MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By Chairman Royal Johnson, on January 29, 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)
Sen. Dennis Nathe (R)
Rep. Ray Peck (D)
Sen. Chuck Swysgood (R)

Members Excused: none

Members Absent: none

Staff Present: Taryn Purdy, Legislative Fiscal Analyst
Skip Culver, Legislative Fiscal Analyst
Doug Schmitz, Office of Budget & Program Planning
Curt Nichols, Office of Budget & Program Planning
Amy Carlson, 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: HB 113
Executive Action: NONE

LFA PRESENTATION ON UNIVERSITY SYSTEM BUDGET

Taryn Purdy, LFA, gave a brief outline of the presentation stating she would cover a comparison of the executive budget, the LFA current level budget and the Regents' request, how the present budget related to the 1992-93 biennial level and finally how it related back to the target charged to the committee.

Ms. Purdy explained that the LFA current level used an enrollment-based formula system, which was designed to take into

account increases in workload that were defined by increases in enrollment. The 1995 biennium LFA current level included what the 1991 legislature decided was necessary to operate the university system in FY93. In contrast, the executive budget assumed the FY92 level of expenditure and carried that forward including increases for pay plan and inflation.

Ms. Purdy directed the committee to a packet of materials, **EXHIBIT 1**, which she used throughout her presentation. She noted that the last column of figures on Table 1 of the exhibit illustrated the difference between the LFA current level in 1994-95 and the current Racicot executive budget. The difference in general fund in the six university units was $15,334,532 with the LFA current level higher. The executive budget was $1.4 million higher in general fund than the LFA current level in the vo-tech center budgets. A similar situation existed when total funds were examined.

The primary causes for the differences were shown on page 2 of the exhibit. **Ms. Purdy** explained that the enrollment increases added approximately $11.5 million to the LFA current level which was offset by only $4.2 million in the executive budget. The remaining difference was about $7.3 million. She noted that the second cause was that the university system did not have to revert any unspent funds at the end of the year funds this biennium but rather could instead place them in an equipment/deferred maintenance account. About $1 million were anticipated to be in that account, and if carried forward this policy accounted for about $2 million in differences between the LFA and executive budgets.

Ms. Purdy said the third reason for the large difference between the LFA and executive budgets involved budget recisions which were incorporated into the executive budget but were not in the LFA current level. This added approximately $1.2 million to the LFA current level each year over the executive level. She explained that the fourth reason involved fee waivers which were determined in the LFA current level by a formula based on enrollment. The executive used the actual fee waivers experienced in 1992 on the tuition and enrollment and carried them forward in 1994-95. This accounted for approximately $3.5 million of the difference. The use of fiscal 1993 formula factors accounted for a small amount of the difference and was a minor consideration.

Ms. Purdy next addressed the net impact of the difference in the two approaches and the difference in funding between the two approaches. She directed the committee to **Table 1A of EXHIBIT 1** which showed the biggest difference in funding source between the two budgets was in the general fund. The two budgets were very close in tuition revenue.

Ms. Purdy then used a hypothetical example to demonstrate the impact of the different budgeting methodologies employed by the LFA and the OBPP. Under a formula methodology of budgeting, there were three formula funded programs: instruction, support, scholarships and fellowships. In addition there were the incrementally-funded programs. In the LFA current level budget,

the incremental programs were adjusted for any transfers in from the formula funded programs. If the legislature determined that unit "X" needed $1 million of instruction based on a population of 1,000 and also determined it needed $1 million for its plant expenditures, it would create a base of $2 million for the two programs. If the unit needed more money in plant and maintenance during the year, it could transfer into that program $250,000 from instruction. The net result was that there was no change in the overall funding level of the unit. Under the LFA current level budget methodology, with formula-funded programs, what was spent on instruction would have no bearing upon what would be included in the program in the next biennium. $1 million would still be put into the instruction program. This would inflate the base to $2,250,000 because the plant and maintenance program would then be set at $1,250,000. To remain at the base intended by the legislature, an adjustment would be necessary to the plant and maintenance program.

Ms. Purdy explained that under the executive budget, such an adjustment would not be needed. As long as the $2 million base was maintained, it did not matter from a budgetary perspective whether the funds were spent in instruction or in plant and maintenance. The result was that whenever such adjustments for transfers were made in the LFA current level, the programs which had received the transfers were not comparable between the two budgets. In the hypothetical case, the executive would have a plant budget of $1,250,000 while the LFA current level would have $1 million. The impact for the subcommittee was that it was no longer possible to separate out the incremental programs and compare them easily between the two budgets. Because the LFA current level programs were so intertwined and the executive programs were not, the end result was that the subcommittee needed to look at the bottom line of all the programs, rather than look at the programs separately.

REP. MIKE KADAS asked if the LFA only looked at FY92 in preparing the budget for the incremental programs or if it looked at past practices. **Ms. Purdy** explained that with incremental programs the FY92 expenditures were used as a starting point. Then one-time expenditures were backed out and inflation factors were added in, followed by other necessary adjustments. Finally, adjustments would be made to avoid undue expansion of the base. She explained that an undue expansion was defined as any increase over what the legislature originally appropriated. **REP. KADAS** asked if the LFA would back out the $250,000 in the hypothetical example. **Ms. Purdy** replied affirmatively noting it would be the procedure used in all incremental programs.

SEN. DON BIANCHI asked for more information on the executive budgetary methodology. **Ms. Purdy** explained that because of the methodology, the executive budget was not affected by the transfer in the same way as the LFA current level was. The instruction program would be based on the FY92 expenditures rather than on the original appropriated level. In the

hypothetical example, it would remain at the $750,000. **Curt Nichols, OBPP,** concurred with the explanation.

REP. KADAS asked if the causes for the difference between the LFA current level and the executive budget listed in **EXHIBIT 1** applied also to the vo-tech centers. **Ms. Purdy** said they would, except that the enrollments decreased rather than increased.

Mr. Nichols explained that there was no enrollment adjustment used by the OBPP. Enrollment change was between the enrollment the committee thought would occur in 1992 and the enrollment that actually was in place in 1992. He stated that the actual enrollment which the OBPP was budgeting for was slightly higher than the LFA figure. **REP. KADAS** said that enrollments did not impact the manner in which the OBPP devised its budget. **Mr. Nichols** concurred. He said OBPP did not drive to enrollment factors except to the extent that modifications were made to the instructional programs to recognize the impact of enrollment which involved an increase in the present budget of $4 million. **REP. KADAS** asked if that procedure deviated from the original budgetary procedure used by the OBPP. **Mr. Nichols** said it was consistent with an incrementally based budget. It was treated similar to a budget modification. **REP. KADAS** asked if the enrollment adjustments reflect budget amendments requested by the campuses. **Mr. Nichols** said yes.

