

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN PECK**, on April 22, 1991, at 10:50 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** stated that the Chairman of the House Appropriation Committee asked that the subcommittees meet and discuss possible ways to get the budget down and get it in balance.

CHAIRMAN PECK stated that the Office of Budget and Program Planning (OBPP) put out a sheet with a list of things that could be cut. **CHAIRMAN PECK** stated that he is not sure if these have been approved by the Governor or if it is just from the OBPP.

HEARING ON POSSIBLE BUDGET CUTS

Tape No. 1

CHAIRMAN PECK reviewed handout on Possible Program Cuts. **EXHIBIT 1**

CHAIRMAN PECK stated that the Audiology Program in OPI is on the list to remove \$82,000 that is no longer needed due to private funds from U.S. West and other sources and asked Doug Schmitz to explain this. **Mr. Schmitz** stated that at the time the modifications were prepared OPI indicated to the OBPP that there

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would no longer be any private funds available to the Audiology Program. At the time that there were no private funds for that Program the Governor committed funds equal to \$136,000 for the biennium to continue the Audiology Program. Mr. Schmitz stated that since private funds have become available the OBPP feels that the General Fund should be reduced. CHAIRMAN PECK said he thought the subcommittee took the private contributions into account for the amount of money that was put in. Mr. Schmitz stated that in that particular modification the subcommittee left a full \$136,000 of General Fund monies and left an additional \$82,000 in State Special Revenue monies. CHAIRMAN PECK stated that this was not the intent of the subcommittee. REP. KADAS stated that the Executive Branch funding still left the Program short of where it was the previous year. The committee tried to garner some additional private dollars to get the program closer to where they had been funded previously. REP. KADAS stated that the Governor's MOD wasn't enough to do that, so rather than displacing General Fund with the additional private money we used the addition to get closer to current level. Mr. Schmitz stated that the Governor was replacing the private sector money with the General Fund at \$68,000 each year of the biennium. During the committee it was determined that there would in fact be additional private funds available and as a consideration that the private funds have now come forth that the General Fund be reduced proportionately. CHAIRMAN PECK asked Ms. Joehler and Mr. Schmitz to get together and make sure what was done there was maintaining a level and not increasing the level. SEN. JERGESON stated that the way the subcommittee had funded it, it still wasn't at current level.

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CHAIRMAN PECK continued to review EXHIBIT 1

Education-3501

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Motion: SEN. HAMMOND moved to recommend the deletion of \$61,000 for fee registrations from the Office of Public Instruction.

Discussion: REP. KADAS stated that OPI collects these fees and rather than have those fees go into a state special where they would have control over them. This revenue is to cover their conferences and so it is a wash through to the General Fund. If it is eliminated here, we're telling OPI not to collect any fees any more. CHAIRMAN PECK stated that the other alternative would have been to create a statutory appropriation to cover it. OPI said they would prefer to go through the General Fund because they know how the House Appropriation Chairman is about Statutory Appropriations. SEN. HAMMOND asked why it is termed prior fees. CHAIRMAN PECK stated that there was some accumulation of funds and the first year has a larger amount than the second year in it. They proposed to use those fees to sponsor some conferences that where the fees that accumulated previously and were unable to spend them. Mr. Schmitz stated that the \$61,000 that appears

in HB2 were monies that had been collected from conferences in prior years. This is to recapture those monies that were deposited into the General Fund. There isn't any provisions for those monies this year, in this biennium, for conferences that are going to be put on. Those conference monies received will be over and above this amount.

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CHAIRMAN PECK asked if OPI budget amended this during the last year so they could handle conference registration fees. **Mr. Schmitz** stated he is unaware of that. **REP. KADAS** stated that OPI is not budgeted to run these conferences and they use the fees that they collect to finance them. **Skip Culver** stated that the fees collected are not necessarily tied to the cost of what the conferences will be in the next biennium. Therefore, rather than giving them \$45,000 and \$15,000 in the next biennium you could give them \$30,000. **CHAIRMAN PECK** stated that a limitation in language could be put in that says up to \$61,000 but not exceeding the actual cost of the conferences. **SEN. JERGESON** stated that this money is in the General Fund from those fees and they are asking for authority to use it this biennium. At the same time they will be collecting fees during the upcoming biennium and that will go into the General Fund. So two years from now they will be asking for spending authority again. **CHAIRMAN PECK** asked if the spending authority is based on collections. **SEN. JERGESON** said yes.

