

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION**

#### **JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES**

**Call to Order:** By Chairman Royal Johnson, on January 28, 1993,  
at 8:00 a.m.

#### **ROLL CALL**

**Members Present:**

Rep. Royal Johnson, Chair (R)  
Sen. Don Bianchi, Vice Chair (D)  
Rep. Mike Kadas (D)  
Rep. Ray Peck (D)  
Sen. Chuck Swysgood (R)

**Members Excused:** Sen. Dennis Nathe

**Members Absent:** none

**Staff Present:** Taryn Purdy, Legislative Fiscal Analyst  
Skip Culver, Legislative Fiscal Analyst  
Doug Schmitz, Office of Budget & Program Planning  
Amy Carlson, Office of Budget & Program Planning  
Curt Nichols, Office of Budget & Program Planning  
Jacqueline Brehe, Committee Secretary

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

**Committee Business Summary:**

Hearing: NONE  
Executive Action: COMMUNITY COLLEGES AND OFFICE OF THE  
COMMISSIONER OF HIGHER EDUCATION

#### **EXECUTIVE ACTION ON COMMUNITY COLLEGES**

**Tape No. 1:A:000**

**Taryn Purdy, LFA,** referred to the budget of the community colleges in the LFA Budget Analysis on page E45, **EXHIBIT 1, page 6,** and reminded the committee that these institutions were funded through a formula based on the number of students, the cost per student and a percentage of general funds. She explained that an issue with this area was the omission of the FTEs at Sidney and Lincoln County extensions which were not included in the budget process by either the LFA or OBPP.

**Ms. Purdy** introduced an addendum, **EXHIBIT 2,** which showed the total enrollment that was inadvertently left out of both budget analyses. On **Table 2** of the addendum, the fiscal impact of

adding the FTEs to both budgets was described. **Table 3** showed the percentage of general funds required in the executive budget if the FTEs were added, the per student formula factor were maintained, and the total biennial general fund currently in the executive budget were maintained as well. The percentage would drop from 49% to 45.55%.

**Ms. Purdy** began the presentation by explaining the current level differences as listed on **page 6 of EXHIBIT 1**. She noted that there were three factors causing the differences between the LFA current level and the executive budget: 1) per student cost factor; 2) general fund support percentage; and 3) audit costs. **EXHIBIT 1, page 6** She explained that the difference of approximately \$600,000 did not include the additional cost of the omitted FTEs at the extensions.

#### ADDITIONAL FTE AT EXTENSIONS

**Motion:** **REP. MIKE KADAS** moved the inclusion of the additional student FTEs at the Sidney and Lincoln County extensions and the setting of the cost factor at \$4,163.

**Discussion:** **REP. KADAS** noted that the percentage of general funds still had to be set. He added that the LFA current level put the state general fund share at 55% while the executive budget placed it at 45% at this level of FTE. He felt the committee would probably arrive at a figure somewhere in between. **Amy Carlson, OBPP**, explained that the OBPP built the budget not using the formula, but the 1992 base. Since the OBPP built the budget on the 1992 base, it would include the student FTEs on all campuses and extensions. **REP. KADAS** noted that the method used by the OBPP ignored enrollment increases. **Ms. Carlson** agreed. **Curt Nichols, OBPP** clarified that OBPP did not ignore the enrollment increases. They were there in 1992. OBPP doesn't increase the funding rates for those enrollments past 1992.

**REP. RAY PECK** requested clarification on where the \$25 million reduction target was to be taken. **CHAIRMAN ROYAL JOHNSON** stated that it was his understanding that the \$25 million was to come out of higher education. The committee would decide where cuts could be made and because of the time sequence, the OCHE will return on February 17 and bring the Regents' recommendations. The two may not be in agreement. At that point the final committee decision would be made. **REP. KADAS** noted that his motion did not set the budget because a second motion would be necessary to include a percentage amount. **REP. PECK** agreed to the concept of revisiting the budgets after hearing again from the OCHE. However, he noted a disagreement within the committee as to where the \$25 million in cuts would be taken. The question was whether every agency under the committee's jurisdiction would be looked at or if only post-secondary education would bear the burden. **SEN. CHUCK SWYSGOOD** echoed **REP. PECK'S** concerns and expressed disappointment that the OCHE could not provide information to guide the committee sooner.

REP. PECK requested information from the community college presidents regarding the time line for special levies in their school districts. CHAIRMAN JOHNSON noted that the objective of the committee was to follow the directions given by the Joint Appropriations Committee regardless of time schedules.

In reply to REP. PECK, Donald Kettner, President of Dawson Community College, said he had to set his levy no later than February. He said it would be helpful to have at least two of the three variables in place as proposed by REP. KADAS. Howard Fryett, President of Flathead Valley Community College, concurred with Mr. Kettner that filing would occur in February. He said his district probably would not file for a special levy if state funding were reduced. With the growing enrollment, this decision would create an access problem.

SEN. SWYSGOOD asked whether a special levy could be floated in light of the house resolution directing that reductions in budget not be passed on to the local level. REP. KADAS explained that it was his understanding that if local voters have a choice as to whether to take on the additional burden, then the reduction has not been passed onto them. REP. PECK asked if the levy has to be voted on school election day. Mr. Kettner replied that they could do it later.

REP. PECK expressed the desire to discuss at a later date a document which he had distributed earlier pertaining to the university system.

Vote: The motion CARRIED unanimously.

#### GENERAL FUND PERCENTAGE

Motion: REP. KADAS moved to set the general fund support at 51% for both fiscal years.

Discussion: REP. KADAS explained that this maintained the community colleges at the FY92 level. He was concerned about reducing the funding of community colleges any further because he felt that community colleges were the future of the university system. REP. PECK supported the motion and cautioned the presidents that the budgets would probably be revisited. REP. KADAS explained further that in the last regular session, the legislature scheduled the support of the community colleges to go to 55% in 1993. One of the special sessions delayed that increase. His motion maintained the support at the FY 92 level.

Vote: The motion CARRIED 5 to 1 with CHAIRMAN JOHNSON opposed.

Tape No. 1:A:933

Ms. Purdy informed the committee that with the insertion of the 51% general fund percentage rate, the total appropriated amount was \$1.26 million over that expended in FY92 and appropriated in

FY93. The total general fund appropriation for the community colleges for the biennium would be \$8.8 million. **REP. KADAS** asked if the reason for the increase was the rise in enrollment. **Ms. Purdy** explained that there were three reasons: 1) the 1993 budget reductions in cost per student are not included in the motion, 2) the effective rate in FY92 was 49.4% and 51% in FY93, 3) additional students. The reason for the effective rate of 49.4% was due to the first special session reductions.

**SEN. SWYSGOOD** asked if the LFA current level had been adopted. **REP. KADAS** explained that there are three components to the LFA current level. The committee adopted two of the components and modified the third by adopting 51% rather than 55%.

**SEN. SWYSGOOD** asked how much of the \$1.26 million was caused by the increases in enrollment. **Ms. Purdy** said that it was approximately \$450,000-\$480,000 each year. This would include the increase in enrollment and the FTEs which were omitted. **SEN. SWYSGOOD** asked if \$900,000 included the factors related to increased enrollment, what caused the additional \$300,000 of the increase. **Ms. Purdy** explained that it was a combination of two factors: 1) the cost per student was set at \$4,163 rather than \$4,031; and 2) the effective rate in FY92 was slightly less (49.4% rather than 51%).

Tape No. 1:B:000

**REP. KADAS** noted in the past that the cost factor was adjusted to accommodate the pay plan. He asked if it would be reasonable to direct the staff to include the pay plan when developing the cost factor for the next biennium budget. **Ms. Purdy** said it could be done but direction had to be given as to how to calculate the pay plan. **REP. KADAS** suggested taking the average of the state pay plan and the university system pay plan and using it to calculate the cost factor amounts. **Ms. Purdy** said that would be reasonable but all parties would need to be directed to agree on an employee FTE figure because in determining the university system pay plan increases, a number of FTE is used to determine the increase per FTE which drives the total amount. Then one can go back and calculate the cost per student. She added that this has been done in the past.

**REP. KADAS** explained that the legislature provides a pay plan for every state agency but the community colleges get excluded, so that they start behind when current level is calculated. He added that he felt this was a good time to make the change since it would not cost any money because there will probably be no pay plan increase this session.

#### INSTRUCTIONS TO LFA

**Motion:** **REP. KADAS** moved to instruct the LFA to recalculate the per student cost factor to adjust for pay plan increases in the state budget from the previous biennium.

**Discussion:** Ms. Purdy asked if the motion meant that in the 1996-97 biennium the cost per student would be adjusted by any increases given to state employees in the 1994-95 biennium. REP. KADAS said yes. In reply to CHAIRMAN JOHNSON, he explained that in the higher education system, over half the employees are classified and are included in the pay plan 60. Most of the time the legislature provides equivalent raises to the rest of the system. That amount gets built into the current level. REP. PECK asked what impact the motion would have on the OBPP. Mr. Nichols said this would be a direction to the LFA staff. REP. PECK said the motion could create a conflict between the LFA and the OBPP. SEN. SWYSGOOD agreed with REP. PECK. SEN. DON BIANCHI noted there was always conflict between the OBPP and the LFA. The motion was an attempt to treat everyone fairly. Previously the budget process left the pay plan increases out of community colleges. REP. KADAS agreed that this was a fairness issue and stated that he was trying to institute a mechanism to treat the community colleges fairly. He added that it wouldn't cost any money this biennium.

**Vote:** The motion FAILED 3 to 3 with SEN. DENNIS NATHE, SEN. SWYSGOOD and REP. PECK opposed.

REP. PECK said that the community colleges were sufficiently different that they should be looked at each biennium.

Ms. Purdy presented the Board of Regents Budget Modification. EXHIBIT 1 No action was taken.

**EXECUTIVE ACTION ON OFFICE OF THE COMMISSIONER OF HIGHER  
EDUCATION**

Tape No. 1:A

Ms. Purdy presented the budget for the OCHE which included the community colleges. EXHIBIT 1 She also explained the addendum which was attached to the budget. EXHIBIT 3 She began with the administration program explaining that the FTE in FY93 was .5 lower than in FY92 because the legislature gave the OCHE one FTE in FY92 for RERS activity and reduced it to .5 FTE in FY93. In addition, the .5 FTE which had been given to the OCHE as a financial assistant had been converted to the second part of the RERS position. Ms. Purdy also explained that it was in this program that additional funds were expended in FY92 for the pay out of the former deputy commissioner of fiscal affairs. She pointed out an error on page E38 of the LFA budget analysis saying that the total pay-out amounted to \$94,000.