Ms. Purdy directed the committee to **Table 2 of EXHIBIT 1** which compared both the executive budget and the LFA current level to the 1993 biennium. The 1993 biennium was used as the base from which the reduction targets were made for the subcommittee. She noted that the LFA current level was almost $26 million over the 1993 biennium for the six units and approximately $400,000 lower than the 1993 biennium for the vo-techs. The executive budget was $10.4 million higher than the 1993 biennium budget for the six units and $1 million higher for the vo-techs.

Ms. Purdy noted that **Table 3 of EXHIBIT 1** made the same comparison by funding source. The LFA current level had an $18.8 million increase in tuition over the 1993 biennium and only a $5.8 million increase in general fund. In the executive budget, the same increase in tuition was seen, but the general fund was $9.5 million less than in the 1993 biennium.

Ms Purdy remarked that an issue was raised at the last Regents' meeting as to whether or not a comparison to legislative appropriations gave enough information on budgetary needs. She referred the committee to **Table 4 of EXHIBIT 1** which compared the executive budget and the LFA current level with all actual and pending budget amendments included. In the 1993 biennium there was an additional $5.4 million which had not yet received final approval of the legislature. The impact was that the LFA current level was still significantly higher than the 1992-93 level of available funding to the university system. The executive budget was $4.2 million less. This included $5.4 million in budget

amendments which were not available yet for expenditure. If the budget amendments were removed, the executive budget included additional funds in the 1995 biennium over the 1993 biennium-actual and available expenditures.

REP. KADAS asked why the negative effect in the relationship between the adjusted 1993 biennium and the executive budget only impacted the two large campuses. **Ms. Purdy** explained that the two large units had received the lion's share of the budget amendments. The other units received less of an impact because they had fewer amendments. **REP. KADAS** asked if the budget amendments were almost exclusively tuition driven. **Ms. Purdy** said a portion of the increased income was going to come from enrollment increases. There was also going to be a significant increase in expenditures due to factors that did not directly relate to enrollment, such as additional six-mill levy money ($1.6 million), and additional available funds due to the underestimation of tuition revenue. The underestimation occurred because it was believed that the number of non-residents would decrease significantly because of higher tuition rates, but the numbers actually went up. The change in the mix of students also had an impact.

Ms. Purdy noted that **Table 5 of EXHIBIT 1** compared both the LFA current level and the executive budget to the 1993 biennium by funding source with actual or pending budget amendments included. Tuition and the six mill-levy were the two areas that were impacted.

Ms. Purdy noted that **Table 6 of EXHIBIT 1** compared the LFA current level to the executive budget for the 1995 biennium and showed the reduction target in relation to the two budgets. The target reduction was calculated as a proportional share of the $24 million total target figure. It assumed that OPI, OCHE, etc. would take a share of the total reduction. The difference between the LFA current level and the executive budget was $15.5 million which was very close to the target of $17.8 million. If the committee would accept the executive budget, it would be close to its target reduction for the system. With budget amendments the executive budget was only slightly above the 1992-93 budget and without the budget amendments it was about $10 million over.

REP. KADAS asked if the difference between the $19 million reduction target on **Table 6** and the total target of $25 million was largely due to the reductions which were assumed for AES, CES and OPI. **Ms. Purdy** concurred and referred the committee to **Table 2 of EXHIBIT 2** which showed the reductions to the agencies on a proportional basis. The $19.66 million was an additional reduction target beyond the difference between the LFA current level in 1994-95 and 1992-93 expenditures and appropriations. A 5.7% reduction was taken in each agency's share of the general fund. She explained that **Table 3** of the exhibit showed the outcome of assigning the entire $19.66 million in reductions to

the university system.

Ms. Purdy referred the committee to **Table 1 of EXHIBIT 2** which showed that the initial target for the committee was $4.3 million. When this amount was subtracted from the total target of $24 million, it left the $19.66 million found on **Tables 2 and 3**. The $19.66 million reduction would be a 5.7% across-the-board reduction from the 1992-93 general fund level (**Table 2**).

Ms. Purdy next explained that **Table 4 of EXHIBIT 2** showed the proportional share in reductions among the agencies of higher education if no reductions were taken in student assistance or bond payments for the vo-techs.

REP. KADAS noted that the executive budget did not line out specific decreases in any of the university associated agencies such as AES or CES, nor did it line out decreases in special education. The executive was also recommending a lump-sum appropriation. He asked OBPP if it was requesting flexibility between the units and the associated agencies so that the Regents could decide the size of the reduction to be imposed on the agencies. **Mr. Nichols** said OBPP was anticipating the Regents would make those decisions and return with recommended allocations to the legislature. **CHAIRMAN JOHNSON** added that the Regents would be meeting on the 15th of February and would make a presentation to the committee on the 17th.

Tape No 1:B:005

REP. KADAS asked for clarification as to how the committee would proceed following the Regents' presentation. He asked if the committee would be taking the recommendations into account in redoing the budget by line items or if the committee would be giving them a lump sum and flexibility to manage the cuts. **Mr. Nichols** said under the OBPP proposal, the Regents would have flexibility to manage the reductions over the biennium.

SEN. CHUCK SWYSGOOD asked if the difference in the figures for the share of the initial cut on **Table 3** compared to **Table 4** was due to the lack of student assistance. **EXHIBIT 2 Ms. Purdy** replied that bond payments and student assistance were not included in **Table 4** as part of the areas to be reduced.

Ms. Purdy summarized the main points of her presentation. The reduction of $24 million related very closely to the increase inserted into the LFA current level which was a combination of tuition and general fund. The difference between the LFA current level and the executive budget was very close to the amount of the reduction target.

SEN. SWYSGOOD referred to the figures listed under "share of remaining" on **Table 2 of EXHIBIT 2** and asked if that represented the additional reduction each agency and unit would have to sustain in order to meet the target of $24 million. **Ms. Purdy** concurred. **REP. KADAS** commented that the reduction was from the

1993 level, not the FY95 LFA current level. **Ms. Purdy** explained that it did, essentially, represent the FY92-93 LFA level because the initial reduction target of 4.1% was designed to get the LFA current level back to the FY92-93 level. Any remaining reduction became a reduction from the FY92-93 level.