Vote: MOTION FAILED 2/4

Motion/Vote: **REP. GRINDE** moved to recommend the deletion of \$48,068 for the Indian Education Supervisor in OPI. MOTION FAILED 2/4.

Motion/Vote: **REP. GRINDE** moved to recommend the deletion of \$800,000 in Gifted and Talented funds. MOTION FAILED 2/4.

Commissioner of Higher Education-5102

Motion: **REP. KADAS** moved to recommend the deletion of the two additional slots in the WICHE Program.

Discussion: **REP. KADAS** stated that the subcommittee took the Executive level and the House held to that. The Senate Finance and Claims Committee added in five FTE. This is a prioritizing issue and the subcommittee didn't have the extra five FTE in there. **SEN. HAMMOND** stated that he is more in favor of the additional slots for Doctors than some of the other things the subcommittee is doing.

Vote: MOTION PASSED 5/1.

Community Colleges

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Motion: REP. GRINDE moved to recommend deletion of \$737,747 in Student Cost Factor and increased state support level.

Discussion: SEN. HAMMOND opposed the motion.

Vote: MOTION FAILED 1/5.

Motion/Vote: SEN. JERGESON moved recommendation that the number \$200,000 be changed to \$150,000 for the Vo-Tech Contingency money. MOTION CARRIED 5/1.

Motion: REP. GRINDE moved to recommend the deletion of \$697,730 from the system-wide arbitrated salary agreement.

Discussion: REP. KADAS stated that the \$697,730 is over the 8 million because the number were 7.8 million dollars for the six units and approximately an additional 1 million dollars for the Ag Experiment Station, School of Mines, Forestry Extension Service. They all need to be treated the same and it doesn't make sense to take this out.

Vote: MOTION FAILED 3/3.

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Motion/Vote: REP. GRINDE moved the recommendation of the removal of the \$1,002,560 in library books. MOTION FAILED 2/4

University of Montana-5103

Motion: REP. GRINDE moved to recommend the deletion of \$30,000 for Economics Montana Publication.

Discussion: REP. KADAS stated that he is not familiar with the publication. Sheila Stearns stated that this publication has been going on for three to five years and is funded by U.S. West. It is used primarily by the State Government and when U.S. West discontinued funds they hoped that State Government would pick up the cost. REP. KADAS asked if it is mostly the Department of Commerce that uses the information. Ms. Stearns said yes. CHAIRMAN PECK stated that the Legislative Fiscal Analyst Office uses it for projections.

Vote: MOTION FAILED 3/3.

SEN. JERGESON stated that in the Senate consideration of HB5 an amendment was passed that if the bonding portion of HB5 is not approved, the cash portion for pre-planning on construction of those buildings would be allocated to the Board of Regents (BOR) to deal with accreditation problems in the system. SEN. JERGESON

stated that we could anticipate that the Regents decided to use that money for the accreditation problems of Engineering and Pharmacy. Having taken care of that reducing Techs amount and allocating the reduction to the Regents so they can take care of accreditation problems at the three remaining campuses.

Montana Tech-5105

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Motion: SEN. JERGESON moved to recommend that \$890,784 be reduced to \$490,784 and the balance be allocated to the BOR for accreditation issues at Eastern Montana College, Western Montana College, and Northern Montana College.

Discussion: CHAIRMAN BARDANOUVE said he feels the Education Subcommittee has done a fine job and is happy with the way the budget is. However, we are faced with a critical situation and we have to reduce the budget. The conferees need help to look at areas that may be least harmful to the system and agencies. This will give them some guidance on what the subcommittee feels. REP. BARDANOUVE stated that he has worked with the University System and tried to establish what they feel is a priority in the University System. Their number one priority is the Nursing Program at MSU. The second priority is help for handicap enrollment and the third priority is accreditation at MSU for the Engineering Program and Eastern Montana College for Education.

SEN. HAMMOND asked SEN. JERGESON if he was just redirecting this money. SEN. JERGESON said yes, there are other accreditation problems and they have to be addressed.

