 Phillip Brooks	.90			38,376	38,115	- 261
00011 Laurie Neils/Russ Fillner	.50			17,634	19,625	+ 1,991
00012 Jerry Williams	1.00			25,000	24,169	- 831
00014 Wendy Wolett	1.00	10/2		16,743	16,872	
00015 Edwina Wheat	1.00	12/2	67	19,233	18,063	
00016 Dianna Cooney	1.00	7/2		13,785	13,891	
00017 Pat Admire	.80			16,806	19,087	+ 2,281
00018 Administrative Aide	1.00	8/2		14,730	14,787	
00021 David Toppen	1.00			79,000	69,204	- 9,796
00029 Rod Sunsted	1.00			53,000	42,710	-10,290
00050 John Hutchinson	1.00			90,000	81,805	- 8,195
50003 Janet Reller	.15	11/2	—	<u>2,689</u>	<u>2,218</u>	
TOTALS	13.55		152	557,449	515,668	41,781
Benefits				83,621	76,715	6,906
Insurance				<u>25,290</u>	<u>24,390</u>	<u>900</u>
OBPP Current Level	13.55			<u>666,360</u>	<u>616,773</u>	<u>(49,587)</u>
LFA Delete Pos #3	<u>(.50)</u>				<u>(31,227)</u>	
LFA Current Level	13.05			<u>666,360</u>	<u>585,546</u>	<u>(80,814)</u>

COMPARISON OF EXECUTIVE AND LFA CURRENT LEVELS

COMMISSIONER OF HIGHER EDUCATION

Budget Item	Executive Current Level		LFA Current Level		Executive Over(Under) LFA
	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993	
FTE	60.15	60.15	57.15	57.15	3.00
Personal Services	1,846,220	1,842,437	1,729,703	1,726,227	232,727
Operating Expenses	1,962,563	1,966,097	1,878,623	1,857,515	192,522
Equipment	26,716	26,716	31,000	31,000	(8,568)
Local Assistance	3,451,755	3,455,255	3,453,591	3,457,091	(3,672)
Grants	7,410,881	7,427,432	6,833,480	6,874,341	1,130,492
Benefits and Claims	12,560,000	15,060,000	12,689,935	14,964,223	(34,158)
Transfers	120,554,862	120,219,907	2,651,931	2,589,562	235,533,276
Debt Service	706,255	698,153	706,255	698,153	0
Total Agency	\$148,519,252	\$150,695,997	\$29,974,518	\$32,198,112	\$237,042,619
<u>Fund Sources</u>					
General Fund	114,809,476	114,240,630	9,982,693	10,036,896	209,030,517
State Revenue Fund	12,485,383	12,732,504	0	0	25,217,887
Federal Revenue Fund	7,677,381	7,676,047	6,228,510	6,113,834	3,011,084
Proprietary Fund	13,547,012	16,046,816	13,763,315	16,047,382	(216,869)
Total Funds	\$148,519,252	\$150,695,997	\$29,974,518	\$32,198,112	\$237,042,619

Executive Budget Comparison

The Executive Budget is \$237,042,619 higher than the LFA current level budget in this comparison because the Executive Budget includes the transfer of general fund, mill levies, and federal funds to the six units and vocational-technical centers in the Commissioner of Higher

Education budget. The LFA current level budget includes these funds within the six units and vocational-technical centers. After subtracting out these transfers, the Executive Budget is \$844,026 higher than the LFA current level. Table A below summarizes the major differences between the Executive Current Level Budget and the LFA Current Level Budget.

EXHIBIT 12
DATE 2-10-91
HB Ed. & Curr. Div. Sub.

Vo-Tech Administration

Mister Chairman, Members of the Committee: For the record, I am Brady Vardemann, Deputy Commissioner for Vocational-Technical Education.