**CURRENT LEVEL**

**Motion/Vote:** SEN. SWYSGOOD moved acceptance of the LFA current level. The motion CARRIED unanimously.

Ms. Purdy explained the current level differences in the five percent personal services reduction. EXHIBIT 3 The proposed

five percent reduction by the OCHE was to use the salary difference between the present and former deputy commissioner of fiscal affairs, and also a difference between the present and former commissioner for labor relations and personnel. The proposal was not accepted by the OBPP and no five percent reduction was included in the Stephens' executive budget. The present executive budget included a straight across the board five percent reduction in the program.

In response to questions from the committee, **Ms. Purdy** explained that the LFA budget was \$34,000 lower than the executive budget for personal services each year. With the requested five percent reduction made by the executive, she would remove an additional \$40,000 that was not presently shown on the budget table. No action need be taken to result in this action. She added that the brackets as seen in **EXHIBIT 1** are there because it is a computer generated program. No action was taken on the current level difference.

**Ms. Purdy** presented and explained the current level difference for the talent search indirect funds. **EXHIBIT 1**

#### TALENT SEARCH INDIRECT FUNDS

**Motion/Vote:** **REP. PECK** moved acceptance of the executive budget for the Talent Search Indirect Funds. The motion **CARRIED** unanimously.

**Ms. Purdy** presented the current level differences for data network service fees. **EXHIBIT 2** **REP. PECK** asked if she had in effect picked up the difference in other programs by spreading it out. She agreed. **SEN. BIANCHI** asked if this approach removed this cost from the general fund. **Ms. Purdy** agreed and referred to **EXHIBIT 3, Table 4**, for a detailed comparison. No action was taken.

**Ms. Purdy** presented the current level difference for rent and explained that the LFA current level included rent at the fiscal 1990 level, while the executive budget included the OCHE request. **EXHIBIT 1** **REP. KADAS** asked if water, bonds and other charges were usually included as rent. **Ms. Purdy** said that MHESAC was charging for the items within the rental charge. The LFA current level was in response to the language included in the narrative accompanying House Bill 2 by the 1991 legislature directing that total rent in the 1995 biennium be no more than total rent charges in fiscal 1990. **REP. PECK** asked if the previous facilities that housed the OCHE cost more. **Ms. Purdy** explained that when the OCHE moved to the MHESAC building in FY93, it was anticipated the rental cost would be lower than in the former building. The legislature approved an increase for rent in FY92 and part of FY93, but stipulated that when the move had been accomplished, the rent cost would not be more than the level spent in FY90. The total rent charges in either budget for FY94 and FY95 are less than actual expenditures in FY92.

REP. PECK asked if water was included in the rent of the previous facility. Rod Sundsted, Associate Commissioner for Fiscal Affairs, OCHE, confirmed that water was covered in the rent, but added that the rent in the old building increased in FY91. The LFA based the current level on the lower rent of FY90. Even with the request of the OCHE, the rental cost is below what it would have been in the old building in FY91.

Tape No. 2:A:000

In response to REP. KADAS, Mr. Sundsted explained that the rent at the MHESAC building will be stable for the next 20 years with the exception of some charges for water fees and bond retirement. OCHE pays 17% of the water and bond fees. He noted that these levels were negotiated to maintain the rate at the level it was in the former building. In 20 years the contract will be renegotiated. SEN. BIANCHI asked if this adjustment to the rent would be a one-time adjustment. Mr. Sundsted agreed. CHAIRMAN JOHNSON asked what the total increase in rental costs was for the year. Mr. Sundsted answered that the rent in FY92 was \$91,250. With the \$6,165 request, they would be paying \$90,315 which is less than the FY92 but more than the FY91 figure.

#### RENT INCREASE

Motion/Vote: SEN. BIANCHI moved the inclusion of \$6,165 per year in the budget. The motion FAILED 2 to 4 with SEN. BIANCHI and REP. KADAS voting for the motion.

Ms. Purdy presented the current level for telephone and relocation costs. She explained that these were one time costs and thus were removed from the base. No action was taken. Ms. Purdy presented the equipment current level differences and explained the change in capitol grounds maintenance. EXHIBIT 1 No action was taken.

Tape No 2:A:164

Ms. Purdy presented the budget modification which would house the Montana Career Information System (MCIS) within the OCHE. It would not be a part of the administration program but would be contained within its own program. EXHIBIT 1 In reply to REP. KADAS, Ms. Purdy explained that MCIS is funded through users fees and state grants. Laurie Neils, OCHE, noted that the state grants involved were \$10,000 from OPI for JTPA funds, \$3,655 from SRS for JTPA funds, \$7,000 from a Job Service Grant and \$9,500 from the State Occupational Information Coordinating Council (SOICC).

SEN. SWYSGOOD asked if MCIS had been located in the Department of Labor. Brady Vardemann, Associate Commissioner, Vocational Technical Education, OCHE answered that it had been, but had been moved to the OCHE at the request of SOICC in fall 1993. REP. PECK noted that the grants stemmed from federal funding. SEN. BIANCHI noted that the program had been administered by the Oregon University System and asked if the associated FTE had been

moved to Montana. **John Hutchinson, Commissioner of Higher Education**, explained that the program had always been in Montana but had been administered by the Oregon system. With the combination of user fees and federal funds, the program was self-supporting. The OCHE is the sponsoring agency and the two FTEs would be housed there. **SEN. BIANCHI** asked if this modification gave authorization for spending the funds. **Dr. Hutchinson** agreed.

**SEN. SWYSGOOD** asked if there was something in the last biennium budget which reflected the cost of paying Oregon to administer the program. **Ms. Purdy** replied that OPI and SRS probably had authority within their budgets to expend the funds. **SEN. SWYSGOOD** asked how the expenditure was handled in the last biennium to pay Oregon for its services. **Ms. Purdy** said she assumed either OPI or SRS had authority within their budgets to expend the funds. She explained that it was normal in this situation to have a "double appropriation" in which the funding is approved and then authority is given to expend it.

**CHAIRMAN JOHNSON** asked who the users were who supply 70% of the budget through fees. **Dr. Hutchinson** answered that users included secondary schools, colleges, universities and some community based organizations.

**Ms. Purdy** presented the Board of Regents budget modification and noted there was also a HB 277 which addressed the same issue. **EXHIBIT 1** **SEN. SWYSGOOD** said he would rather have the issue dealt with as a bill and have it reviewed every two years. **REP. KADAS** expressed concern for that approach since the issue of minority enrollment will be critical for the next 10-15 years.

BUDGET MODIFICATION: MINORITY ACHIEVEMENT

Tape No. 2:A:495

**Motion:** **REP. KADAS** moved the approval of the budget modification with the provision that the one FTE secretarial position be removed.

**Discussion:** **REP. PECK** spoke against the motion because of the reductions which will have to be made in the budget. An increase in the base is ill-advised, especially with a bill pending to cover the same issue. **SEN. BIANCHI** spoke to the motion because the motion costs less than the bill would.

**REP. KADAS** withdrew the motion.

BUDGET MODIFICATION: MCIS

**Motion/Vote:** **REP. KADAS** moved the approval of the executive budget modification for MCIS. The motion **FAILED** 3 to 3 with **CHAIRMAN JOHNSON**, **SEN. SWYSGOOD** and **SEN. NATHE** opposed.



REP. KADAS asked what will happen to the funds involved in the program. Dr. Hutchinson explained that the SOICC organization represents the Department of Labor, OPI and OCHE. It was their decision to move it to the OCHE where it had once been housed. He added that no general fund appropriations are involved. Without a sponsoring agency, the program would die and without the program, Perkins funds, which is a \$4 million grant, would be jeopardized. In response to REP. KADAS, Ms. Vardemann explained that both the JTPA federal act and the Perkins act have sections that require states receiving funds to have a SOICC and that part of SOICC's responsibility was to provide a career information system for the state; MCIS is the system. She added that SOICC deliberated for many months which agency would be the most appropriate and finally decided on the OCHE.

SEN. SWYSGOOD asked for clarification on whose budget the MCIS had previously been under. Mr. Sundsted explained that Oregon had handled the disbursements. It was appropriated by the Department of Labor and Oregon processed the claims. The present request is for OCHE to sponsor MCIS and to process claims. REP. PECK said that previously the fees went to Oregon and they administered the program. With this request, the fees would go to OCHE who would administer the program. He stressed that this would not cost the state any money. Mr. Sundsted said he was concerned that MCIS may not find a sponsor at this late date. SEN. BIANCHI also expressed concern about why the committee was voting down a program which was self-supporting.

Ms. Purdy presented the Student Assistance Program EXHIBIT 1 and provided the committee with EXHIBIT 4 which she used to explain the differences between the LFA current level and the executive budget. She referred to Table 1 of EXHIBIT 4 in noting that the executive budget for the Student Assistance Program in the 1995 biennium is \$1.1 million over the 1993 biennium while the LFA is \$835,000 over. Table 2 of EXHIBIT 4 showed the increases by program within the overall Student Assistance Program. She noted the differences between LFA and the executive budget occurs in four main areas. The four areas, detailed in EXHIBIT 1, page 3 and explained by Ms. Purdy, were Carl Perkins Matching Funds, SEOG Matching Funds, Work-Study, and WICHE Student Assistance.

REP. KADAS asked what determined the total level of funding available in the Carl Perkins funds. Bill Lannon, Director of GSL, explained that the participating institutions are contacted to find the amount of the federal allocation and then the state match which is required is calculated. If insufficient funds are available, then the system prorates so that all of the general funds get used. He added that the federal allocation is based on a formula involving the estimated student enrollment and state population and the amount of funds allocated by Congress.

REP. KADAS asked what the base for the two percent increase was. Ms. Purdy explained that it was two percent each year over what was actually expended in FY92. REP. PECK asked if the 15% in

state matching funds must be provided to obtain the full allocation of federal funds. Mr. Lannon answered that the campuses may be able to match the unmatched portion through other resources available to them. REP. PECK asked if this program was administered on an individual campus basis, and not campus-wide. Mr. Lannon said yes and added that the campuses use all of the state funds and federal funds made available to them.

#### STUDENT ASSISTANCE PROGRAM

Motion/Vote: REP. KADAS moved acceptance of the LFA current level. The motion CARRIED unanimously.

Motion/Vote: REP. KADAS moved acceptance of the executive budget for the Carl Perkins General Fund Match. The motion CARRIED unanimously.