REP. KADAS asked the Commissioners Office what their recommendation was for the number required for Tech accreditation. Dr. Toppen said it was \$730,330 for the biennium. REP. KADAS said he thought he remembered it being \$530,000. CHAIRMAN PECK said he has an unfunded need sheet that shows \$510,330 for the biennium. SEN. JERGESON stated that the dollar amount isn't that critical at this point we are just making a recommendation to the conferees. REP. KADAS asked SEN. JERGESON if he would be willing to amend his motion to use the \$510,330 figure. SEN. JERGESON said yes. CHAIRMAN PECK stated that this would leave \$380,454 for the Regents to use on accreditation concerns for the three smaller units.

Motion: SEN. BIANCHI made a substitute motion to leave \$510,330 for Tech and allocate \$384,054 for accreditation purposes to the system.

Discussion: SEN. JERGESON said the reason he mentioned the three small units in his motion is because that money is going to the Engineering Program at MSU and to finish out the extra money that is needed to save the Pharmacy Program at UM. SEN. BIANCHI

stated that there is still another \$140,000 to accomplish the accreditation at the School of pharmacy. **REP. KADAS** stated that it won't make much difference; the bulk of this money is going to go to Eastern Montana College for their problems.

Vote: MOTION FAILED 3/3, back to the original motion made by SEN. JERGESON.

Vote: MOTION CARRIED 5/1

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REP. GRINDE stated that at one time **CHAIRMAN BARDANOUVE** said the Executive Budget was pretty healthy at one time and another time heard him say it was not a lean budget and asked **CHAIRMAN BARDANOUVE** if he would say that is true. **CHAIRMAN BARDANOUVE** said yes, as a whole. **REP. GRINDE** asked **CHAIRMAN BARDANOUVE** if the University System gave him a list of things that can be cut. **CHAIRMAN BARDANOUVE** said yes, their Nursing Program is their number one priority above accreditation. The Nursing Program is \$1,300,000 and if we gave 1,000,000 they will generate \$300,000 more to have a full nursing program. **REP. GRINDE** said that what he just heard was not cut; it was a trade off and we're still spending more General Fund money. **CHAIRMAN BARDANOUVE** said he didn't say they were cuts. **REP. GRINDE** asked where they are willing to give up something. **CHAIRMAN BARDANOUVE** said that is what he wants the subcommittees to find out. **REP. GRINDE** stated that what the subcommittee is doing is an exercise of futility and is a waste of time. We have voted and only cut \$50,000 if they want things then they should be willing to help us out and fix this budget. **CHAIRMAN PECK** stated that **REP. GRINDE'S** approach or questions are improper, **CHAIRMAN BARDANOUVE** is not responsible for the University System. **CHAIRMAN BARDANOUVE** stated that he was not asking the subcommittees to put more money into the budget; but was asking for suggestions in areas this subcommittee could transfer money.

School for the Deaf and Blind-5113

Motion/Vote: **REP. KADAS** moved to recommend the deletion of \$84,027 for pay increases at the D & B School. MOTION CARRIED 5/1

REP. KADAS stated that in HB5 the Senate recommended an additional eight million dollars for maintenance contingent on passage approval of HB461. The thing this subcommittee needs to consider is that there is already 2.8 million dollars in HB5 for University maintenance. It might be a better use of funds to allow some discretion in the use of some of that 8 million for equipment purchases. **REP. KADAS** said he is thinking specifically of the EMC Computer that was eliminated. **REP. KADAS** said that the language now says that if HB461 passes then there is 8 million dollars for maintenance and I would like to make it more

general to apply a little more freedom. **SEN. BIANCHI** asked Mr. Noble to respond to this. **Mr. Noble** said the Commissioners Office would support amendatory language.

Motion/Vote: **REP. KADAS** moved to recommend the broadening of the language in HB5 be amended to include equipment in addition to maintenance. **MOTION CARRIED 5/1.**

ADJOURNMENT

Adjournment:


REPRESENTATIVE RAY PECK, Chair


MELISSA J. BOYLES, Secretary

RP/mjb

HOUSE OF REPRESENTATIVES

EDUCATION SUBCOMMITTEE

ROLL CALL

DATE

4-22-91

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	/		

SECTION E. EDUCATION:

3501 Office of Public Instruction, Page E-1, lines 19&20 \$61,000
These are registration fees from persons attending various conferences and workshops, deposited into the general fund in prior years. Now OPI wishes to spend the general fund for these prior fees. Deletion of this item will have no impact on the ability of OPI to conduct conferences and workshops during the 1993 biennium.

Page E-2, lines 5 & 6, Indian Education \$48,068
Previously this position was funded 1/2 general fund and 1/2 federal funds. HB2 funds this position fully with general fund. Deletion of this item would restore the position to the Executive Budget and the LFA current level.