The Montana statute which provides for postsecondary vocational-technical education clearly delineates two overarching responsibilities which rest with the office of the Deputy Commissioner for Vocational-Technical Education. One of these is the statewide management of federal vocational funds which flow to Montana and affect both secondary and postsecondary education. The second of these responsibilities provides for the general administrative oversight of the five vocational-technical centers through direct supervision of the Center Directors. Both of these broad areas of function are described in greater detail on pages 1 and 2 under Tab "Vocational-Technical Administration" in the booklet you have been provided.

Our request is one which would separate these two functions -- one clearly federal and one clearly state -- into distinct and

more appropriate funding categories. Of the 5 FTE funded in Carl Perkins Administration, we believe only two of these (the Director of Federal Vocational Grants and the Human Resource Development Officer) should be funded totally out of the federal program. The work of the Financial Assistant and the Secretary distributes itself between state and federal function at a ratio of 50% state-related and 50% federal-related. The work of the Deputy Commissioner for Vocational-Technical Education is virtually exclusively state-related. We believe a compliance audit would clearly show these functions to be so delineated.

Our request for VT Administration is to move the position of Deputy Commissioner, .5 FTE Financial Assistant, and .5 Secretary from the federal program to general funds. This would free up the \$46,000 we discussed a week or so ago to be used by OPI. At the time of our previous discussion, Ms. Joehler provided you with her analysis of the detail of LFA Current Level and Board of Regents Request, and we agree with this analysis.

Our staff will be happy to answer any questions you may have on this request.

SYSTEM MODIFICATION REQUESTS

EXHIBIT 7
 DATE 3-6-91
 HB Ed. & Curr. 42nd Annu.

	<u>FY 92</u>	<u>FY 93</u>	<u>Total</u>
1) Federally Mandated Minimum Wage			
MSU	\$83,591	\$83,591	\$167,182
UM	81,933	81,933	163,866
EMC	39,514	39,514	79,028
NMC	44,145	44,145	88,290
WMCUM	42,786	42,786	85,572
TECH	38,935	38,935	77,870
TOTAL	<u>\$330,904</u>	<u>\$330,904</u>	<u>\$661,808</u>

2) Montana University System Educational Network (MUSNET)

MSU	\$134,839	\$128,968	\$263,807
UM	187,471	136,641	324,112
EMC	39,800	37,525	77,325
NMC	40,000	0	40,000
WMCUM	25,888	22,888	48,776
TECH	71,175	27,925	99,100
TOTAL	<u>\$499,173</u>	<u>\$353,947</u>	<u>\$853,120</u>

3) Experimental Program to Stimulate Competitive Research (EPSCOR)

<u>\$1,200,000</u>	<u>\$1,500,000</u>	<u>\$2,700,000</u>
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4) Regent Employee Reporting System (RERS)

MSU	\$45,955	\$45,955	\$91,910
UM	43,914	43,914	87,828
EMC	25,932	25,932	51,864
NMC	19,553	19,553	39,106
WMCUM	19,223	19,223	38,446
TECH	19,440	19,440	38,880
CHE	91,073	57,922	148,995
TOTAL	<u>\$265,090</u>	<u>\$231,939</u>	<u>\$497,029</u>

EXHIBIT

DATE

2-10-91

HB Ed. & Curr. & Res. Sub.

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02/04/90

Recent Employee Reporting System Budgeted Costs

CHE Alternative to Governors' Budget Recommendations

FY92 AND FY93

FY92	UN	MSU	EMC	WMC	TECH	NMC	MUS	CHE	GRAND PAGE 43 TOTAL TOTALS	DIFFERENCE
FTE	1	1	0.5	0.5	0.5	0.5	4	1	5	3.82
Personal Services	\$27,839	\$27,839	\$14,721	\$14,721	\$14,721	\$14,721	\$114,561	\$27,839	\$142,400	\$104,291
Unit Internal Operations	\$5,335	\$5,335	\$5,335	\$1,135	\$1,135	\$1,135	\$19,410	\$1,005	\$20,415	\$0
Utilizations Costs								\$55,823	\$55,823	\$0
ISD-ASB Personnel								\$25,480	\$25,480	\$0
ISD-ASB Computer Resources								\$10,920	\$10,920	\$0
Equipment								\$1,100	\$1,100	\$0
TOTAL	\$33,174	\$33,174	\$20,056	\$15,856	\$15,856	\$15,856	\$133,971	\$122,167	\$256,138	\$38,109