OBPP PRESENTATION ON UNIVERSITY SYSTEM BUDGET

Mr. Nichols and Amy Carlson presented the perspective of the OBPP on the issues surrounding the university system budget. **EXHIBIT 3**

REP. KADAS asked if the OBPP acknowledged changes in tuition by acknowledging budget amendments. **Mr. Nichols** said OBPP was not acknowledging the budget amendments in the sense of a change in tuition. The tuition was changed at the direction of the special session of the legislature. OBPP recognized the level of revenue generated by the new tuition rates, but that was not directly linked to the executive budget modifications to add general fund due to increased enrollments. These amendments related to budget amendments which increased actual spending in FY90-92. **REP. KADAS** asked if the OBPP recognized that the budget amendments reflected the increase in the student population and tuition dollars which would not have otherwise been there. **Mr. Nichols** said OBPP was recognizing budget amendments which related primarily to a shift in the nature of the population of students and the underestimation of revenue. The campuses spent the additional money in 1992 irrespective of what the source was.

SEN. JUDY JACOBSON noted that the executive budget contained an increase in benefits of $14 million, part of which was an employee/employer mix which was not considered as a service to students and yet was included in the totals provided by the OBPP. **Mr. Nichols** responded that the tables presented in **EXHIBIT 3** only contained the figures for the six units and did not include system-wide figures to which he believed **SEN. JACOBSON** was referring.

REP. KADAS noted that the position of the OBPP was that formula funding based on peer comparisons was invalid and in place of it had substituted using the previous year's budget to build a base. He asked if this constituted a recommendation for the elimination of the use of formulas. He asked if the OBPP had given thought to the long term ramifications of such a recommendation. **Mr. Nichols** explained that the executive policy was not to eliminate the formula or to endorse it. It was a tool. Using factors generated by use of the formula could be misleading.

REP. KADAS noted that there was a question of whether the formula was working and providing the correct incentives to the system. He said he wished to discuss the issue in the context of the subcommittee. He added that the OBPP had gone to great lengths to try to discredit the workings of the formula. If OBPP did not agree with the formula, he asked **Mr. Nichols** for the direction

the committee should take to give the system the proper incentives. **Mr. Nichols** said he had not given thought to the alternatives, but felt the formula gave incentives to the units to increase enrollment, but not necessarily to increase quality. **REP. KADAS** commented that the present alternative presented by the OBPP was not a long term replacement. **Mr. Nichols** agreed.

SEN. JACOBSON commented that errors were always present in such material as the figures in the formula, but the formula was useful in that it provided a benchmark, not an absolute. Given no other better method, the formula was the best process available and was typical of what many states use to drive their university budgets. She said it should not be dismissed until a better method was devised. **CHAIRMAN ROYAL JOHNSON** said that this was not an attempt to throw out the formula, but an attempt to demonstrate a different approach to the budgetary process.

Rod Sundsted, Associate Commissioner for Fiscal Affairs, OCHE, strongly expressed his disappointment with OBPP because after asking a week ago for the details which went into the OBPP budget, he still had not received any information. He could not respond to the present OBPP presentation because no copies were supplied to the audience. He said he would be able to respond after being able to review the information.

CHAIRMAN JOHNSON asked if it would be helpful to have the OBPP and the LFA make their presentations to the Regents at their meeting. **Mr. Sundsted** said he would bring the suggestion to the commissioner of higher education for his response.

SEN. BIANCHI noted that the OBPP budget had been out for a long time and asked why the information and methodology had not been given to the OCHE before now. **Mr. Nichols** replied that **EXHIBIT 3** was completed late the previous night and was not available to anyone. He acknowledged that **Mr. Sundsted** had requested detailed calculations for the budget and was told that they would be supplied, however the priority for OBPP was to finish **EXHIBIT 3** for presentation. He said the information would be supplied and noted that some difficulties were involved because it was on numerous spread sheets and not in a very documented form.

REP. KADAS voiced concern over the OBPP's position. He noted that the data had to be in a coherent form in order to develop an executive budget and therefore should have been able to be shared with other agencies. He noted that the budgetary process could become adversarial and to the extent which that could be avoided, better decisions would result. He urged OBPP to share its material with the agencies involved, otherwise it negatively impacted on the work of the committee.

REP. RAY PECK commented that the posture described by **REP. KADAS** was probably desirable, but not necessarily practical, noting the difficulty of keeping files open and available to all agencies concerned on a continuing basis. He said it was not unusual to

have reports finished in the last minute. He concurred with the comments of **SEN. JACOBSON** regarding the use of the formula and added that he did have reservations about the formula especially as it gave universities the incentive to go after students rather than stressing quality. The formula also did not take into consideration high-cost programs.

HEARING ON HB 113

Tape No. 2:A:000

Opening Statement by Sponsor:

REP. DICK SIMPKINS, House District 39, Great Falls, said that HB 113, **EXHIBIT 4,** was an important component to postsecondary education in the state because it educated Montanans for Montana. He noted that when Carroll College terminated its four-year program in dental hygiene, it resulted in Montana being the only state in the union without such a program. Many states were now going to a two-year program for the training of dental hygienists concentrating on the technical side of the education. He said two and one half years had been spent on a study to determine the need for such a program and where it might be located. The need was established and the location selected was Great Falls Vo-Tech Center because of the present program for dental assistants and the collaborative effort with Malmstrom Air Force Base. The facilities at the base which would be utilized would save the state approximately $130,000/year.

REP. SIMPKINS provided a video tape of the proposed dental hygienist program at Great Falls Vo-Tech Center.

Proponents' Testimony:

Bill Zepp, Executive Director, Montana Dental Association, gave written testimony in support of the bill and included in his testimony a review of the chronology of the development of the proposal. **EXHIBIT 5**

Jack Noonan, former member of the Board of Dentistry, Great Falls, reviewed the history of the establishment of the study for the dental hygienist program and noted that although the Regents approved the original study findings, the program was not funded. The closing of the dental hygienist program at Carroll College had resulted in an acute shortage of dental hygienists in the state. He noted that HB 113 provided funding of $90,000 in FY94 and $190,000 in FY95. He said that this was a small amount in comparison to the benefits the education would have on the students.

Dr. Noonan noted that Malmstrom AFB had offered not only their facilities but also their patient load, an offer that saved the state a considerable amount of money. He reviewed the need in rural Montana for dental hygienists and urged the funding of HB

113.

Jim Kehr, Dentist, Helena, reiterated the high demand for dental hygienists and stressed the fact that the positions were high paying jobs which would bring revenue to the state via taxes.

Michelle Kresling, Dental Hygienist, spoke on behalf of the Board of Dentistry and reiterated the benefits of the program to Montana as voiced by other proponents. **EXHIBIT 6**

Lorri Merrick, Montana Dental Hygienist Association (MDHA), supported the establishment of an accredited dental hygienist program. She noted that due to the financial condition of the state, funding might not be possible at this time. She said that if this were the case, they would revisit the issue at a later date.