Tape No. 2:B:000

Ms. Purdy presented the current level difference for the SEOG Fund Match. EXHIBIT 1, page 3 and EXHIBIT 4

Motion/Vote: REP. KADAS moved acceptance of the executive budget for the SEOG General Fund Match. The motion FAILED 3 to 3 with SEN. SWYSGOOD, SEN. NATHE and REP. PECK opposed.

Ms. Purdy presented the current level differences for work study. EXHIBIT 1, page 3 and EXHIBIT 4

Motion: REP. PECK moved acceptance of the executive budget for Work-Study Funding.

Discussion: REP. PECK explained that with increases in tuition, work study was a very rational way to approach the increased need of students because it allowed them to earn the money they needed for their education.

Vote: The motion CARRIED unanimously.

Ms. Purdy presented the current level differences for WICHE Student Assistance. EXHIBIT 1, page 3 and EXHIBIT 4

In reply to REP. KADAS, Ms. Purdy explained that no current students would be affected by accepting the LFA current level. The amount in the executive budget was higher because of an additional new student. REP. PECK referred to page E43 of the LFA Budget Analysis and asked for clarification concerning the transfers out of the WICHE and WAMI programs for administrative salary settlements. Ms. Purdy explained the students presently in the budget are fully funded under both the executive and the LFA budgets. The impact of the transfers is not seen in the 1994-95 biennium. REP. PECK asked if the extra money dedicated to administrative salaries came from students who did not show up. Ms. Purdy said that was possible and it was also possible that students might have obtained scholarships. She added that

in the last special session language was added to HB 2 that prohibited the OCHE from transferring money from the Student Assistance Program to any other program. No action was taken.

**Ms. Purdy** presented the budget for the Dwight D. Eisenhower Mathematics and Science Education Act and noted that these were 100% federal funds. **EXHIBIT 1, page 7**

#### DWIGHT D. EISENHOWER MATH AND SCIENCE ACT

**Motion/Vote:** **REP. KADAS** moved acceptance of the LFA current level for the Dwight D. Eisenhower Mathematics and Science Act. The motion **CARRIED** unanimously.

**Ms. Purdy** presented the budget for the MUS Group Insurance Program. **EXHIBIT 1, page 7**

#### UNIVERSITY SYSTEM GROUP INSURANCE

**Motion/Vote:** **REP. KADAS** moved acceptance of the LFA current level for the Montana university system Group Insurance Program. The motion **CARRIED** unanimously.

**Ms. Purdy** presented the budget for the Talent Search program and noted that it is a 100% federally funded program.

#### TALENT SEARCH PROGRAM

**Motion/Vote:** **REP. KADAS** moved the acceptance of the LFA current level for the Talent Search Program. The motion **CARRIED** unanimously.

**Ms. Purdy** presented the executive budget modification and explained the two issues for the committee as detailed on **page 8 of EXHIBIT 1**. **REP. KADAS** asked the OCHE what the additional administrative costs would be if the federal grant increases. **Mr. Sundsted** said that OCHE does the payroll, travel vouchers and pays their claims. As the program gets increased funding and FTE, it increases the administrative costs and staff time. **REP. KADAS** asked if the budget modification was adopted, would the committee then need to adopt an additional modification allowing the OCHE to spend the extra indirect costs or to displace general fund with the indirect costs. **Ms. Purdy** said yes.

#### EXECUTIVE BUDGET MODIFICATION

**Motion/Vote:** **REP. KADAS** moved the acceptance of the executive Budget Modification for additional federal funds to the Talent Search Program. The motion **CARRIED** unanimously.

**REP. KADAS** asked the OBPP for their position regarding whether the OCHE be allowed to keep the extra indirect costs or whether the general fund should be displaced. **Mr. Schmitz** indicated that the displacement of the general funds would be appropriate.

**Motion:** SEN. SWYSGOOD moved that an amount equal to any increase in indirect costs obtained through an increase in federal funding be removed from the general fund obligation.

**Discussion:** REP. KADAS asked if the passage of the motion endangered the use of the federal funds. Ms. Purdy said that the indirect costs are available to offset any additional administrative costs incurred by the OCHE. However, in future years, the federal government may adjust the rate of indirect costs it makes available. In reply to a clarification requested by Ms. Purdy, CHAIRMAN JOHNSON noted that the motion was to insert language in the bill.

**Vote:** The motion CARRIED unanimously.

Tape No 2:B:568

Ms. Purdy presented the budget for the administration of the Carl Perkins funds. She explained that the five percent personal services reduction will be included in the LFA current level. She also detailed the difference between the LFA and the executive budget in regards to the reduction in federal Carl Perkins funds. EXHIBIT 1, page 9 REP. KADAS asked how the LFA arrived at its figures for distributing the Carl Perkins funds. Ms. Purdy explained that the LFA took the total amount available which would include the \$60,000 for gender equity activities. Using FY95 as an example, \$250,000 is anticipated as being available. This amount was allocated in the same proportions as appropriated in FY 92: 30% to OCHE and 70% to OPI. She presented EXHIBIT 5 to provide additional clarification regarding the allocation. If the same proportions are used for FY94, as for FY92, then \$79,025 would be available to the OCHE of which \$60,000 must be expended for the gender equity coordinator, and \$184,392 would go to OPI. This would leave the OCHE with \$19,025 for administrating the remainder of Carl Perkins fund activities.

Ms. Purdy noted that the exhibit also detailed the OCHE proposal which removed the \$60,000 from the sum to be divided.

#### CARL PERKINS ADMINISTRATION FUNDS

**Motion:** REP. KADAS moved that the committee split the \$263,417 of federal funds in FY94 and \$250,000 of federal funds in FY95 so that OPI receives 68% and OCHE receives 32% and that an equal match of general funds be made.

**Discussion:** REP. KADAS explained that the motion doesn't change the amount of general fund match. It changes the proportion going to the OCHE.

**Vote:** The motion CARRIED unanimously.

Ms. Purdy imparted the impact of the motion to the committee saying that OCHE will receive \$84,293 in FY94 and \$179,000 in

FY95; OPI will receive \$179,000 in FY94 and \$170,000 in FY 95.

**Ms. Purdy** presented the budget for the Guaranteed Student Loan Program which was 100% federally funded. She explained the current level differences between the LFA and executive budgets. **EXHIBIT 1, page 10**

GUARANTEED STUDENT LOAN PROGRAM (GSLP)

**Motion/Vote:** **REP. KADAS** moved to accept the LFA current level budget for this program. The motion **CARRIED** unanimously.

**Ms. Purdy** presented executive budget modification one. **EXHIBIT 1, page 10**

**CHAIRMAN JOHNSON** asked if the state was responsible if a student defaulted on his/her loan. **Mr. Lannon** answered that the state was not responsible for the defaults but the Board of Regents and its reserves were. When a student defaults, the OCHE has an agreement with the federal Department of Education to reinsure.

BUDGET MODIFICATION ONE: GSLP

**Motion:** **REP. PECK** moved approval of the first executive budget modification. **EXHIBIT 1, page 10**

**Discussion:** **REP. PECK** explained that the state had been assured that it would not become responsible for any defaults. He applauded moving the program back to Montana and said the committee would have to accept the judgement of those in charge of the program that the FTEs was a reasonable figure.

**Vote:** The motion **CARRIED** unanimously.

**Tape No 3:A:016**

**Ms. Purdy** presented and explained the second executive budget modification. **EXHIBIT 1, page 10**

BUDGET MODIFICATION TWO: GSLP

**Motion/Vote:** **REP. PECK** moved adoption of the second executive budget modification. **EXHIBIT 1, page 10** The motion **CARRIED** unanimously.

**Ms. Purdy** presented the budget for the Board of Regents' administration. **EXHIBIT 1, page 12** In reply to **REP. KADAS**, **Ms. Purdy** explained that this program had once been a separate agency and then had been placed within the OCHE.

BOARD OF REGENTS ADMINISTRATION

**Motion/Vote:** **REP. KADAS** moved acceptance of the LFA current level budget for the Board of Regents' administration. The

motion **CARRIED** unanimously.

**Ms. Purdy** presented the budget for the Board of Regents' bond payments. She explained that these were for the Billings, Butte and Great Falls Vo-Tech Centers. **REP. KADAS** asked for the time frame for the refinancing of the Butte bonds. **Mr. Sundsted** said he would provide that information to the committee within a week. **SEN. BIANCHI** asked if the refinancing would lower the interest rate so the debt would be paid off faster. **Mr. Sundsted** replied that it could lower the payments.

#### BOARD OF REGENTS BOND PAYMENTS

**Motion:** **REP. PECK** moved adoption of the executive budget for the Board of Regents' bond payments, with the provision that in case of refinancing any payment savings will revert to the general fund.

**Discussion:** **CHAIRMAN JOHNSON** asked if refinancing would be possible without coming back to the subcommittee. **Mr. Sundsted** replied that a committee bill might be needed.

**Vote:** The motion **CARRIED** unanimously.

**Ms. Purdy** presented the budget for the Vo-Tech Center Administration and explained that although the five percent personal services was not shown on the table, it will be included in the LFA current level. **EXHIBIT 1, page 14**

#### VO-TECH CENTER ADMINISTRATION

**Motion/Vote:** **REP. KADAS** moved adoption of LFA current level for Vo-Tech Center Administration including the five percent personal services reduction. The motion **CARRIED** unanimously.

**SEN. SWYSGOOD** suggested the committee reconsider some of the positions removed by joint committee action. **EXHIBIT 1, page 15**  
**Mr. Sundsted** asked what the status of the vacant positions was. **CHAIRMAN JOHNSON** noted that the positions have been removed unless the committee takes action.

**Mr. Sundsted** explained that, although position 00003 showed as vacant, this .5 FTE position had never been vacant. Responsibilities had been shifted within the office and the paper work filed in September. Processing has not yet occurred on the position, so it showed as vacant during the targeted pay period. He added that position 80003 was the gender equity position. If \$60,000 is not spent in this position, Carl Perkins Funds will be in jeopardy. **REP. KADAS** asked how long the Gender Equity Position had been vacant. **Mr. Sundsted** noted that the position had been vacant for three to four weeks, but is presently filled on a temporary basis.

**Ms. Vardemann** explained that position 80005 provided secretarial

assistance to the entire office of technical education. She added that an individual had accepted the position on December 23, 1992 before the **SWYSGOOD** motion had been made.