FY92

FTE	UN	MSU	EMC	WMC	TECH	NMC	MUS	CHE	GRAND PAGE 43 TOTAL TOTALS	DIFFERENCE
FTE	1	1	0.5	0.5	0.5	0.5	4	0.5	4.5	3.32
Personal Services	\$27,839	\$27,839	\$14,721	\$14,721	\$14,721	\$14,721	\$114,561	\$14,787	\$129,348	\$91,239
Unit Internal Operations	\$5,335	\$5,335	\$5,335	\$1,135	\$1,135	\$1,135	\$19,410	\$1,005	\$20,415	\$0
Utilizations Costs								\$55,823	\$55,823	\$0
ISD-ASB Personnel								\$25,480	\$25,480	\$0
ISD-ASB Computer Resources								\$10,920	\$10,920	\$0
Equipment								\$1,100	\$1,100	\$0
TOTAL	\$33,174	\$33,174	\$20,056	\$15,856	\$15,856	\$15,856	\$133,971	\$108,015	\$241,986	\$208,877

Governor's Pay Plan Bill
 House Bill 509
 Prepared by OBPP

payplan.wk3

	Is Salary Schedule Set/ By Bill?	Is Funding Included in Bill?	Average % Increase /FY92 FY93/	Is Health Insurance Work Comp. Funded?
Employee Group	/	/	/	/
University System:	/	/	/	/
Classified CUR only	/	/	/	/
Faculty & Contract Prof.	/	/	/	/
Blue Collar	/	/	/	/
Non-University System:	/	/	/	/
Classified	/	/	/	/
Blue Collar	/	/	/	/
Teachers	/	/	/	/
Retail Clerk	/	/	/	/
Exempt & Elected	/	/	/	/
School for Deaf & Blind	/	/	/	/

Additional Information on University System Funding:

Based on FY91 operating plans approved by BOR

Does not include community college personnel

Includes only classified employees in Current Unrestricted Funds

Funding for University System is \$11,102,141 (general fund) for biennium as follows:

FY92 \$3,704,562 and FY93 \$7,397,579

Remainder of \$2,439,029 for biennium is CUR (tuition, fees, etc.)

FY92 \$813,940 and FY93 \$1,625,089

DATE 2-6-91

HB Ed. & Univ. Press. Ind.

REGENTS EMPLOYEE REPORTING SYSTEM
EXECUTIVE BUDGET RECOMMENDATION FOR RERS IN UNITS AND CHE

Prepared by Mary Ann Wellbank, OBPP

NOTE: Executive Budget recommends a total of \$421,906 for RERS in the biennium. This amount includes all six units plus the CHE. See details below.