Willard Weaver, Director, Great Falls Vo-Tech Center, said the advisory committee had been meeting for two years and had thoroughly addressed all of the concerns in undertaking the planning of the program. He listed the reasons why the program was in the interest of Montana and should be initiated at this time. Some of the points made were: 1. The need for dental hygienists, 2. absence of a program in Montana, 3. savings realized in the partnership with Malmstrom, 4. strong support of the universities for the program, and 5. strength of other accredited health related programs at the Great Falls Vo-Tech Center.

Col. Les Malar, Director, Dental Clinic, Malmstrom AFB, gave written testimony in support of the program outlining the types of facilities in place at the base and stressing the mutually beneficial nature of the proposed plan. **EXHIBIT 7**

Kim Anderson, Dental Hygienist, Great Falls, reiterated the need for a dental hygienist program, the quality of the facilities at the base and the cost effectiveness of the program. She supplied the committee with a letter of support from **Douglas VanDyck, Dentist in Great Falls** and his staff. **EXHIBIT 8**

Jim Fitzpatrick, Executive Director, Montana Council on Vocational Education, voiced strong support for the bill noting it had exemplary support from both the private and public sector.

Einer Bralston, Montana Vocational Association, said the vocational teachers in Montana were concerned about the availability of good technical jobs. He felt the position of dental hygienist fit the category well and voiced strong support for the program.

Brady Vardemann, Associate Commissioner, Technical Education, OCHE, offered testimony on behalf of the Board of Regents and the OCHE. She stated that HB 113 represented the best of what educational planning should be. A compelling need had been

identified, the pertinent community and professional representatives were assembled, and the program was planned with input from all interested parties. She added that the Board of Regents had been involved in the proposed program from its inception and supported the initiation of the program if funds could be made available.

Questions From Subcommittee Members and Responses:

REP. KADAS asked how many students would be involved in the program. **REP. SIMPKINS** said initially the program would start with 12, but once the program was established, 24 students would be in residence in the two-year program. **REP. KADAS** noted that with an annual program cost of $117,000, the per student cost for 12 students would be about $10,000.

REP. PECK asked **Mr. Weaver** if there were any programs in the Great Falls Vo-Tech curriculum which could be phased out in order to make room for the dental hygienist program. He noted the difficulty of finding funds for new programs in such harsh economic times. **Mr. Weaver** answered that the present programs were all very viable. He noted that the $117,000 annual program cost would be for 24 rather than 12 students. He added that to obtain $117,000, a number of instructors in other programs would have to be laid off.

CHAIRMAN JOHNSON asked what the estimate of need was per year in Montana for dental hygienists. He also asked if the need would be a continuing one or a temporary need. **Chris Herbert, member, MDHA,** replied that when Carroll College had its program, it would graduate 20 students in the program each year with eight remaining in the state and supplying the demand at that time. She added that licensing had increased since the last legislative session noting that from May-August of 1991 there were five new dental hygienists licensed in Montana. In the same period in 1992 there were 15. She noted that there were some problems with distribution as there were shortages in some areas and surpluses of dental hygienists in others.

SEN. SWYSGOOD asked why Carroll College closed its dental hygienist program. **REP. SIMPKINS** said the program was closed because it became too expensive to operate because of the clinical requirements. **SEN. SWYSGOOD** asked what would happen to the program if the agreement with Malmstrom AFB to use their facilities failed. **REP. SIMPKINS** responded that at this time it seemed unlikely that Malmstrom AFB would be closed. The present agreement would be a long term commitment. **SEN. SWYSGOOD** asked what the cost of the facilities at Malmstrom AFB were. **REP. SIMPKINS** said it would cost the state $300,000 initially to establish similar facilities at the Great Falls Vo-Tech Center. Annual cost savings were $130,000.

Mr. Fitzpatrick supplied information for **CHAIRMAN JOHNSON**

regarding the annual need for dental hygienists. Using the Montana Supply and Demand Report of September, 1992, produced by the Montana Department of Labor, **Mr. Fitzpatrick** informed the committee that the growth rate was nine, the replacement rate per year was seven and the projected opening number was 16. He added that the U.S. Department of Labor projections noted that dental hygienists ranked 13 on the demand list with a 62.6% change in employment during the period the data was collected. He said it was one of the fastest growing of the top occupations listed.

Closing by Sponsor:

REP. SIMPKINS noted that the present proposal as presented in HB 113 was a win-win situation. He stated that to meet the rising cost of postsecondary education three options were available: 1. raise taxes, 2. cut programs, 3. graduate students faster. He noted that the proposed program followed the third option.

ADJOURNMENT

Adjournment: 12:25 p.m.

REP. ROYAL JOHNSON, Chair

JACQUELINE BREHE, Secretary

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HOUSE OF REPRESENTATIVES

EDUCATION SUB-COMMITTEE

ROLL CALL **DATE** 1-29-93 2nd.

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

TABLE 1
Comparison of LFA Current Level and Executive Budget
General Fund and Total Funds
1995 Biennium

---- General Fund ----

Agency	LFA FY 94	LFA FY 95	Executive* FY 94	Executive FY 95	1995 Biennium LFA	1995 Biennium Executive	Executive Over (Under) LFA
Six Units							
MSU	35,407,705	35,497,474	33,005,736	33,123,879	70,905,179	66,129,615	(4,775,564)
UM	29,526,530	29,562,756	25,170,150	25,303,963	59,089,286	50,474,113	(8,615,173)
EMC	10,699,998	10,688,888	10,903,843	10,911,803	21,388,886	21,815,646	426,760
NMC	5,949,753	5,922,078	5,800,962	5,774,950	11,871,831	11,575,912	(295,919)
WMCUM	3,615,048	3,592,478	3,166,435	3,142,117	7,207,526	6,308,552	(898,974)
MCMST	8,090,245	8,092,667	7,501,732	7,505,518	16,182,912	15,007,250	(1,175,662)
Total	93,289,279	93,356,341	85,548,858	85,762,230	186,645,620	171,311,088	(15,334,532)
Vo-Techs							
BVTC	1,160,487	1,140,354	1,236,752	1,184,120	2,300,841	2,420,872	120,031
BUVTC	1,132,188	1,103,478	1,471,662	1,447,184	2,235,666	2,918,846	683,180
GFVTC	1,447,084	1,424,227	1,532,038	1,500,782	2,871,311	3,032,820	161,509
HVTC	1,896,332	1,870,850	2,002,734	1,975,127	3,767,182	3,977,861	210,679
MVTC	1,993,618	1,970,398	2,109,839	2,081,920	3,964,016	4,191,759	227,743
Total	7,629,709	7,509,307	8,353,025	8,189,133	15,139,016	16,542,158	1,403,142
TOTAL	100,918,988	100,865,648	93,901,883	93,951,363	201,784,636	187,853,246	(13,931,390)