**SEN. SWYSGOOD** asked why the gender equity position was under the category for all or partial general fund positions when \$60,000 came from federal funds. **Mr. Sundsted** explained that the program is 50% federal and 50% general fund. The position, however, is entirely funded with federal Carl Perkins funds.

#### RESTORATION OF REMOVED POSITIONS

**Motion:** **SEN. BIANCHI** moved the reinstatement of positions 00003, 80003 and 80005.

**Discussion:** **SEN. BIANCHI** noted that the reinstatement of these positions was justified. **Ms. Purdy** noted that position 00003 is in the budget as being funded 100% with general funds. She asked where the position is presently in the OCHE and how it is funded. **Mr. Sundsted** answered that the .5 FTE is now within position 12147. It was a GSL position and is now support. He added that it will continue to be funded by the general fund.

**Vote:** The motion **FAILED** 3 to 3 with **CHAIRMAN JOHNSON, SEN. SWYSGOOD** and **SEN. NATHE** opposed.

**Ms. Purdy** asked for clarification on the vote. With the removal of the three positions, there was excess funding in the Carl Perkins Administration program. She asked the committee if she should make the appropriate adjustment.

**Motion:** **REP. KADAS** moved the reinstatement of position 80003.

**Discussion:** **Ms. Purdy** noted that if the position remains out, she would make the adjustment by removing half of the funding for the position from the Carl Perkins funding and half from the general fund because that is the way the program is funded. **SEN. SWYSGOOD** asked what would happen to the Carl Perkins money that is removed. **Ms. Purdy** answered that it would be unallocated. **REP. KADAS** added that it can't be used unless there is a general fund match.

**Vote:** The motion **CARRIED** unanimously.

**Motion:** **REP. KADAS** moved the reinstatement of position 80005.

**Discussion:** **SEN. SWYSGOOD** asked when the person in this position was hired. **Ms. Vardemann** responded that the offer was made on December 23, 1992. She added that this position represented the only secretarial help in vo-tech administration and Carl Perkins administration.

**Vote:** The motion **CARRIED** unanimously.

**Doug Schmitz, OBPP**, informed the committee that the paper work had been submitted for position 00003.

**Motion/Vote:** **SEN. SWYSGOOD** moved the reinstatement of position 00003. The motion **CARRIED** 5 to 1 with **CHAIRMAN JOHNSON** opposed.

In reply to **SEN. SWYSGOOD**, **Mr. Sundsted** explained that all the non-general fund positions were either funded through federal Talent Search funds or through federal Guaranteed Student Loan funds. He added that the modifications which had previously been adopted have these positions in them and if the positions are removed then the authority will be removed. **Ms. Purdy** further clarified the issue by explaining that the positions were inherent within the LFA current level which the committee had adopted, but the joint committee action had removed these positions. The positions were not reinstated through the adoption of the budget modifications on GSL and Talent Search.

**Motion/Vote:** **SEN. SWYSGOOD** moved the reinstatement of the non-general fund positions. **EXHIBIT 1, page 15** The motion **CARRIED** unanimously.

**BUDGET MODIFICATION: MCIS**

**Motion:** **SEN. SWYSGOOD** moved to approve the executive budget modification with the provision that the agency be located in the Department of Labor in the Employment Services Division and that they be responsible for administering the program.

**Discussion:** **REP. KADAS** asked if another committee would have to act. **Ms. Purdy** explained that the effect of the motion would be that it would not be added here, but require insertion by either the Human Services Subcommittee or the House Appropriations Committee. **REP. KADAS** asked **SEN. SWYSGOOD** why he felt the agency should be in the Department of Labor rather than in the OCHE. **SEN. SWYSGOOD** answered that the Department of Labor normally deals with these types of issues such as job training. **SEN. BIANCHI** asked if the OCHE could supply information about why MCIS had once been removed from the Department of Labor.

**Ms. Vardemann** explained that MCIS had been in the OCHE in the early 80's, but federal funding stopped after three years. The Department of Labor picked up the program and through user fees and other federal funding kept the program going with Oregon administering it. Two years ago, SOICC reviewed the issue and recommended it be housed in the OCHE. Since it has been in the OCHE, there has been an increased use of the program, whereas while it was in the Department of Labor, it did not prosper. The other option for sponsorship which had been considered was OPI.

**REP. PECK** supported **SEN. SWYSGOOD'S** motion. He noted that it would be reviewed in full committee and might become an issue in a conference committee.



Vote: The motion CARRIED 5 to 1 with CHAIRMAN JOHNSON opposed.

LANGUAGE INSERTION

Motion/Vote: REP. PECK moved the insertion into HB 2 language that prohibits the transfer of funds from student assistance accounts to other accounts. The motion CARRIED unanimously.

ADJOURNMENT

Adjournment: 12 noon

  
\_\_\_\_\_  
REP. ROYAL JOHNSON, Chair

  
\_\_\_\_\_  
JACQUELINE BREHE, Secretary

/jb

# HOUSE OF REPRESENTATIVES

EDUCATION

SUB-COMMITTEE

ROLL CALL

DATE

1-28

NAME	PRESENT	ABSENT	EXCUSED
REP. ROYAL JOHNSON, CHAIRMAN	✓		
SEN. DON BIANCHI, VICE CHAIRMAN	✓		
REP. MIKE KADAS	✓		
SEN. DENNIS NATHE			✓
REP. RAY PECK	✓		
SEN. CHUCK SWYSGOOD	✓		

5102 01 00000		Administration Program						
COMMISSIONER OF HIGHER ED								
Program Summary								
Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	15.05	14.55	14.55	14.55	0.00	14.55	14.55	0.00
Personal Services	821,966	747,845	727,788	725,571	2,217	729,471	727,254	2,217
Operating Expenses	286,505	328,960	412,585	324,706	87,879	326,963	305,485	21,478
Equipment	45,554	6,000	6,332	5,900	432	6,486	5,900	586
Total Costs	<u>\$1,154,027</u>	<u>\$1,082,805</u>	<u>\$1,146,705</u>	<u>\$1,056,177</u>	<u>\$90,528</u>	<u>\$1,062,920</u>	<u>\$1,038,639</u>	<u>\$24,281</u>
<u>Fund Sources</u>								
General Fund	<u>1,154,027</u>	<u>1,082,805</u>	<u>1,146,705</u>	<u>1,056,177</u>	<u>90,528</u>	<u>1,062,920</u>	<u>1,038,639</u>	<u>24,281</u>
Total Funds	<u>\$1,154,027</u>	<u>\$1,082,805</u>	<u>\$1,146,705</u>	<u>\$1,056,177</u>	<u>\$90,528</u>	<u>\$1,062,920</u>	<u>\$1,038,639</u>	<u>\$24,281</u>

### Page References

LFA Current Level E-38  
Executive Budget E28

### Current Level Differences

5 PERCENT PERSONAL SERVICES REDUCTION—The executive budget eliminates \$40,091 each year from personal services as this program's share of the 5 percent reduction required in Section 13 of House Bill 2. The executive calculated this figure based upon this program's share of the total agency 5 percent general fund reduction. For a further discussion, see the Addendum—CHE document.

(40,091) (40,091)

PERSONAL SERVICES REDUCTION—The LFA current level reduces personal services by \$33,963 each year, which is the approximate amount by which salary increases (plus benefits) awarded to staff in the 1993 biennium exceeded the average increase awarded to state employees.

33,963 33,963

TALENT SEARCH INDIRECT FUNDS—The federal government provides indirect costs within the total talent search grant to offset a portion of CHE overhead costs in the Administration program. LFA current level assumes the same level of indirect offset of costs within this program as experienced in fiscal 1992. The executive includes all offsets within operating expenses, but includes no personal services offsets, causing the difference shown. Total offsets are shown below.

8,346 8,346

	Fiscal 1994	Fiscal 1995
Personal Services	\$8,346	\$8,346
Operating Expenses	12,539	12,539
Total	\$20,885	\$20,885

AUDIT COSTS—The executive budget includes audit costs for the Guaranteed Student Loan program and for the community colleges twice, both here and in the individual programs.

66,854

DATA NETWORK SERVICE FEES—Each agency is assessed data network service fees by the Department of Administration based upon the number of computer terminals in the agency. The LFA current level includes the Guaranteed Student Loan and MUS Group Insurance programs' share of these costs in those programs. The executive budget includes all fees in this program. There is no difference in the overall level between the two budgets. However, the source of funding differs between the two approaches. For further discussion, please see the Addendum.

8,602 8,602

RENT—In fiscal 1993, CHE moved to the new Montana Higher Education Student Assistance Corporation (MHESAC) building. The 1991 legislature specified that rent in the new building would not exceed the actual fiscal 1990 level. Consequently, LFA current level includes a total of \$84,150 rent charges. The executive budget includes the agency request of \$90,315, which reflects both the basic building rent and certain other related charges, such as building insurance, water, and bond fees. Total rent in fiscal 1992 totaled \$91,250.

6,165 6,165

TELEPHONE/RELOCATION EXPENSES—LFA current level removes telephone add/move/change charges of \$1,137 and relocation expenses of \$3,513, both retained in the executive budget.

4,650 4,650

EQUIPMENT—LFA current level includes the average of fiscal 1990, 1991, and 1992 actual expenditures for

432 586

EXHIBIT

DATE

SB

1-28-93

equipment. The executive includes the average of the appropriation for that same time period.

INFLATION

EXHIBIT 1

997 1,450

MISCELLANEOUS DIFFERENCES

DATE 1-28-93

610 610

TOTAL CURRENT LEVEL DIFFERENCES

90,528 24,281

CAPITOL GROUNDS MAINTENANCE—Both the executive budget and the LFA current level include \$36,823 in fiscal 1994 and \$37,118 in fiscal 1995 for the Montana University System's share of capitol grounds and maintenance costs, as calculated by the Department of Fish, Wildlife, and Parks (FWP). Upon the recommendation of the joint House Appropriations and Senate Finance and Claims committees, the Natural Resources subcommittee has recalculated these costs, with the result that no charge will be made to the MUS. This charge still appears in the table above, but will be eliminated from the LFA current level in the final subcommittee action report.

Budget Modification

MCIS—The Montana Career Information System (MCIS) is a private organization that collects and disseminates labor market and educational data on such topics as occupational and industry descriptions, and postsecondary schools. The MCIS is funded through user fees and state grants. Prior to fiscal 1993, the MCIS was administratively aligned with the Oregon University System and did not record any expenditures on the state accounting system. In fiscal 1993, the Board of Regents certified a budget amendment adding the MCIS to CHE. This modification adds 2.00 FTE and proprietary funds of \$99,949 in fiscal 1994 and \$100,015 in fiscal 1995 to continue current operations of the MCIS within CHE. No additional general fund has been added to CHE to provide administrative and accounting oversight.