X UNITS		Estimated Personnel and Benefit Hours For Each FY92 and FY93					6 UNIT Description of TOTAL Activity	
	UM	MSU	ENC	WMC	TECH	NMC		
urs budgeted:								
sk (estimated by ISD)								
ter Benefit Budget	4	4	4	4	4	4	24	
ter Employee Information	170	210	45	26	28	29	508	
ter Positions	213	263	56	33	35	36	636	
ter Position Budget	283	350	75	44	47	48	847	
anging Position Budgets	170	210	45	26	28	29	508	
tering Expenditure	0	0	0	0	0	0	0	
ancing Expenditure Budget	384	384	384	384	384	384	2304	
ganization Structure	80	80	40	24	24	24	272	
id-Total # Hours	1,304	1,501	649	541	550	554	5099	
us time off @ 15%	195.6	225.15	97.35	81.15	82.5	83.1	764.85	
TOTAL # HOURS	1,500	1,726	746	622	633	637	583.85	
art of FTE (2080)	0.72	0.83	0.36	0.30	0.30	0.31	2.82	
							Input and update data	
14, St.2 (\$22,471 annual)	\$16,201	\$18,648	\$8,063	\$6,721	\$6,833	\$6,883	63,349	
us 15% Benefits	2,430	2,797	1,209	1,008	1,025	1,032	9,502	
us Insurance	1,800	1,800	0	0	0	0	3,600	
PERSONNEL AND BENEFITS	20,431	23,245	9,273	7,730	7,858	7,915	76,452	
recommended FY92 and FY93:								
PERSONNEL AND BENEFITS	20,431	23,245	9,273	7,730	7,858	7,915	76,452	
plies and Operations	1,000	1,000	1,000	1,000	1,000	1,000	6,000	
avel	75	75	75	75	75	75	450	
ommunications	60	60	60	60	60	60	360	
etwork Cost	0	0	0	0	0	0	0	
inting	0	0	0	0	0	0	0	
ffice Furniture	0	0	0	0	0	0	0	
ardware	0	0	0	0	0	0	0	
SD est. development	4,200	4,200	4,200	4,200	4,200	4,200	12,600	
ardware/Computer	0	0	0	0	0	0	0	
TOTAL UNIT BUDGET	\$25,766	\$28,580	\$14,608	\$8,865	\$8,993	\$9,050	\$95,862	
							3 units use "batch" system, ie.	
							0 extracting info. from current system	

COMMISSIONER OF HIGHER EDUCATION

	FY92	FY93	
CHE	1.00	0.50	1 FTE first year to "start-up" system, iron out bugs.
FTE	27,839	14,787	.50 FTE in FY93 for maintenance
Grade 14, Step 2	500	500	
Supplies and Operations	225	225	
Travel	180	180	
Communications	0	0	
Network Cost	100	100	
Printing	1100	0	
Office Furniture			
Hardware			
SD est. development	0	0	
Hardware/Computer	0	0	
ESTIMATED BUDGET	29,944	15,792	
SD Unit Utilization Costs	55,823	55,823	Processing costs for system-covers inquiry by units, CHE and reports
SD-ASB Personnel	25,480	25,480	Designated to support FTE at Applications Services Bureau, ISD.
SD-ASB Computer Resources	10,920	10,920	Charge to ISD for computer time.
CHE TOTAL BUDGET	\$122,167	\$108,015	

	FY92	FY93	BIENNIAL
EXECUTIVE RECOMMENDED	\$218,029	\$203,877	\$421,905
TOTAL RECS BUDGET			

DATE 2-6-91

HB Ed. & Curr. Div. Aut.

2-93 Executive Budgeted Expenditures by Campus
Comparison to LFA Current Level Table 9, Pg. F-74
Prepared by Mary Ann Wellbank, OBPP

MONTANA UNIVERSITY SYSTEM

SUMMARY OF EXECUTIVE BUDGET RECOMMENDATION

"APPLIES TO APPLES" COMPARISON WITH LFA CURRENT LEVEL

	MSU	UM	EMC	NMC	WMCUM	MCMST	SYSTEM	% OF TOTAL
2:								
Instruction	\$27,785,060	\$23,151,534	\$7,438,859	\$4,091,144	\$2,423,539	\$4,749,848	\$69,639,984	53.70%
Support	13,806,471	12,127,624	5,050,717	2,382,894	1,513,351	2,778,444	37,659,501	29.04%
Research	621,760	561,178		8,891		52,732	1,244,561	0.96%
Public Service	10,752	193,009	263,231				466,992	0.36%
Physical Plant	6,044,660	5,518,442	2,193,916	1,227,119	765,515	1,588,465	17,338,117	13.37%
Scholar & Fellow	1,188,665	1,077,497	358,606	314,000	107,889	285,255	3,331,912	2.57%
AL FY92	\$49,457,368	\$42,629,284	\$15,305,329	\$8,024,048	\$4,810,294	\$9,454,744	\$129,681,067	100.00%
3:								
Instruction	\$27,785,060	\$23,151,534	\$7,438,859	\$4,091,144	\$2,423,539	\$4,749,848	\$69,639,984	53.83%
Support	13,655,159	12,053,086	5,004,223	2,393,849	1,516,096	2,783,013	37,405,426	28.91%
Research	621,781	561,786		8,891		52,873	1,245,331	0.96%
Public Service	10,752	193,050	263,870				467,672	0.36%
Physical Plant	6,001,328	5,499,063	2,208,253	1,223,255	764,369	1,582,449	17,278,717	13.36%
Scholar & Fellow	1,188,665	1,077,497	358,606	314,000	107,889	285,255	3,331,912	2.58%
AL FY93	\$49,262,745	\$42,536,016	\$15,273,811	\$8,031,139	\$4,811,893	\$9,453,438	\$129,369,042	100.00%