---- Total Funds ----

Agency	LFA FY 94	LFA FY 95	Executive FY 94	Executive FY 95	1995 Biennium LFA	1995 Biennium Executive	Executive Over (Under) LFA
Six Units							
MSU	57,774,940	57,882,321	54,838,227	54,956,370	115,657,261	109,794,597	(5,862,664)
UM	52,619,843	52,673,664	48,759,155	48,892,968	105,293,507	97,652,123	(7,641,384)
EMC	17,272,063	17,266,778	17,231,569	17,239,529	34,538,841	34,471,098	(67,743)
NMC	9,247,967	9,223,396	9,189,125	9,403,113	18,471,363	18,592,238	120,875
WMCUM	5,540,072	5,519,310	5,445,342	5,421,024	11,059,382	10,866,366	(193,016)
MCMST	11,781,470	11,786,948	10,843,184	10,846,970	23,568,418	21,690,154	(1,878,264)
Total	154,236,355	154,352,417	146,306,602	146,759,974	308,588,772	293,066,576	(15,522,196)
Vo-Techs							
BVTC	1,948,755	1,934,598	2,069,531	2,024,866	3,883,353	4,094,397	211,044
BUVTC	1,553,584	1,526,224	1,893,464	1,870,825	3,079,808	3,764,289	684,481
GFVTC	2,275,101	2,255,006	2,350,777	2,322,768	4,530,107	4,673,545	143,438
HVTC	2,606,180	2,582,713	2,726,566	2,701,565	5,188,893	5,428,131	239,238
MVTC	2,813,721	2,794,397	2,914,930	2,891,624	5,608,118	5,806,554	198,436
Total	11,197,341	11,092,938	11,955,268	11,811,648	22,290,279	23,766,916	1,476,637
TOTAL	165,433,696	165,445,355	158,261,870	158,571,622	330,879,051	316,833,492	(14,045,559)

*Includes additional enrollment budget modifications and additional RIT funds.

EXHIBIT 1 A
DATE 1-29-93
SB

PRIMARY CAUSES

DIFFERENCE BETWEEN THE LFA CURRENT LEVEL AND EXECUTIVE BUDGET

1. ENROLLMENT INCREASES
2. EQUIPMENT/DEFERRED MAINTENANCE POOL
3. BUDGET RECISIONS
4. FEE WAIVERS
5. USE OF FISCAL 1993 FORMULA FACTORS

TABLE 1A
Comparison of LFA Current Level to Executive
By Funding Source
1995 Biennium

Agency	LFA 1995 Biennium	Executive 1995 Biennium	Executive Over (Under) LFA
Six Units			
General Fund	186,645,621	171,311,088	(15,334,533)
Six Mill Levy	25,085,000	24,940,396	(144,604)
Tuition	95,284,356	95,001,296	(283,060)
Other	1,573,796	1,813,796	240,000
Total	308,588,773	293,066,576	(15,522,197)
Vo-Techs			
General Fund	15,139,016	16,542,158	1,403,142
County Levy	1,800,000	1,852,964	52,964
Tuition	5,275,449	5,292,530	17,081
Other	75,814	79,264	3,450
Total	22,290,279	23,766,916	1,476,637

EXHIBIT 1B
DATE 1-24-93
SB

TABLE 2
Comparison of LFA Current Level and Executive Budget
to 1993 Biennium
Total Funds

Agency	1993 Biennium	1995 LFA Biennium	LFA Over (Under) 1993 Biennium	1995 Executive Biennium	Executive Over (Under) 1993 Biennium
Six Units					
MSU	107,707,551	115,657,261	7,949,710	109,794,597	2,087,046
UM	93,510,666	105,293,507	11,782,841	97,652,123	4,141,457
EMC	32,875,743	34,538,841	1,663,098	34,471,098	1,595,355
NMC	17,708,886	18,471,363	762,477	18,592,238	883,352
WMCUM	10,222,640	11,059,382	836,742	10,866,366	643,726
MCMST	20,610,158	23,568,418	2,958,260	21,690,154	1,079,996
Total	282,635,644	308,588,772	25,953,128	293,066,576	10,430,932
Vo-Techs					
BVTC	3,891,444	3,883,353	(8,091)	4,094,397	202,953
BUVTC	3,662,475	3,079,808	(582,667)	3,764,289	101,814
GFVTC	4,539,700	4,530,107	(9,593)	4,673,545	133,845
HVTC	5,156,999	5,188,893	31,894	5,428,131	271,132
MVTC	5,472,634	5,608,118	135,484	5,806,554	333,920
Total	22,723,252	22,290,279	(432,973)	23,766,916	1,043,664
TOTAL	305,358,896	330,879,051	25,520,155	316,833,492	11,474,596

TABLE 3
Comparison of LFA Current Level and Executive Budget
1995 Biennium to 1993 Biennium
By Funding Source

Agency	1993 Biennium*	LFA 1995 Biennium	LFA Over (Under) 1993 Biennium	Executive 1995 Biennium	Executive Over (Under) 1993 Biennium
Six Units					
General Fund	180,861,948	186,645,621	5,783,673	171,311,088	(9,550,860)
Six Mill Levy	24,018,000	25,085,000	1,067,000	24,940,396	922,396
Tuition	76,504,314	95,284,356	18,780,042	95,001,296	18,496,982
Other	1,251,382	1,573,796	322,414	1,813,796	562,414
Total	282,635,644	308,588,773	25,953,129	293,066,576	10,430,932
Vo-Techs					
General Fund	16,663,620	15,139,016	(1,524,604)	16,542,158	(121,462)
County Levy	1,946,485	1,800,000	(146,485)	1,852,964	(93,521)
Tuition	4,073,240	5,275,449	1,202,209	5,292,530	1,219,290
Other	39,907	75,814	35,907	79,264	39,357
Total	22,723,252	22,290,279	(432,973)	23,766,916	1,043,664

*Legislative appropriations, only.