99,949 100,015

Although this budget modification is contained within this program for illustrative purposes in this narrative, it would not be a part of the Administration program within CHE, but would be contained within its own program.

Board of Regents Budget Modification

MINORITY ACHIEVEMENT—The 1991 legislature enacted House Bill 125, which provided a biennial general fund appropriation to support the staff and operation of the director of American Indian/Minority Achievement. This budget modification would continue that function. The Regents are requesting 2.00 FTE and \$87,824 each year, which is equal to the original 1993 biennium appropriation of \$175,648. In fiscal 1992, CHE recommended and the legislature approved reducing the biennial appropriation for this project to \$161,596 as part of CHE's budget reduction during the January special session.

87,824 87,824

House Bill 277, introduced by Representative Gervais, would appropriate \$175,648 over the biennium to continue this function.

5102 02 00000								
COMMISSIONER OF HIGHER ED								
Program Summary								
	Current	Current	Executive	LFA	Difference	Executive	LFA	Difference
Budget Item	Level	Level	Fiscal 1994	Fiscal 1994	Fiscal 1994	Fiscal 1995	Fiscal 1995	Fiscal 1995
	Fiscal 1992	Fiscal 1993						
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	71,500	75,000	75,000	75,000	0	75,000	75,000	0
Grants	4,901,930	4,993,398	5,509,156	5,381,515	127,641	5,612,170	5,444,103	168,067
Total Costs	\$4,973,430	\$5,068,398	\$5,584,156	\$5,456,515	\$127,641	\$5,687,170	\$5,519,103	\$168,067
<u>Fund Sources</u>								
General Fund	4,741,338	4,788,398	5,279,156	5,151,515	127,641	5,382,170	5,214,103	168,067
Federal Revenue Fund	232,092	280,000	305,000	305,000	0	305,000	305,000	0
Total Funds	\$4,973,430	\$5,068,398	\$5,584,156	\$5,456,515	\$127,641	\$5,687,170	\$5,519,103	\$168,067

### Page References

LFA Current Level E-41  
Executive Budget E29

### Current Level Differences

**CARL PERKINS GENERAL FUND MATCH**—In the 1995 biennium, the state general fund match required on federal Perkins student assistance increases from 10 percent in fiscal 1992 to 15 percent in fiscal 1994 and 25 percent in fiscal 1995. In determining the total match required, LFA current level assumes an increase in total federal funds and general fund of 2 percent each year from the fiscal 1992 level, and includes general fund at the appropriate matching rate both years. The executive budget incorporates the university units' estimates of total Perkins funds in the 1995 biennium, and includes general fund at the appropriate matching rate for that total. The total distribution is shown below. The federal funds are not directly appropriated.

	—LFA Current Level—			—Executive Budget—	
	Fiscal 1992	Fiscal 1994	Fiscal 1995	Fiscal 1994	Fiscal 1995
General Fund	74,072	115,597	196,514	121,765	240,000
Federal Funds	666,648	655,048	589,543	690,002	720,000
Total	\$740,720	\$770,645	\$786,058	\$811,767	\$960,000

**SEOG GENERAL FUND MATCH**—In fiscal 1992, the required state general fund match on federal Supplemental Educational Opportunity Grant (SEOG) funds totaled 15 percent. That rate will increase to 25 percent in the 1995 biennium. As with the Carl Perkins funds, in determining the total match required the LFA current level assumes an increase in total federal SEOG and general fund of 2 percent per year from the actual fiscal 1992 level, and includes general fund at the federal match rate both years. The executive incorporates the university units' estimates of total available SEOG funds, and provides general fund at the federal matching rate against that total. The total distribution is shown below. The federal funds are not directly appropriated.

	—LFA Current Level—			—Executive Budget—	
	Fiscal 1992	Fiscal 1994	Fiscal 1995	Fiscal 1994	Fiscal 1995
General Fund	162,646	282,028	287,669	366,667	366,667
Federal Funds	921,660	846,084	863,006	1,100,001	1,100,001
Total	\$1,084,306	\$1,128,112	\$1,150,674	\$1,466,668	\$1,466,668

**WORK STUDY**—The executive budget includes the agency requested level in the work study program, while the LFA current level includes the actual fiscal 1992 total, inflated by 2 percent each year.

**WICHE STUDENT ASSISTANCE**—The executive budget includes the requested number of new (10 each year) and continuing (32 each year) veterinary students in the WICHE program. The LFA current level includes the fiscal 1993 appropriated level of 9 new students each year, with a corresponding reduction of one continuing student in fiscal 1995 compared to the requested level.

### MISCELLANEOUS DIFFERENCE

Exec. Over(Under) LFA  
Fiscal 1994 Fiscal 1995

6,168 43,486

84,639 78,998

18,434 8,803

18,400 36,800

20

TOTAL CURRENT LEVEL DIFFERENCES

127,641

168,067

EXHIBIT 1

DATE 1-28-93

SB \_\_\_\_\_

5102 03 00000

## COMMISSIONER OF HIGHER ED

## Dde Mathematics &amp; Sci Ed Act

## Program Summary

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	14,484	0	0	0	0	0	0	0
Operating Expenses	1,772	1,500	1,619	1,619	0	1,562	1,562	0
Equipment	84	0	85	88	(3)	85	91	(6)
Grants	<u>233,500</u>	<u>248,342</u>	<u>295,096</u>	<u>295,096</u>	<u>0</u>	<u>295,153</u>	<u>295,153</u>	<u>0</u>
Total Costs	\$249,841	\$249,842	\$296,800	\$296,803	(\$3)	\$296,800	\$296,806	(\$6)
<u>Fund Sources</u>								
Federal Revenue Fund	<u>249,841</u>	<u>249,842</u>	<u>296,800</u>	<u>296,803</u>	(3)	<u>296,800</u>	<u>296,806</u>	(6)
Total Funds	\$249,841	\$249,842	\$296,800	\$296,803	(\$3)	\$296,800	\$296,806	(\$6)

Page References

LFA Current Level E-44  
Executive Budget E32

Current Level DifferencesMISCELLANEOUS DIFFERENCES

Exec. Over(Under) LFA  
Fiscal 1994 Fiscal 1995

(3) (6)

5102 04 00000

COMMISSIONER OF HIGHER ED  
Program Summary

## Community College Assistance

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	<u>3,661,548</u>	<u>3,900,108</u>	<u>3,815,368</u>	<u>4,418,230</u>	<u>(602,862)</u>	<u>3,782,489</u>	<u>4,384,680</u>	<u>(602,191)</u>
Total Costs	\$3,661,548	\$3,900,108	\$3,815,368	\$4,418,230	(\$602,862)	\$3,782,489	\$4,384,680	(\$602,191)
<u>Fund Sources</u>								
General Fund	<u>3,661,548</u>	<u>3,900,108</u>	<u>3,815,368</u>	<u>4,418,230</u>	<u>(602,862)</u>	<u>3,782,489</u>	<u>4,384,680</u>	<u>(602,191)</u>
Total Funds	\$3,661,548	\$3,900,108	\$3,815,368	\$4,418,230	(\$602,862)	\$3,782,489	\$4,384,680	(\$602,191)

Page References

LFA Current Level—Page E-45  
Executive Budget—Page E32

Current Level Differences

There are three factors causing the difference between the LFA current level and the Executive Budget: 1) per student cost factors; 2) general fund support percentage; and 3) audit costs.

PER STUDENT COST FACTORS—The LFA current level includes a per student cost factor of \$4,163 each year, which is the level appropriated by the 1991 legislature for fiscal 1993. The Executive Budget includes a per student cost factor of \$4,031, which is the level appropriated by the 1991 legislature for fiscal 1992.

(139,029) (139,029)

GENERAL FUND SUPPORT PERCENTAGE—The LFA current level includes a general fund support percentage of 55% each year, which is the level appropriated by the 1991 legislature for fiscal 1993. The executive includes a support percentage of 49%, which is the level necessary to derive a biennial budget approximately equal to the fiscal 1992 level as appropriated by the 1991 legislature. The appropriated level in fiscal 1992 was 51 %. The actual fiscal 1992 level after all special session reductions was approximately 49.4 percent. The appropriated fiscal 1993 level after all special session reductions is approximately 50.9 percent. The fiscal 1991 appropriated rate was 47%.

(463,162) (463,162)

AUDIT COSTS—LFA current level includes all legislative audit costs at \$61,000 over the biennium, which is the level remaining in the total allocation by the Office of the Legislative Auditor (OLA) after expenditures budgeted by CHE in the Administration (\$22,764) and Guaranteed Student Loan (\$5,854) are removed. The executive includes a level of \$67,100 over the biennium. This audit cost is multiplied by the general fund support percentage in each budget. Consequently, although the LFA current level includes a lower audit cost, it is multiplied by a higher percentage, resulting in an overall higher audit cost.

(671)

TOTAL CURRENT LEVEL DIFFERENCES

(602,862) (602,191)

Budget Modifications

The executive did not propose budget modifications in this program.

Board of Regents Budget Modifications

The Board of Regents have proposed funding the community colleges using the fiscal 1993 formula factor values as appropriated by the 1991 legislature in regular session. Using these factors would equate to a total of \$4,384,680 per year. This is the level currently included in the LFA current level, and does not include any FTE associated with the satellite campuses in Lincoln County or in Sidney (see Addendum).

602,412 602,191



5102 05 00000

COMMISSIONER OF HIGHER ED  
Program Summary

## Mus Group Insurance Program

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	3.50	3.50	3.50	3.50	0.00	3.50	3.50	0.00
Personal Services	104,874	107,853	116,444	116,444	0	116,806	116,807	(1)
Operating Expenses	1,211,161	1,117,434	1,351,242	1,352,001	(759)	1,402,281	1,403,040	(759)
Equipment	156	5,000	0	0	0	0	0	0
Benefits and Claims	<u>11,762,879</u>	<u>14,964,223</u>	<u>16,508,430</u>	<u>16,508,430</u>	<u>0</u>	<u>18,324,357</u>	<u>18,324,357</u>	<u>0</u>
Total Costs	\$13,079,071	\$16,194,510	\$17,976,116	\$17,976,875	(\$759)	\$19,843,444	\$19,844,204	(\$760)
<u>Fund Sources</u>								
Proprietary Fund	<u>13,079,071</u>	<u>16,194,510</u>	<u>17,976,116</u>	<u>17,976,875</u>	<u>(759)</u>	<u>19,843,444</u>	<u>19,844,204</u>	<u>(760)</u>
Total Funds	\$13,079,071	\$16,194,510	\$17,976,116	\$17,976,875	(\$759)	\$19,843,444	\$19,844,204	(\$760)

Page References

LFA Current Level E-48  
Executive Budget E34

Current Level Differences

DATA NETWORK SERVICE FEES—Each agency is assessed data network service fees by the Department of Administration based upon the number of computer terminals in the agency. The LFA current level includes this program's share of those fees in this program. The executive budget includes all data network service fees in the Administration program. There is no difference in the overall level between the two budgets. The LFA current level funds this portion of the fees (and a portion allocated to the Guaranteed Student Loan program) to non-general fund sources. The fees are funded with general fund in the Administration program.