Note: Instruction includes supertuition of \$85,000 at MSU and \$398,700 at UM each year

EXECUTIVE RECOMMENDED MODIFICATIONS (OVER CURRENT LEVEL SHOWN ABOVE):

2:								
IS Funding*	\$28,580	\$25,766	\$14,608	\$9,050	\$8,865	\$8,993	\$95,862	
IS Funding*							4,000,000	
IS Funding*							\$4,095,862	
3:								
IS Funding*	\$28,580	\$25,766	\$14,608	\$9,050	\$8,865	\$8,993	\$95,862	
IS Funding*							4,000,000	
IS Funding*							\$4,095,862	

Total executive RERS recommendation for biennium is \$421,906 of which \$230,182 is included in CHE budget.

EXECUTIVE BUDGET DEVELOPMENT:

Current Level:

Instruction Program - formula using FY91 appropriation per student; updated to reflect 2 yr. avg. enrollment (FY89-FY90/2 = 25,063 student FTE systemwide)

Support Program - formula using FY91 appropriation per student; updated for enrollment; adjusted for library book inflation,

insurance costs, audit fees and lease finance agreement terminating after FY92

Research, Public Service and Physical Plant - incrementally budgeted based on FY91 appropriation with adjustments

(primarily utilities inflation/deflation)

Scholarships and Fellowships - maintains FY91 appropriated level without adjustment

Modified Level:

Lump Sum appropriation to Regents for allocation to six units

\$4,000,000 additional annual appropriation for Regent Identified Priorities

\$421,906 total funding for Regents' Employee Reporting System. Amounts shown above in "Executive Recommended Modifications"

are amounts designated for individual units' support programs. Additional RERS funding of \$230,182 for the biennium is included in the CHE budget (not shown).

Y92-93 Executive Budgeted Revenues by Campus
or comparison to LFA Current Level Table 10, Pg. F-75
prepared by Mary Ann Wellbank, OBPP

MONTANA UNIVERSITY SYSTEM SUMMARY OF EXECUTIVE BUDGET RECOMMENDATION "APPLIES TO APPLES" COMPARISON WITH LFA CURRENT LEVEL													Executive Recommended Modifications	
	MSU	UM	EMC	NMC	UMCUM	MCNST	SYSTEM	% OF TOTAL		Mods	System Plus Mods	% OF TOTAL		
Y92: revenue: General Fund	\$32,906,850	\$27,083,551	\$9,870,129	\$5,557,702	\$3,350,631	\$6,776,050	\$85,544,912	65.97%	/	\$4,095,862	\$89,640,774	67.01%		
Other Current Unrestricted									/					
Tuition and Fees	11,912,107	11,541,194	3,855,748	1,727,639	1,037,337	1,910,248	\$31,984,273	24.66%	/		31,984,273	23.91%		
Mill Levy	4,328,912	3,895,249	1,521,447	717,176	397,826	679,979	\$11,540,589	8.90%	/		11,540,589	8.63%		
Other	309,500	109,290	58,005	21,531	24,500	88,467	\$611,293	0.47%	/		611,293	0.46%		
Sub-Total other CUR	16,550,518	15,545,733	5,435,200	2,466,346	1,459,663	2,678,694	\$44,136,155	34.03%	/		44,136,155	32.99%		
TOTAL	\$49,457,368	\$42,629,284	\$15,305,329	\$8,024,048	\$4,810,294	\$9,454,744	\$129,681,067	100.00%	/	\$133,776,929		100.00%		
Y93: revenue: General Fund	\$32,629,558	\$26,915,896	\$9,809,556	\$5,551,097	\$3,344,632	\$6,761,758	\$85,012,498	65.71%	/	\$4,095,862	\$89,108,360	66.77%		
Other Current Unrestricted:									/					
Tuition and Fees	11,912,107	11,541,194	3,855,748	1,727,639	1,037,337	1,910,248	\$31,984,274	24.72%	/		31,984,274	23.96%		
Mill Levy	4,411,580	3,969,636	1,550,502	730,872	405,423	692,964	\$11,760,977	9.09%	/		11,760,977	8.81%		
Other	309,500	109,290	58,005	21,531	24,500	88,467	\$611,293	0.47%	/		611,293	0.46%		
Sub-Total other CUR	16,633,187	15,620,120	5,464,255	2,480,042	1,467,261	2,691,680	\$44,356,544	34.29%	/		44,356,544	33.23%		
TOTAL	\$49,262,745	\$42,536,016	\$15,273,811	\$8,031,139	\$4,811,893	\$9,453,438	\$129,369,042	100.00%	/	\$133,464,904		100.00%		