EXHIBIT 1C
DATE 1-29-93
SB

TABLE 4
Comparison of LFA Current Level and Executive Budget
to 1993 Biennium
Total Funds
With Budget Amendments

Agency	1993 Biennium	1995 LFA Biennium	LFA Over (Under) 1993 Biennium	1995 Executive Biennium	Executive Over (Under) 1993 Biennium
Six Units					
MSU	112,877,612	115,657,261	2,779,649	109,794,597	(3,083,015)
UM	100,424,500	105,293,507	4,869,007	97,652,123	(2,772,377)
EMC	33,594,432	34,538,841	944,409	34,471,098	876,666
NMC	18,267,477	18,471,363	203,886	18,592,238	324,761
WMCUM	10,596,956	11,059,382	462,426	10,866,366	269,410
MCMST	21,491,788	23,568,418	2,076,630	21,690,154	198,366
Total	297,252,765	308,588,772	11,336,007	293,066,576	(4,186,189)
Vo-Techs					
BVTC	4,111,316	3,883,353	(227,963)	4,094,397	(16,919)
BUVTC	3,706,702	3,079,808	(626,894)	3,764,289	57,587
GFVTC	4,680,170	4,530,107	(150,063)	4,673,545	(6,625)
HVTC	5,244,038	5,188,893	(55,145)	5,428,131	184,093
MVTC	5,620,209	5,608,118	(12,091)	5,806,554	186,345
Total	23,362,435	22,290,279	(1,072,156)	23,766,916	404,481
TOTAL	320,615,200	330,879,051	10,263,851	316,833,492	(3,781,708)

*Includes all actual or pending budget amendments. Includes $5.4 million in budget amendments not yet approved by the legislature.

TABLE 5
Comparison of LFA Current Level and Executive Budget
1995 Biennium to 1993 Biennium
By Funding Source

Agency	1993 Biennium*	LFA 1995 Biennium	LFA Over (Under) 1993 Biennium	Executive 1995 Biennium	Executive Over (Under) 1993 Biennium
Six Units					
General Fund	180,861,948	186,645,621	5,783,673	171,311,088	(9,550,860)
Six Mill Levy	25,649,781	25,085,000	(564,781)	24,940,396	(709,385)
Tuition	89,489,655	95,284,356	5,794,701	95,001,296	5,511,641
Other	1,251,382	1,573,796	322,414	1,813,796	562,414
Total	297,252,766	308,588,773	11,336,007	293,066,576	(4,186,190)
Vo-Techs					
General Fund	16,663,620	15,139,016	(1,524,604)	16,542,158	(121,462)
County Levy	1,946,485	1,800,000	(146,485)	1,852,964	(93,521)
Tuition	4,712,423	5,275,449	563,026	5,292,530	580,107
Other	39,907	75,814	35,907	79,264	39,357
Total	23,362,435	22,290,279	(1,072,156)	23,766,916	404,481

*Including all actual or pending budget amendments. Includes $5.4 million in budget amendments not yet approved by the legislature.

EXHIBIT 10
DATE 1-29-93
SB

TABLE 6
Comparison of LFA Current Level to Executive Budget
1995 Biennium

Agency	LFA 1995 Biennium	Executive 1995 Biennium**	Executive Over (Under) LFA	Reduction Target*	Difference Executive to Target
Six Units					
General Fund	186,645,621	171,311,088	(15,334,533)	(17,758,119)	2,423,586
Six Mill Levy	25,085,000	24,940,396	(144,604)		(144,604)
Tuition	95,284,356	95,001,296	(283,060)		(283,060)
Other	1,573,796	1,813,796	240,000		240,000
Total	308,588,773	293,066,576	(15,522,197)	(17,758,119)	2,235,922
Vo-Techs					
General Fund	15,139,016	16,542,158	1,403,142	(1,439,380)	2,842,522
County Levy	1,800,000	1,852,964	52,964		52,964
Tuition	5,275,449	5,292,530	17,081		17,081
Other	75,814	79,264	3,450		3,450
Total	22,290,279	23,766,916	1,476,637	(1,439,380)	2,916,017
TOTAL	330,879,052	316,833,492	(14,045,560)	(19,197,499)	5,151,939

*Assumes proportional share of the total reduction of $24 million.
**Includes budget modifications of $4,215,398 general fund and $240,000 RIT funds. Does not include $25 million general fund reduction or $13.32 tuition increase.

INITIAL REDUCTION TARGETS

This handout is designed to provide the subcommittee with additional information concerning the reduction targets set by the chairs and vice-chairs of the Appropriations Committee subcommittees.

Table 1 shows the total allocation of the initial reduction targets, along with the total target.

TABLE 1
Allocation of Subcommittee Reduction Target
General Fund
1995 Biennium

Agency	1993 Biennium	LFA 1995 Biennium	Initial Target	Percent Reduction
OPI	$91,094,589	$90,428,764	$0	0.0%
Board of Public Ed	209,980	229,268	19,288	9.2%
School for Deaf/Blind	5,504,347	5,626,423	122,076	2.2%
Montana University System	246,185,768	250,382,166	4,196,398	1.7%
Total	$342,994,684	$346,666,621	$4,337,762	1.3%
Total Target			$24,000,000	
Remaining Reduction			$19,662,238	

Table 2 allocates the additional general fund reduction, based upon total general fund in each agency in the LFA current level in the 1995 biennium.

EXHIBIT 2
DATE 1-29-93
SB

TABLE 2
Allocation of Remaining Reduction
Based Upon Total Share of General Fund
1995 Biennium*

	Total 1993 Biennium	Share of Total	Share of Remaining	Percent Reduction
OPI	$90,428,764	26.1%	$5,123,285	5.7%
Board of Public Ed	229,268	0.1%	12,989	5.7%
School for Deaf/Blind	5,626,423	1.6%	318,768	5.7%
Montana University System				
CHE	15,392,969	4.4%	872,096	5.7%
Community Colleges	7,561,657	2.2%	428,409	5.7%
Vo-Techs				
Billings	2,300,841	0.7%	130,355	5.7%
Butte	2,235,666	0.6%	126,663	5.7%
Great Falls	2,871,311	0.8%	162,675	5.7%
Helena	3,767,182	1.1%	213,431	5.7%
Missoula	3,964,016	1.1%	224,583	5.7%
Six Units				
MSU	70,905,179	20.4%	4,017,167	5.7%
UM	59,089,286	17.0%	3,347,732	5.7%
EMC	21,388,886	6.2%	1,211,798	5.7%
NMC	11,871,831	3.4%	672,604	5.7%
WMCUM	7,207,526	2.1%	408,346	5.7%
MCMST	16,182,912	4.7%	916,851	5.7%
AES	15,869,754	4.6%	899,108	5.7%
CES	5,555,127	1.6%	314,728	5.7%
FCES	1,398,825	0.4%	79,251	5.7%
Mines	2,705,110	0.8%	153,259	5.7%
FSTS	496,661	0.1%	28,139	5.7%
Total MUS**	$250,764,739	72.3%	$14,207,196	5.7%
Total Education	$347,049,194	100.0%	$19,662,238	5.7%

*Does not include any subcommittee action to date.
**Includes additional $382,573 not included in the original LFA current level total sheets.