MISCELLANEOUS DIFFERENCES

TOTAL CURRENT LEVEL DIFFERENCES

Exec. Over(Under) LFA  
Fiscal 1994 Fiscal 1995

(1,229) (1,229)

470 470

(759) (759)

5102 06 00000								
COMMISSIONER OF HIGHER ED			Talent Search					
Program Summary								
	Current	Current						
	Level	Level	Executive	LFA	Difference	Executive	LFA	Difference
Budget Item	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1994	Fiscal 1994	Fiscal 1995	Fiscal 1995	Fiscal 1995
FTE	7.45	7.45	7.45	7.45	0.00	7.45	7.45	0.00
Personal Services	165,412	195,939	224,968	224,968	0	225,165	225,165	0
Operating Expenses	61,350	61,546	65,770	65,452	318	66,419	66,101	318
Equipment	<u>6,643</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	\$233,407	\$257,485	\$290,738	\$290,420	\$318	\$291,584	\$291,266	\$318
Fund Sources								
Federal Revenue Fund	<u>233,407</u>	<u>257,485</u>	<u>290,738</u>	<u>290,420</u>	<u>318</u>	<u>291,584</u>	<u>291,266</u>	<u>318</u>
Total Funds	\$233,407	\$257,485	\$290,738	\$290,420	\$318	\$291,584	\$291,266	\$318

### Page References

LFA Budget Analysis Page E-51  
Executive Budget Page E35

### Current Level Differences

The total difference between the executive budget and the LFA current level totals \$318 each year, or less than 0.1% of the total budget and 0.5% of the operating expense budget.

### MISCELLANEOUS DIFFERENCES

318 318

### Budget Modifications

**ADDITIONAL TALENT SEARCH FEDERAL FUNDS** – The executive budget includes a budget modification to add additional federal talent search funds due to an anticipated increase in the federal grant in the 1995 biennium equal to the total grant award received in fiscal 1993, plus 10 percent each year assumed growth.

119,014 158,184

### Issues

**BUDGET MODIFICATION** – Two issues related to the budget modification are summarized below.

1) The executive budget modification overallocates total funds estimated by the Office of the Commissioner of Higher Education (CHE) in the 1995 biennium, as shown in the following table.

	Fiscal 1994	Fiscal 1995
Estimated Grant (CHE)	400,124	440,136
Executive Current Level	290,738	291,584
Executive Modification	119,014	158,184
Total Executive	409,752	449,768
Executive Over (Under) Estimated Grant	9,628	9,632

2) The federal government provides indirect costs within the total talent search grant to offset a portion of CHE overhead costs associated with the program. These indirect costs are used to offset certain costs within the administration program. The additional anticipated grant includes additional indirect costs of \$8,816 in fiscal 1994 and \$11,718 in fiscal 1995. The issue for committee consideration is whether these additional indirect funds will be used to offset a portion of the expenses of the administration program. According to CHE, the additional grant award will entail certain additional expenses within the administration program, as well.

**COMMISSIONER OF HIGHER ED**  
**Program Summary**

C.D. Perkins Admin

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	3.20	3.20	3.20	3.20	0.00	3.20	3.20	0.00
Personal Services	122,185	114,541	126,963	108,325	18,638	127,171	99,489	27,682
Operating Expenses	46,633	47,634	47,489	47,050	439	48,275	47,836	439
Equipment	4,396	0	2,804	2,675	129	1,546	2,675	(1,129)
Grants	1,633,793	1,893,923	1,893,623	1,893,923	(300)	1,893,623	1,893,923	(300)
Transfers	2,811,321	3,127,953	3,127,953	3,127,953	0	3,127,953	3,127,953	0
<b>Total Costs</b>	<b>\$4,618,329</b>	<b>\$5,184,051</b>	<b>\$5,198,832</b>	<b>\$5,179,926</b>	<b>\$18,906</b>	<b>\$5,198,568</b>	<b>\$5,171,876</b>	<b>\$26,692</b>
<b>Fund Sources</b>								
General Fund	86,387	80,945	85,651	79,025	6,626	85,523	75,000	10,523
Federal Revenue Fund	4,531,942	5,103,106	5,113,181	5,100,901	12,280	5,113,045	5,096,876	16,169
<b>Total Funds</b>	<b>\$4,618,329</b>	<b>\$5,184,051</b>	<b>\$5,198,832</b>	<b>\$5,179,926</b>	<b>\$18,906</b>	<b>\$5,198,568</b>	<b>\$5,171,876</b>	<b>\$26,692</b>

**Page References**

LFA Current Level E-52  
 Executive Budget E40

**Current Level Differences**

**5 PERCENT PERSONAL SERVICES REDUCTION**—The executive budget has eliminated \$5,728 each year from personal services as this program's share of the 5 percent reduction required in Section 13 of House Bill 2. The executive calculated this figure based upon this program's share of the total agency 5 percent reduction. For a further discussion, see the Addendum—CHE document.

(5,728) (5,728)

**REDUCTION IN FEDERAL CARL PERKINS FUNDS**—LFA current level reduces personal services each year by the anticipated reduction in federal Carl Perkins administration funds and the corresponding general fund match. This reduction assumes that the administration funds will be shared between CHE and OPI in the same percentage allocations as actual expenditures in fiscal 1992. For a further discussion, see the Addendum.

24,366 33,410

**EQUIPMENT**—LFA current level includes equipment in this program at the average of fiscal 1990, 1991, and 1992 expenditures in the previous Vocational Technical Administration program (fiscal 1990 and fiscal 1991) and the current Carl Perkins Administration and Vocational Technical Center Administration programs (fiscal 1992). The executive budget includes equipment at the agency requested level.

129 (1,129)

**MISCELLANEOUS DIFFERENCES**

139 139

**TOTAL CURRENT LEVEL DIFFERENCES**

18,906 26,692

**BENEFITS AND TRANSFERS**—Both the executive budget and the LFA current level include benefits (which are Carl Perkins grants made directly by CHE) and transfers (which are made to OPI for granting to secondary schools) at the fiscal 1993 appropriated level. The difference of \$300 per year (which is included in "miscellaneous differences" above) is due to an input difference.

5102 12 00000

## COMMISSIONER OF HIGHER ED

## Guaranteed Student Loan Pgm

DATE 1-28-93

## Program Summary

SB

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	36.45	36.45	36.45	36.45	0.00	36.45	36.45	0.00
Personal Services	924,160	967,152	1,016,962	1,016,964	(2)	1,019,704	1,019,705	(1)
Operating Expenses	682,094	690,113	824,973	822,470	2,503	837,462	834,960	2,502
Equipment	<u>119,606</u>	<u>135,000</u>	<u>44,437</u>	<u>44,262</u>	<u>175</u>	<u>33,966</u>	<u>33,977</u>	<u>(11)</u>
Total Costs	\$1,725,861	\$1,792,265	\$1,886,372	\$1,883,696	\$2,676	\$1,891,132	\$1,888,642	\$2,490
<b>Fund Sources</b>								
Federal Revenue Fund	<u>1,725,861</u>	<u>1,792,265</u>	<u>1,886,372</u>	<u>1,883,696</u>	<u>2,676</u>	<u>1,891,132</u>	<u>1,888,642</u>	<u>2,490</u>
Total Funds	\$1,725,861	\$1,792,265	\$1,886,372	\$1,883,696	\$2,676	\$1,891,132	\$1,888,642	\$2,490

Page References

LFA Current Level E-54  
Executive Budget E81

Current Level Differences

The difference between the executive budget and the LFA current level is primarily due to two offsetting differences.

**DATA NETWORK SERVICE FEES**—Each agency is assessed data network service fees by the Department of Administration based upon the number of computer terminals in the agency. The LFA current level includes this program's share of those fees in this program. The executive budget includes all data network service fees in the Administration program. There is no difference in the overall level of fees included between the two budgets. The LFA current level funds this portion of the fees (and a portion allocated to the MUS Group Insurance program) with non-general fund sources. Fees are funded with general fund in the Administration program.

(7,373) (7,373)

**GENERAL TRAVEL EXPENSES**—The LFA current level eliminated all expenses coded within the "general" expenditure category within this agency. The executive maintained this expense.

9,770 9,770

INFLATIONARY DIFFERENCES

6 5

MISCELLANEOUS DIFFERENCES

273 88

TOTAL CURRENT LEVEL DIFFERENCES

2,676 2,490

Budget Modifications

The executive budget includes two budget modifications for this program.

722,567 797,436

**GUARANTEED STUDENT LOAN 1**—The executive budget includes additional federal spending authority to reflect the addition of a federal student loan program and increased escrow and collection activities. Reauthorization of the federal student loan program created the Stafford Student Loan Program, which will result in additional annual loan volume in this program. In addition to an increase in FTE of 9.00 in fiscal 1994 and 12.00 in fiscal 1995, the modification includes funds to contract for development of student loan software, pay increases in reinsurance fees, provide educational materials, fund additional communications costs, and purchase computer equipment and furniture. The modification also includes additional funds to increase: 1) escrow disbursement due to the Stafford program and the addition of two lenders; and 2) in-house collection services from 20 percent of defaulted borrowers to 60 percent. Funding is derived from loan guarantee fees.

766,996 767,080

**GUARANTEED STUDENT LOAN 2**—This modification continues two budget amendments added in fiscal 1993 for the following purposes: 1) to maintain 4.0 FTE added for clerical, accounting, collection, and imaging duties; 2) to increase contracted services for the Montana Higher Education Student Assistance Corporation (MHESAC) to 7.0 FTE with shared duties, and increased computer network dues, reinsurance fees, and contract services with the current software provider; 3) to purchase supplies and materials for the additional employees; 4) to fund additional communications costs and computer upgrades; and 5) for an adjustment to account for collection expenses. A total of 4.00 FTE are added each year. Funding is derived from loan

guarantee fees.