Note: Tuition includes supertuition of \$85,000 per year at MSU and \$398,700 at UM each year

EXECUTIVE BUDGET DEVELOPMENT:

- Current Level:
- Tuition and fee revenue - represents FY90 actual receipts multiplied by 2 yr. avg. enrollment (25,063 systemwide)
- Millage - estimated by OBPP 11/10/90

Modified Level:

- Modifications are funded by general fund
- Executive recommended modifications are \$4,000,000 per year lump sum to regents; \$95,862 RERS funding for campuses.
- Additional RERS funding (general fund) is included in CHE budget totalling \$230,182 for the biennium (not shown in this table).

EXHIBIT 11
DATE 2-6-91
HB

MONTANA UNIVERSITY SYSTEM
PROGRAM MODIFICATION REQUESTS
SYSTEM-WIDE PROPOSALS
1991-93 Biennium

Education Subcommittee
February 6, 1991

I. Montana University System Educational Network (MUSENet)

II. Experimental Program to Stimulate Competitive Research
(EPSCOR: National Science Foundation)

III. Engineering Research Center of Excellence

IV. Centers of Excellence (Montana Science & Tech Alliance)

Note: Entries II, III, and IV also appear before the
Legislature in SB 242 (Crippen) and HB 478 (Bradley)

I. Montana University System Educational Network (MUSENet)

What is MUSENET?

MUSENet is a computer/telecommunications system linking all the System Campuses with the State of Montana Department of Administration and the Office of the Commissioner of Higher Education. The Vocational-Technical Centers, Community Colleges and, if appropriate and cost-effective, other agencies (e.g., State Library; Fish, Wildlife and Parks; Natural Resources and Conservation; State Lands, etc.) will be connected as well.

Why should these agencies be connected?

MUSENet will provide (i) electronic transmission of requisite data and reports between the campuses and state agencies, including facile access to SBAS and RERS, (ii) access to the national academic, administration and research networks BITNET and NERN (500 US and 1300 worldwide sites), (iii) state-wide electronic mail, (iv) sharing of essential data bases (e.g. campus library card catalogs and NRIS data services), (v) system-wide access to software and system-wide purchasing and licensing agreements, (vi) extension of data services throughout the elementary and secondary schools (e.g. Young Scholars, Big Sky Telegraph). MUSENet will provide the only electronic linkage and delivery system for the Regent's Employee Reporting System (RERS).

What will MUSENet cost?

MSU	\$263,807
UM	324,112
EMC	77,112
NMC	40,000
WMCUM	48,776
Tech	<u>99,100</u>

TOTAL \$853,120

(biennium figure: $\leq 10\%$ will be allocated for OCHE MUSENet operations)

How does MUSENet relate to H.B. 30's pending legislation to establish a Montana Educational Telecommunications Network (METNET)?