Page E-2, lines 7 & 8, Audiology \$82,000
Because the OPI budget request indicated that private funds were no longer available for this program, the Executive Budget added \$68,000 of new general fund each year to replace the lost revenue. Because circumstances have changed and private funds will be available from U.S. West and other sources, it is no longer essential to keep this general fund in addition to the new private funds which the legislature has restored to this program.

Page E-3, lines 17 to 19, Gifted and Talented \$800,000
HB2 was amended on the House floor to increase general fund by \$400,000 each year of the 1993 biennium.

5102-Commissioner of Higher Ed Page E-9, Line 8 \$182,400
Added 2 new medical slots to WICHE in FY92 and 3 new medical slots in FY93 plus continuing students. Executive budget had reduced these WICHE slots to help offset the rising costs of the WAMI program, which increased approximately \$92,000 from FY91 to FY92 and an additional \$123,650 from FY92 to FY93. WAMI is a similar program focusing on rural health care, which funds 20 new and 60 continuing medical students per year, and which has more physicians returning to Montana than WICHE.

Page E-9, Lines 13 and 14 \$210,406
Increased funding to support same number of work study students at federal minimum wage. Executive budget had recommended FY91 level of funding to support fewer students are higher wage.

Page E-9, Line 19 \$737,747
Two major components of the community college funding formula are over current level: 1) Increased per student cost factor from \$3,907 in FY91 to \$4,031 in FY92 and \$4,163 in FY93; and 2) Increased general fund support from current 47% to 49% in FY91 and 50% in FY92. An adjustment could be made in either or both of these factors.

Page E-10, lines 24 & 25

\$200,000

The Vocational-Technical Center Contingency of \$200,000 for the 1993 biennium is over and above the \$1.149 million increase caused by formula funding and lump-sum appropriation recommended in the Executive Budget. These monies are to be used by the regents to help implement the formula budgeting concept, which could be accomplished without this addition.

Montana University System - system-wide

Arbitrated Salary Increases

\$697,730

Funding totalling \$8,697,730 was added to the current level budgets of each of the units and agencies. The purpose is to fund faculty salary increases of 3.5% (2.5% arbitrated; 1% merit) each year (or 7% for the biennium.) These increases are in addition to the "six and six" percent increases funded by the 1989 Legislature. In funding this salary increase, the Subcommittee theoretically utilized the \$8,000,000 "regents discretionary money" recommended in the Executive Budget; however, the total exceeds the discretionary amount by \$697,730. This also is over and above pay plan increases for the faculty. Increases totalling \$697,730 are detailed under each unit below.

Minimum Wage Increases

\$661,808

Funding totalling \$661,808 was added to the system for minimum wage increases. Increases are detailed under each unit below.

Library Books

\$1,002,560

Biennial appropriations totalling \$1,002,560 were added to the six units for library books in excess of the Executive Budget, even though the executive had already included library inflation at 5% in FY92 and 10% in FY93. Increases are detailed under each unit below.

5103-University of Montana, Page E-12, Line 2

\$206,162

This is the portion of the 3.5% arbitrated salary increase over the \$8,000,000 executive recommended discretionary amount. (Total system arbitrated salary increases equal \$8,697,730.)

Page E-12, Line 2

\$260,000

This is the amount rolled into current level for the UM Pharmacy School accreditation over and above the "formula" generated amount for the instruction program.

Page E-12, Lines 6 and 7

\$30,000

This is the money which replaces private funding formerly provided by US West for the publication of Economics Montana.

Page E-12, Lines 20 and 21

\$163,866

Increased funding to support same number of students at federal minimum wage.

Page E-12, Lines 22 and 23 \$331,280
Biennial appropriation (which must be built into the FY94-95 LFA current level base because of language in boilerplate) for library books. Executive recommendation had already included inflation of 5% and 10% in FY92 and FY93 respectively.

5104-Montana State University Page E-13, Line 22 \$245,426
This is the portion of the 3.5% arbitrated salary increase over the \$8 million executive-recommended discretionary amount.

Page E-14, Lines 13 and 14 \$167,182
Increased funding to support same number of students at federal minimum wage.

Page E-14, Lines 15 and 16 \$378,280
Biennial appropriation (which must be built into the FY94-95 LFA current level base because of language in boilerplate) to add library books. Executive recommendation had already included inflation of 5% and 10% in FY92 and FY93 respectively.