As part of its submission of a 5 percent reduction in personal services as required in Section 13 of House Bill 2 (which the executive determined did not comply with statutory requirements), CHE included 2.0 FTE in this program. As stated, these budget modifications add a total of 13.00 FTE in fiscal 1994 and 16.00 FTE in fiscal 1995.

## COMMISSIONER OF HIGHER ED

## Program Summary

## Board Of Regents-Admin

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	11,800	9,084	11,800	11,800	0	11,800	11,800	0
Operating Expenses	<u>22,432</u>	<u>21,151</u>	<u>21,721</u>	<u>21,721</u>	<u>0</u>	<u>22,224</u>	<u>22,224</u>	<u>0</u>
Total Costs	\$34,232	\$30,235	\$33,521	\$33,521	\$0	\$34,024	\$34,024	\$0
<u>Fund Sources</u>								
General Fund	<u>34,232</u>	<u>30,235</u>	<u>33,521</u>	<u>33,521</u>	<u>0</u>	<u>34,024</u>	<u>34,024</u>	<u>0</u>
Total Funds	\$34,232	\$30,235	\$33,521	\$33,521	\$0	\$34,024	\$34,024	\$0

Page References

LFA Current Level E-55  
Executive Budget E82

Current Level Differences

There are no differences between the LFA current level and the executive budget.

Exec. Over(Under) LFA  
Fiscal 1994 Fiscal 1995

5102 14 00000

COMMISSIONER OF HIGHER ED  
Program Summary

## B Of R Bond Payments

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	<u>706,255</u>	<u>698,153</u>	<u>682,110</u>	<u>682,085</u>	<u>25</u>	<u>578,758</u>	<u>578,758</u>	<u>0</u>
Total Costs	\$706,255	\$698,153	\$682,110	\$682,085	\$25	\$578,758	\$578,758	\$0
<u>Fund Sources</u>								
General Fund	<u>706,255</u>	<u>698,153</u>	<u>682,110</u>	<u>682,085</u>	<u>25</u>	<u>578,758</u>	<u>578,758</u>	<u>0</u>
Total Funds	\$706,255	\$698,153	\$682,110	\$682,085	\$25	\$578,758	\$578,758	\$0

Page ReferencesLFA Current Level E-56  
Executive Budget E82Exec. Over(Under) LFA  
Fiscal 1994 Fiscal 1995Current Level Differences

GREAT FALLS VOCATIONAL TECHNICAL CENTER - The difference between the LFA current level and the executive budget is due to the inadvertent exclusion of a \$25 payment at the Great Falls Vo-Tech in the LFA current level. The executive budget reflects the actual total cost of the payments in fiscal 1994.

25

5102 15 00000

## COMMISSIONER OF HIGHER ED

## Program Summary

Votech Center Admin.

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	1.80	1.80	1.80	1.80	0.00	1.80	1.80	0.00
Personal Services	89,191	80,875	94,936	98,980	(4,044)	95,214	99,258	(4,044)
Operating Expenses	5,415	20,000	5,327	5,327	0	5,303	5,303	0
Equipment	1,139	0	1,800	0	1,800	934	0	934
Total Costs	\$95,746	\$100,875	\$102,063	\$104,307	(\$2,244)	\$101,451	\$104,561	(\$3,110)
<u>Fund Sources</u>								
General Fund	95,746	100,875	102,063	104,307	(2,244)	101,451	104,561	(3,110)
Total Funds	\$95,746	\$100,875	\$102,063	\$104,307	(\$2,244)	\$101,451	\$104,561	(\$3,110)

Page References

LFA Current Level E-57  
Executive Budget E83

Current Level Differences

5% PERSONAL SERVICES REDUCTION - The executive budget has eliminated \$4,044 each year from personal services as this program's share of the 5% reduction required in Section 13 of House Bill 2. The executive calculated this figure based upon this program's share of the total 5% general fund reduction. For a further discussion, see the Addendum - CHE document.

EQUIPMENT - This program, along with the Carl Perkins Administration program, was created by the 1991 legislature in order to separate the functions of administration of federal Carl Perkins grants from administration of the state's five vocational technical centers. Prior to fiscal 1992, both functions had been housed in the Vocational Technical Administration program. LFA current level includes the average of actual fiscal 1990, 1991, and 1992 equipment expenditures for the two programs within the Carl Perkins Administration program. The executive budget includes the agency request in this program, which would fund computer equipment.

## TOTAL CURRENT LEVEL DIFFERENCES

Exec. Over(Under) LFA  
Fiscal 1994 Fiscal 1995

(4,044) (4,044)

1,800 934

(2,244) (3,110)



Commissioner of Higher Education

Positions Removed by Joint Committee Action  
House Appropriations & Senate Finance and Claims  
January 6, 1993

		Total Personal Services		FTE		Total FTE Removed	Non-Approp. FTE
Position #	Position Description	Fiscal 1994	Fiscal 1995	Removed by 5% Reduction	Removed by Being Vacant		
All or Partial General Fund Positions							
	Unspecified	49,863	49,863	0.00		0.00	
00003*	Bd of Regents – Admin	17,137	17,154		0.50	0.50	
80003**	Bd of Regents – Professional	35,526	35,557		1.00	1.00	
80005**	Secretary III	23,374	23,480		1.00	1.00	
Sub-Total		125,900	126,054	0.00	2.50	2.5	0.00
Non – General Fund Positions							
00602+	Bd of Regents – Professional	11,331	11,340		0.50	0.50	
00603+	Office Clerk II	3,872	3,877		0.30	0.30	
12010++	Admin Clerk III	19,045	19,065		1.00	1.00	
12031++	Admin Aide II	20,378	20,400		1.00	1.00	
12054++	Data Entry Operator III	11,615	11,626		0.50	0.50	
Sub-Total		66,241	66,308	0.00	3.30	3.30	0.00
TOTAL		192,141	192,362	0.00	5.80	5.80	0.00

\*Administration program

\*\*Carl Perkins Administration and Vo-Tech Center Administration programs

+Talent Search program

++Guaranteed Student Loan program

01/23/93

C:\DATA\LOTUS\REGSES93\VACANT5%.WK1

ADDENDUM TO OBPP-LFA COMPARISON  
Community Colleges

I. FTE Enrollment at the Sidney and Lincoln County Extensions

Through an oversight, neither the original CHE, the LFA current level, or either the Stephens' or Racicot executive budgets include the enrollment at the Sidney extension of Dawson Community College or the Lincoln County extension of Flathead Valley Community College. The following table shows the additional enrollment over the current budgeted amount for the two campuses.

TABLE 1 Total Enrollment with Extension Campuses Community Colleges 1995 Biennium						
Unit	-- Main Campuses --			-- Extension Campuses --		
	FY 91	FY 92	Average*	FY 91	FY 92	Average**
Dawson	402	409	406	16	22	19
Flathead	961	1,029	995	120	132	126
Miles	473	554	514	0	0	0
Total	1,836	1,992	1,915	136	154	145
*Enrollment included in LFA current level and executive budget.						
**Unbudgeted enrollment.						

The following shows the additional funds that would be added using the formula factor values included in the LFA current level and the executive budget.

EXHIBIT  
DATE  
SB

2  
1-28-93

Education and Cultural Resources Subcommittee  
January 20, 1993

<b>TABLE 2</b> <b>Additional Funds to Fund Extension Enrollment</b> <b>LFA Current Level and Executive Budget</b> <b>1995 Biennium</b>						
--- LFA Current Level Factors ---						
Unit	FTE	Factor	Total	Percent	Total	Biennial
Sidney	19	4,163	79,097	55%	43,503	87,007
Lincoln	126	4,163	524,538	55%	288,496	576,992
Total	145		603,635		331,999	663,999
--- Exec Budget Factors ---						
	FTE	Factor	Total	Percent	Total	Biennial
Sidney	19	4,031	76,589	49%	37,529	75,057
Lincoln	126	4,031	507,906	49%	248,874	497,748
Total	145		584,495		286,403	572,805

The following table shows the general fund percentage that would be required within the executive budget if the additional FTE were incorporated and the current executive budget level of \$3,782,489 maintained in the 1995 biennium. As shown, a factor of 45.5 percent would be required.

<b>TABLE 3</b> <b>General Fund Required to Maintain Fiscal 1992 Appropriation</b> <b>Executive Budget Factors</b> <b>1995 Biennium</b>						
Unit	FTE	Factor	Total	Percent*	Total	Biennial
Dawson	425	4,031	1,713,175	45.55%	780,351	1,560,702
Flathead	1,121	4,031	4,518,751	45.55%	2,058,291	4,116,582
Miles	514	4,031	2,071,934	45.55%	943,766	1,887,532
Total	2,060		8,303,860		3,782,408	7,564,816

ADDENDUM TO OBPP-LFA COMPARISON, cont.  
Community Colleges

II. Comparison of 1995 Biennium to 1993 Biennium

The following compares the LFA current level and the executive budget in the 1995 biennium to actual fiscal 1992 and appropriated fiscal 1993 expenditures. The table does not include the additional FTE in the Sidney and Lincoln County extensions.

TABLE 4 Comparison to 1993 Biennium LFA Current Level and Executive Budget 1995 Biennium		
	Biennium Total	Difference to '93 Biennium
1993 Biennium*	7,561,656	
1995 Biennium**		
LFA Current Level	8,802,910	1,241,254
Executive Budget	7,597,857	36,201
*Fiscal 1992 actual expenditures and fiscal 1993 appropriation after all special session action. Fiscal 1992 includes all audit expenditures in that year.		
**Includes all audit costs.		

3

EXHIBIT 3  
 DATE 1-28-93  
 SB \_\_\_\_\_

## ADDENDUM - CHE

### Comparison of LFA Current Level to Executive Budget

#### 1. Comparison of 1995 Biennium to 1993 Biennium

The following table compares actual fiscal 1992 and appropriated fiscal 1993 general fund expenditures to the 1995 biennium LFA current level and executive budget. All unexpended 1993 biennium audit costs (530) have been added to the 1993 biennium totals.