Table 3 allocates the initial Montana University System (MUS) target of $4,196,398, based upon total general fund in the LFA current level in the 1995 biennium. The table also shows how the remaining target would be allocated using the same criteria, if the entire remaining target were allocated to the MUS.

TABLE 3
Allocation of Initial and Remaining Reduction
Based Upon Total Share of General Fund
Montana University System
1995 Biennium*

	Total 1993 Biennium	Share of Total	Share of Initial	Share of Remaining	Total Percent Reduction
CHE	$15,392,969	6.1%	$257,592	$1,206,949	9.5%
Community Colleges	$7,561,657	3.0%	$126,540	$592,903	9.5%
Vo-Techs					
Billings	2,300,841	0.9%	38,503	180,407	9.5%
Butte	2,235,666	0.9%	37,413	175,297	9.5%
Great Falls	2,871,311	1.1%	48,050	225,137	9.5%
Helena	3,767,182	1.5%	63,042	295,381	9.5%
Missoula	3,964,016	1.6%	66,335	310,815	9.5%
Six Units					
MSU	70,905,179	28.3%	1,186,556	5,559,611	9.5%
UM	59,089,286	23.6%	988,824	4,633,138	9.5%
EMC	21,388,886	8.5%	357,930	1,677,083	9.5%
NMC	11,871,831	4.7%	198,668	930,860	9.5%
WMCUM	7,207,526	2.9%	120,614	565,136	9.5%
MCMST	16,182,912	6.5%	270,811	1,268,888	9.5%
AES	15,869,754	6.3%	265,571	1,244,333	9.5%
CES	5,555,127	2.2%	92,962	435,573	9.5%
FCES	1,398,825	0.6%	23,409	109,681	9.5%
Mines	2,705,110	1.1%	45,268	212,105	9.5%
FSTS	496,661	0.2%	8,311	38,943	9.5%
Total MUS**	$250,764,739	100.0%	$4,196,398	$19,662,238	9.5%

*Does not include any subcommittee action to date.
**Includes additional $382,573 not included in the original LFA current level total sheets.

Table 4 shows the allocation to the MUS if all student assistance and vo-tech center bond payments are removed from the base.

EXHIBIT 2
DATE 1-29-93
SB

TABLE 4
Allocation of Initial and Remaining Reduction
Based Upon Total Share of General Fund
Without Student Assistance or Bond Payments
Montana University System
1995 Biennium*

	Total 1993 Biennium	Share of Total	Std Asst/ Vo-Tech Bond Payments	Total	Adjusted Share of Total	Share of Initial	Share of Remaining	Total Percent Reduction
CHE	$15,392,969	6.1%	($11,626,486)	$3,766,483	1.6%	$66,094	$309,685	2.4%
Community Colleges	$7,561,657	3.0%		$7,561,657	3.2%	$132,692	$621,729	10.0%
Vo-Techs								
Billings	2,300,841	0.9%		2,300,841	1.0%	40,375	189,178	10.0%
Butte	2,235,666	0.9%		2,235,666	0.9%	39,231	183,819	10.0%
Great Falls	2,871,311	1.1%		2,871,311	1.2%	50,386	236,083	10.0%
Helena	3,767,182	1.5%		3,767,182	1.6%	66,107	309,742	10.0%
Missoula	3,964,016	1.6%		3,964,016	1.7%	69,561	325,926	10.0%
Six Units								
MSU	70,905,179	28.3%		70,905,179	29.7%	1,244,244	5,829,910	10.0%
UM	59,089,286	23.6%		59,089,286	24.7%	1,036,899	4,858,393	10.0%
EMC	21,388,886	8.5%		21,388,886	8.9%	375,332	1,758,620	10.0%
NMC	11,871,831	4.7%		11,871,831	5.0%	208,327	976,116	10.0%
WMCUM	7,207,526	2.9%		7,207,526	3.0%	126,478	592,612	10.0%
MCMST	16,182,912	6.5%		16,182,912	6.8%	283,978	1,330,579	10.0%
AES	15,869,754	6.3%		15,869,754	6.6%	278,482	1,304,830	10.0%
CES	5,555,127	2.2%		5,555,127	2.3%	97,481	456,749	10.0%
FCES	1,398,825	0.6%		1,398,825	0.6%	24,547	115,013	10.0%
Mines	2,705,110	1.1%		2,705,110	1.1%	47,469	222,417	10.0%
FSTS	496,661	0.2%		496,661	0.2%	8,715	40,836	10.0%
Total MUS**	$250,764,739	100.0%	($11,626,486)	$239,138,253	100.0%	$4,196,398	$19,662,238	9.5%

*Does not include any subcommittee action to date.

**Includes additional $382,573 not included in the original LFA current level total sheets due to system glitch.

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E 1-79

EXECUTIVE FUNDING BASE

The executive budget uses the FY92 level of expenditures as the base for FY94 and FY95 budgets. This essentially treats these programs the same as most other agencies of state government. Inflation and pay increases are added to the FY92 actual expenditures and budget modifications are added for the increased workloads in the instruction program which were financed with budget amendments in FY92. This change from the use of peer based formulas for student faculty ratios, faculty salaries, and support expenditures was initially made to properly recognize the changes made during special legislative sessions. The LFA approach uses peer based data which was used in the FY90-91 budgets and continued into FY92-93 with adjustment for inflation, pay plan, and program changes.

A comparison of FY92 expenditure based amounts used in the executive budget with the LFA peer based formula amounts is attached.

Validity of peer data

The use of currently available peer data may not provide the best indicator of Montana university system needs. The allocation of formula generated appropriations by the university units has not been in consort with the formulas which generate these funds, the revenues included in peer school funding levels may not be comparable to those of the Montana peer, and the mix of students among the lower, upper and graduate levels may not be comparable to peers. These factors make use of peer data questionable. Heavy reliance on peer data may require more extensive study and information gathering to assure true comparability.

University units do not use funds as generated by formula

The amounts generated by the formula for instruction and support have been reallocated by the units from instruction to support raising questions about the formula's validity. As indicated on the following page, in FY92 the six units collectively spent less on instruction than generated by the formula and pay plan while experiencing an increase in enrollment of approximately 5 percent. At the same time support expenditures were increased over 12 percent above the level generated by the formula and pay plan. Does this indicate that the current formula adequately funds instruction but inadequately funds support?