These projects are complementary and non-duplicative. METNET is predominantly a voice/video network delivering educational sounds and images to the elementary and secondary schools across Montana. MUSENet is predominantly a data network linking postsecondary units for administrative and computational purposes. MUSENet will link to METNET through the Information Systems Division of the Department of Administration when educational computing, in-service training and software distribution to K-12 is needed.

MONTANA UNIVERSITY SYSTEM EDUCATIONAL NETWORK

BOARD OF DIRECTORS

Deputy Commissioner - Academic Affairs (Chair)
Chief Fiscal Officers
Computer Center Directors
GSL Director
Information Services Division Administrator
Representative of the President's Council (ex officio)

Policy
Membership
Budget Setting/Review
Arbitration
Approval of Annual & Long-Range Plans

TECHNICAL ADVISORY COMMITTEE

Executive Director (Chair)
Computer Center Directors
Director of Institutional
Research (OCHE)
Representative from GSL
Representative from ISD

Assist in Development of
Annual & Long-Range
Plans
Manage Local Technical
Support
Technical Advice to
Executive Director
& Board

EXECUTIVE DIRECTOR

Initiate Planning Efforts
Manage Fiscal Operations
Daily Operation and Management
Networks with Administrators,
Faculty, Technical Staff
Facilitates Development of Policy

MSU

UM

TECH

EMC

NMC

WMCUM

GSL

ISD

EXHIBIT 11
DATE 2-16-91
HB Ed. & Curr. Div. Sub.

II. EPSCOR

What is the Experimental Program to Stimulate Competitive Research?

The National Science Foundation has developed and funded a program designed to provide states which have historically been underfunded in federal research grants to develop a more competitive environment for pure and applied scientific and engineering research.

How has Montana performed in EPSCOR programs in the past?

Montana's submissions to EPSCOR have been called MONTS, Montanans On a New Track for Science. Federally funded at a level of ca. \$300K-400K annually, during the first half of the decade of the 80's, MONTS demonstrably enhanced the ability of Montana's scientists and engineers to obtain federal funding. For example, NSF proposal success rate now exceeds 35% (up from 22% before MONTS) and NIH and NSF federal grants to Montana institutions have increased 20- and 4-fold, respectively. 80% of MSU's major NSF grants and 100% of UM's NSF grants have been initiated through MONTS participation. Every State dollar, matched by NSF 50/50 at the outset, has thereafter stimulated another \$2-5 in increased federal funding for research programs.

What is unique about the current EPSCOR program?

The 1991 EPSCOR program has been designed by the NSF to stimulate the creation of an adequate infrastructure to support scientific and engineering research. Designed to address issues of aging equipment, inadequate graduate student support, failing library collections, etc., the new EPSCOR program also deals with elementary/secondary teacher preparation in the sciences and in mathematics. A 50% match is required.

How will the Federal and State funds be used?

Federal Funds

Peptide Research (MSU)	\$200K
Mass Spectroscopy (MSU)	175K
Astrophysics (MSU)	160K
Neurobiology (MSU)	200K
Limnology (UM; Flathead)	200K
Avian Biology (UM)	175K
Dynamical Mathematics (UM)	120K
Nuclear Mag Resonance (UM)	140K
Administration and Development (CHE/MSU)	130K

TOTAL 1,500K

State Funds

Graduate Fellowships	\$430K
Undergrad Scholarships	80K
Teacher (K12) Fellows	100K
College Research Grants	75K
Equipment - UM, NMR	100K
Equipment - MSU Mass Spec	100K
Montana Science Conf (4)	80K
Repair/Maintenance	50K
2 Additional projects	200K
Visiting Profs, Postdocs	100K
Library holdings	85K

TOTAL 1,500K

Are there other attempts to provide the requisite \$1.5M match?

Senate Bill 242 provides funding from the in-state investment fund for this activity as well as for support for the Centers of Excellence and the

III. Engineering Research Center (Montana State University)

What is the Engineering Research Center at MSU?