5105-Montana Tech Page E-15, Line 7 \$41,848
This is the portion of the 3.5% arbitrated salary increase over the \$8 million executive-recommended discretionary amount. (Total system arbitrated salary increases equal \$8,697,730.)

Page E-15, Line 7 \$890,784
Increased funding to support additional faculty and equipment to meet accreditation requirements. The Executive Budget was funded according to the standard formula for all programs in the university units.

Page E-15, Lines 20 and 21 \$77,870
Increased funding to support the same number of students at federal minimum wage.

Page E-15, Lines 22 and 23 \$60,920
Biennial appropriation (which must be built into the FY94-95 LFA current level base because of language in boilerplate) to add library books. Executive recommendation had already included inflation of 5% and 10% in FY92 and FY93 respectively.

5106-Eastern Montana College, Page E-16, Line 14 \$68,200
This is the portion of the 3.5% arbitrated salary increase over the \$8 million executive-recommended discretionary amount.

Page E-16, Lines 21 and 22 \$20,000
Added to fund minimum utilities in vacant dormitory.
Executive budget did not recommend.

Page E-17, Lines 6 and 7 \$79,028
Increased funding to support the same number of students at
federal minimum wage.

Page E-17, Lines 8 and 9 \$132,840
Biennial appropriation (which must be built into the FY94-95
LFA current level base because of language in boilerplate) to
add library books. Executive recommendation had already
included inflation of 5% and 10% in FY92 and FY93
respectively.

Page E-16, Lines 23 and 24 \$16,527
Added by Senate Finance and Claims to fund bond costs for
Billings SID improvement district, which could come from other
funds.

5107-Northern Montana College, Page E-17, Line 25 \$38,050
This is the portion of the 3.5% arbitrated salary increase
over the \$8 million executive-recommended discretionary
amount.

Page E-18, Lines 12 and 13 \$38,290
Increased funding to support the same number of students at
federal minimum wage.

Page E-18, Lines 14 and 15 \$62,600
Biennial appropriation (which must be built into the FY94-95
LFA current level base because of language in boilerplate) to
add library books. Executive recommendation had already
included inflation of 5% and 10% in FY92 and FY93
respectively.

5108-Western Montana College, Page E-19, Line 5 \$22,314
This is the portion of the 3.5% arbitrated salary increase
over the \$8 million executive-recommended discretionary
amount.

Page E-19, Lines 15 and 16 \$85,572
Increased funding to support the same number of students at
federal minimum wage.

Page E-19, Lines 17 and 18 \$36,640
Biennial appropriation (which must be built into the FY94-95
LFA current level base because of language in boilerplate) to
add library books. Executive recommendation had already
included inflation of 5% and 10% in FY92 and FY93
respectively.

5109 Agricultural Experiment Sta., Page E-21, Line 9 \$41,764
This is the portion of the 3.5% arbitrated salary increase over the \$8 million executive-recommended discretionary amount.

5110 Cooperative Extension Service, Page E-21, Line 23 \$28,378
This is the portion of the 3.5% arbitrated salary increase over the \$8 million executive-recommended discretionary amount.

5111 Forest and Cons. Exp. Station, Page E-22, Line 7 \$3,324
This is the portion of the 3.5% arbitrated salary increase over the \$8 million executive-recommended discretionary amount.

5112 Bureau of Mines, Page E-22, Line 13 \$2,060
This is the portion of the 3.5% arbitrated salary increase over the \$8 million executive-recommended discretionary amount.

5113 School for Deaf & Blind, Page E-22, lines 5 & 6 \$8,500
HB100 included \$3,744 per year during the 1991 biennium for the superintendent's housing allowance. The Board of Public Education approved a housing allowance of \$7,800 per year. In addition, the business manager received a 15.42% salary increase in FY90 and a 6.51% increase in FY91. Because these increases were over and above authorized personal services costs, the school transferred \$8,500 from the general services program operating budget to fund the increases and the legislature is continuing them in HB2.

Page E-22, Line 23; Page E-23, Lines 5 and 8. \$84,027
A Senate floor amendment added these funds for pay increases or equity for the administrators and faculty. This increase is in addition to the \$8,500 in the item above for increased housing allowance and administrative salary, which is over and above the pay plan for the 1991 and the 1993 biennia.