Table 1 Comparison to 1993 Biennium LFA Current Level and Executive Budget 1995 Biennium		
---General Fund---		
	<u>Biennium Total</u>	<u>Difference to '93 Biennium</u>
1993 Biennium	21,161,594	---
1995 Biennium*		
LFA Current Level	22,954,626	1,793,032
Executive Budget	22,171,909	1,010,315
---Total Funds---		
	<u>Biennium Total</u>	<u>Difference to '93 Biennium</u>
1993 Biennium	65,090,504	---
1995 Biennium*		
LFA Current Level	76,531,115	11,440,611
Executive Budget	75,781,121	10,690,617
*Includes all audit costs		

Table 2 makes the same comparison, incorporating the 5 percent and vacant positions reductions in both the LFA current level and the executive budget.

Education and Cultural Resources Subcommittee  
January 25, 1993

Table 2 Comparison to 1993 Biennium LFA Current Level and Executive Budget Minus All 5% & Vacant Position Reductions 1995 Biennium		
---General Fund---		
	Biennium Total	Difference to '93 Biennium
1993 Biennium	21,161,594	---
1995 Biennium*		
LFA Current Level**	22,770,598	1,609,004
Executive Budget	22,019,681	858,087
---Total Funds---		
	Biennium Total	Difference to '93 Biennium
1993 Biennium	65,090,504	---
1995 Biennium*		
LFA Current Level	76,280,846	11,190,342
Executive Budget	75,562,652	10,472,148
*Includes all audit costs		
**Reinstates reduction due to excess salary increases.		

## 2. Five Percent Personal Services Reduction

Section 13 of House Bill 2 requires that current funding level budget requests for the 1995 biennium "...include a reduction in personal services equivalent to 5 percent of the personal services amount specified in each agency's approved operating plan...authorized FTEs and the budget of the positions must be reduced to equal the percentage reduction in personal services..." As its submission, CHE proposed reductions in the Administration and Guaranteed Student Loan (GSL) programs.

Education and Cultural Resources Subcommittee  
January 25, 1993

Administration Program

CHE proposed the reduction in salary and benefits of two positions as a result of a change in incumbency, for a total general fund savings of \$27,603 each year, or \$55,206 over the biennium.

	<u>Position #2</u>	<u>Position #29</u>
Initial Budgeted Salary	\$82,800	\$57,269
Current Salary	<u>70,000</u>	<u>45,000</u>
Yearly Difference	\$12,800	\$12,269
Benefits	<u>762</u>	<u>1,772</u>
General Fund Savings	\$13,562	\$14,041

Guaranteed Student Loan

CHE proposed to eliminate 2.00 FTE (1.00 FTE of which is currently eliminated due to vacancy), for a savings of federal funds of \$46,662 in fiscal 1994 and \$46,712 in fiscal 1995.

Because the proposed general fund reduction was already incorporated in the executive budget (and due to the lateness of the response), the submission was not accepted by the executive. Consequently, no 5 percent reductions are included in the initial Stephens executive budget.

The Racicot executive budget includes a reduction of \$49,863 each year (\$99,726 over the biennium) of general fund in three programs to meet the five percent requirement, as shown in Table 3. No FTE were eliminated.

Table 3  
5 Percent Personal Services Reduction  
Executive Budget  
1995 Biennium

<u>Program</u>	<u>Fiscal 1994</u>	<u>Fiscal 1995</u>
Administration	40,091	40,091
Carl Perkins Admin	5,728	5,728
Vo-Tech Centers Admin	<u>4,044</u>	<u>4,044</u>
Total General Fund	<u>49,863</u>	<u>49,863</u>

Education and Cultural Resources Subcommittee  
January 25, 1993

3. Network Service Fees

Table 4 compares total network service fees and funding sources in the executive budget and the LFA current level.

<p>Table 4 Data Network Service Fees Executive Budget and LFA Current Level 1995 Biennium</p>		
<u>Program</u>	<u>Biennial Exec Budget</u>	<u>Biennial LFA CL</u>
Administration	30,720	13,516
MUS Group Insurance	0	2,458
Guaranteed Student Loan	0	14,746
Total	<u>30,720</u>	<u>30,720</u>
Funding		
General Fund	30,720	13,516
Federal Funds	0	14,746
Proprietary Funds	0	2,458
Total	<u>30,720</u>	<u>30,720</u>

4. Equipment Expenditures in Carl Perkins and Vo-Tech Administration

The following table compares the executive budget and the LFA current level total equipment in the Carl Perkins and Vocational Technical Center Administration programs.

<p>Table 5 Comparison of Equipment LFA Current Level and Executive Budget 1995 Biennium</p>			
<u>Program</u>	<u>Total Fiscal 1992</u>	<u>1995 Biennium LFA</u>	<u>1995 Biennium Executive</u>
Carl Perkins Admin	4,396	5,350	4,350
Vo-Tech Center Admin	<u>1,140</u>	0	<u>2,734</u>
Total	<u>5,536</u>	<u>5,350</u>	<u>7,084</u>



EXHIBIT 4  
DATE 1-28-93  
SB \_\_\_\_\_

EXHIBIT 4  
DATE 1-28-93  
SB \_\_\_\_\_

TABLE 1 Comparison of Executive Budget and LFA Current Level 1993 Biennium to 1995 Biennium General Fund Student Assistance Program			
	Total	Over (Under) 1993 Biennium	
1993 Biennium	\$9,529,736	---	
1995 Biennium			
LFA Current L	\$10,365,618		\$835,882
Executive Bur	\$10,661,326		\$1,131,590

TABLE 2 Comparison of LFA Current Level and Executive 1993 Biennium to 1995 Biennium					
Program	1993 Biennium	Executive 1995 Biennium	Exec Over (Under) '93 Biennium	LFA 1995 Biennium	LFA Over (Under) '93 Biennium
WICHE	2,997,056	3,145,367	148,311	3,240,167	243,111
WAMI	4,335,726	4,643,960	308,234	4,643,980	308,254
Minnesota Dentistry	164,200	186,900	22,700	186,900	22,700
WICHE Dues	146,500	150,000	3,500	150,000	3,500
Carl Perkins	165,342	361,765	196,423	312,111	146,769
SEOG Match	321,262	733,334	412,072	569,697	248,435
SSIG	439,961	440,000	39	440,000	39
Work Study	959,689	1,000,000	40,311	972,763	13,074
Total	9,529,736	10,661,326	1,131,590	10,515,618	985,882

# Federal Carl Perkins Administration Funds

Questions for Committee Consideration:

- A. How will the available Carl Perkins funds be allocated?  
 B. What total level of funds will be appropriated to each agency?

EXHIBIT 5

DATE 1-28-93

SB \_\_\_\_\_

## A. Allocation of Funds

### 1. LFA Current Level Methodology

Funding Source	Fiscal 1992	- Maintenance Level -		-- Current Level --		- Dif from Fiscal 1992 -	
		Fiscal 1994	Fiscal 1995	Fiscal 1994	Fiscal 1995	Fiscal 1994	Fiscal 1995
Carl Perkins							
OPI	189,109	189,109	189,109	<sup>10</sup> 184,392	175,000	-4717	-14109
CHE	86,387	91,208	91,705	<sup>30</sup> 79,025	75,000	-7362	-11387
Total	<u>275,496</u>	<u>280,317</u>	<u>280,814</u>	<u>263,417</u>	<u>250,000</u>	<u>(12,079)</u>	<u>(25,496)</u>

### 2. CHE Methodology

Fund Source	Actual Fiscal 1992	- CHE Methodology -		- Dif from LFA CL -	
		Fiscal 1994	Fiscal 1995	Fiscal 1994	Fiscal 1995
Carl Perkins					
OPI	189,109	169,114	159,600	(15,278)	(15,400)
CHE	86,387	94,303	90,400	15,278	15,400
Total	<u>275,496</u>	<u>263,417</u>	<u>250,000</u>	<u>0</u>	<u>0</u>

### 3. Appropriate at Maintenance

Fund Source	Fiscal 1992	- OPI at Maintenance -		- Dif from LFA CL -	
		Fiscal 1994	Fiscal 1995	Fiscal 1994	Fiscal 1995
Carl Perkins					
OPI	189,109	189,109	189,109	4,717	14,109
CHE	86,387	74,308	60,891	(4,717)	(14,109)
Total	<u>275,496</u>	<u>263,417</u>	<u>250,000</u>	<u>0</u>	<u>0</u>

Funding Source	Fiscal 1992	- CHE at Maintenance -		- Dif from LFA CL -	
		Fiscal 1994	Fiscal 1995	Fiscal 1994	Fiscal 1995
Carl Perkins					
OPI	189,109	172,209	158,295	(12,183)	(16,705)
CHE	86,387	91,208	91,705	12,183	16,705
Total	<u>275,496</u>	<u>263,417</u>	<u>250,000</u>	<u>0</u>	<u>0</u>

# Federal Carl Perkins Administration Funds

## B. Total Level of Funding

### Options for Committee Consideration:

1. Reduce general fund match by the same amount as any reduction in Carl Perkins funds.
2. Appropriate general fund at current maintenance levels.
3. Increase general fund to replace any reduction in federal funds.

----- Fiscal 1994 -----						
-- Difference from Fiscal 1992 --			- Difference from LFA Current Level -			
<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>	
LFA Current Level						
OPI	(4,717)	0	4,717	0	4,717	9,434
CHE	<u>(12,183)</u>	<u>0</u>	<u>12,183</u>	<u>0</u>	<u>12,183</u>	<u>24,366</u>
Total	<u>(16,900)</u>	<u>0</u>	<u>16,900</u>	<u>0</u>	<u>16,900</u>	<u>33,800</u>

----- Fiscal 1995 -----						
-- Difference from Fiscal 1992 --			- Difference from LFA Current Level -			
<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>	
LFA Current Level						
OPI	(14,109)	0	14,109	0	14,109	28,218
CHE	<u>(16,705)</u>	<u>0</u>	<u>16,705</u>	<u>0</u>	<u>16,705</u>	<u>33,410</u>
Total	<u>(30,814)</u>	<u>0</u>	<u>30,814</u>	<u>0</u>	<u>30,814</u>	<u>61,628</u>

HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

EDUCATION

SUBCOMMITTEE

DATE

1-28-93

DEPARTMENT(S)

DIVISION

PLEASE PRINT

PLEASE PRINT

NAME	REPRESENTING	
DONALD KETNER	DCC	
PETE DEGEL	"	
Dawn Allen	MSU - Norm. Univ. Sys.	
David Topp	OCHE	
Brundmann	OCHE	
L. Nicks	OCHE	
John Smith	OPD	
Andrea Pagenkopf	MSU Extension	
Nancy Cooper Smith	OP1	
John Thompson	citizen	
Steve Riley	MFT	
Dave Fawcett	C-11E	
Butch Wheeler	MSU - Ext. Fin.	

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