In early 1990 the Industrial Process Engineering group at MSU was awarded a major grant from the National Science Foundation to establish a nationally designated "Engineering Center of Excellence" in Interfacial Microbial Processes. Dedicated to applications of microbiological processes to engineering problems in industry, this ERC is only a few such institutes chartered by NSF in the country. In contrast to the MSTC chartered State Centers of Excellence, the ERC has been designated a National Center of Excellence by the federal funding authority.

How much Federal funding has been obtained?

The National Science Foundation has awarded MSU a 5 year commitment of \$7.2M to support the Engineering Research Center.

What is the matching commitment?

The NSF grant requires a \$600,000 match.

Are there other attempts to provide the requisite matching funds?

Senate Bill 242 provides funding from the in-state investment fund for this activity as well as for support for the State Centers of Excellence and the EPSCOR match. House Bill 478 provides funding for this project (as well as EPSCOR and the Centers) through a proposed tobacco products tax.

EXHIBIT 11

DATE 2-10-91

HB Ed. & Cur. Dev. Sub.

IV. State Centers of Excellence

What are the State Centers of Excellence?

In 1987 the Montana Science and Technology Alliance created and funded three "centers of excellence" on campuses of the University system. Dedicated to development of technologies that will further economic development in Montana, these centers are:

Center for Advanced Biotechnology: UM

Center for Synthesis and Characterization of Advanced Materials: MSU

Center for Hazardous Substances and Materials Processing: Tech

The following year the MSTA created and funded an additional center dedicated to support for entrepreneurship in Montana. Centrally managed at the University of Montana, the Center for entrepreneurship has satellite offices on the campuses of Montana State University and Eastern Montana College.

What level of funding has been committed by MSTA?

MSTA originally committed \$600,000 for the establishment of the centers, and allotted \$200,000 for each of the original three. Additional funding has been allotted from time to time as worthy projects have emerged.

What level of support is requested for the coming biennium?

The original intent of the Science and Technology Alliance was development of self sufficient centers over time; subsequent requests are expected to be affordable and markedly less than the initial \$200,000 provided in 1987. Accordingly, the Centers will be requesting MSTA to provide an additional \$100,000 of support for the 1991-93 biennium.

Are there other attempts to provide the requisite \$1.5M match?

Senate Bill 242 provides funding from the in-state investment fund for this activity as well as for support for EPSCOR and the Engineering Research Center at MSU. House Bill 478 provides funding for this project (and EPSCOR) through a proposed tobacco products tax.

EXHIBIT 12
 DATE 2-6-91
 HB Ed. & CUL. Res. Luv.

CAMPUS MODIFICATION REQUESTS

	<u>FY 92</u>	<u>FY 93</u>	<u>Total</u>
<u>Montana State University</u>			
1 - Museum of the Rockies:			
Operating Budget	\$280,963	\$297,821	\$578,784
New Space	158,743	165,234	323,977
Total	<u>\$439,706</u>	<u>\$463,055</u>	<u>\$902,761</u>
2 - Expand Placement for Clinical Training-Nursing	\$469,413	\$869,013	\$1,338,426
<u>The University of Montana</u>			
1 - Repertory Theatre	\$0	\$90,588	\$90,588
2 - Yellow Bay Research Center	\$0	\$94,742	\$94,742
<u>Eastern Montana College</u>			
1 - Computer Equipment	\$881,400	\$100,150	\$981,550
2 - Center for Handicapped Children	\$39,000	\$42,200	\$81,200
3 - New Space Apsaruke Hall	\$10,000	\$10,000	\$20,000
<u>Montana Tech/Bureau - Joint Proposal</u>			
1 - Establish Analytical Research Center	\$875,116	\$85,117	\$960,233
2 - Hazardous Substance in Groundwater	\$185,325	\$119,994	\$305,319
<u>Northern Montana College</u>			
1 - Malmstrom/Great Falls Program Phase-In	\$321,043	\$336,918	\$657,961
Total Modifications (6 Campuses)	<u><u>\$3,221,003</u></u>	<u><u>\$2,211,777</u></u>	<u><u>\$5,432,780</u></u>