EXHIBIT 34
DATE 1-29-93
SB

- - - - - - - - - ALLOCATIONS MADE BY UNIVERSITY SYSTEM - - - - - - - - -

PROGRAM	HB2 LEGISLATIVE APPROPRIATION	PAY PLAN	LAO	BUDGET AMENDMENT	SPECIAL SESSION REDUCTION	PROGRAM TRANSFERS	TOTAL U-SYSTEM ALLOCATIONS	PERCENT DISRTIBUTION
INSTRUCTION	75,463,033	1,323,858	0	2,625,778	(701,743)	(2,326,121)	921,772	11%
RESEARCH	1,297,743	59,772	0	4,834	(1,161)	99,367	162,812	2%
PUB SERVICE	829,049	54,517	0	1,496	0	52,330	108,343	1%
SUPPORT	39,225,124	2,321,507	17,451	1,391,463	(227,246)	2,238,397	5,741,572	68%
O & M PLANT	17,109,808	696,871	0	307,214	(23,935)	283,731	1,263,881	15%
FEE WAIVERS	3,508,138	0	0	653,399	0	(347,704)	305,695	4%
TOTAL	137,432,895	4,456,525	17,451	4,984,184	(954,085)	0	8,504,075	100%

This table illustrates the allocations made by the 1991 legislature and the changes made by the University system through their allocation of the pay plan, budget amendments, special session reductions, and program transfers. The net effect of the U-system discretionary changes was to significantly expand the support programs. The instruction program, in spite of the increased enrollments, was allocated less than provided in the legislative appropriation and an equitable allocation of pay plan funds.

EXHIBIT 36
DATE 1-29-93
SB

Revenues included in the peer comparisons

When comparing units of the Montana university system to peers we compare appropriated expenditures from the current unrestricted fund. However fees which are not reported in the current unrestricted fund can lead to distortions in peer comparisons if peers are including these in their expenditure levels. In a recent survey the Legislative Auditor found only one of 26 peer schools use the "designated" fund which is used extensively by Montana units (in FY91 designated fund revenues exceeded $22 million). Though the commissioner's office made adjustments to peer comparisons for many expenditures which the comparable peer made from current unrestricted funds the auditor was not able to determine the full extent of comparability.

The Legislative Auditor also found computer and equipment fees charged by Montana schools and deposited into "plant" funds are typically reported in the current unrestricted funds of peers. The deposit and expenditure of these funds outside the current unrestricted fund tends to understate the level of Montana expenditure relative to the peers as well as the student effort relative to students at peer schools. Though the Commissioner's office and the Legislative Auditor stated the omission of these fees was not material it should be noted that the computer and equipment fees alone generate approximately $5 million in the biennium.

Differentials in student mix

The cost of educating students rises as students progress through school to smaller more specialized classes. The 1981 formula study found that based on the enrollment at the University of Montana the peer student faculty ratio fell from 26:1 for lower division (freshman and sophomore) classes to 15:1 at upper division and 10:1 for graduate level classes. The lack of an extensive 2yr college system as found in several of the peers may result in the Montana units showing a mix more dominated by low cost lower division enrollments. In telephone calls to two of our peers we found the percentage of undergraduate students in upper division to be significantly higher than in the Montana units.

Unit	% Lower Division	% Upper Division
MSU	58.5	41.5
UM	52.3	47.7
Nevada-Reno	40.2	59.8
Wyoming	43.4	56.6

The 1987 peer study did not gather data on undergraduate division-level enrollments however it did include graduate level vs undergraduate enrollment breakouts. Again the peers appear to have had a relatively higher percentage of their enrollments in the high cost graduate level.

EXHIBIT 3C
DATE 1-29-93
SB

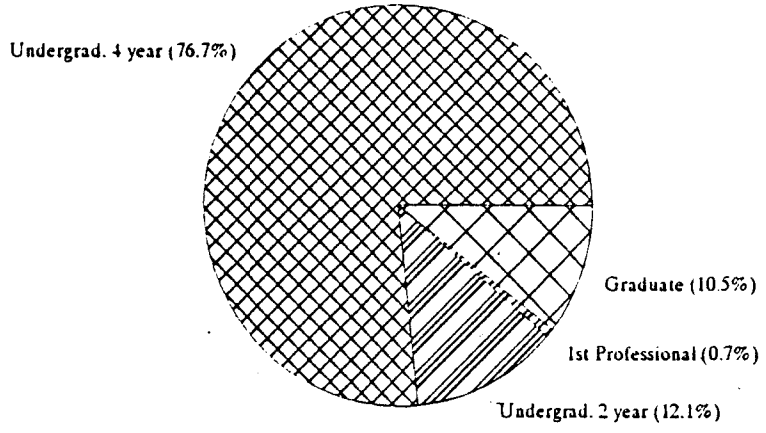
Unit	% Undergraduate	% Graduate
MSU	94.6	5.4
UM	89.5	10.5
Northern Arizona	89.1	10.9
U of Idaho	66.7	33.3
New Mexico St	91.6	8.4
U of North Dakota	92.0	8.0
North Dakota St	93.8	6.2
Utah St Univ	88.1	11.9
U of Wyoming	88.0	12.0

The effect of the student mix on the student faculty ratio of the peers is not uniform though the lower ratios roughly parallel increased percentages of graduate enrollment. The ratio for North Dakota State University being the highest at 19.08:1 and that for the University of Wyoming being the lowest at 13.6:1.

The charts on the following page indicate the mix of student enrollments in Montana compared to the national average. These tables show a significantly higher proportion of students enrolled in 4 year institutions in Montana.

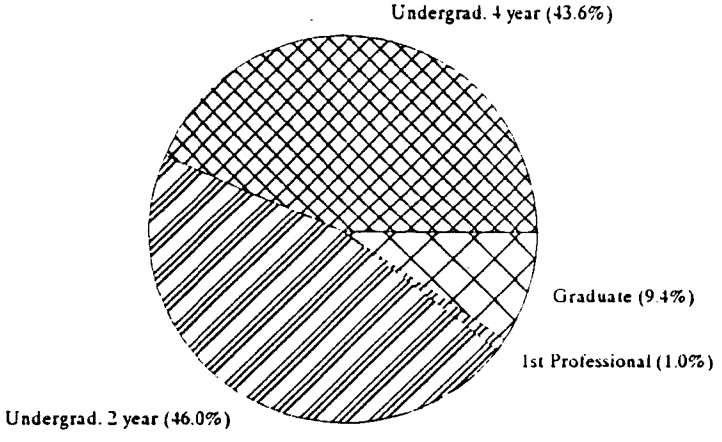
EXHIBIT 3D
DATE 1-29-93
SB

MONTANA



PERCENT OF PUBLIC STUDENTS ENROLLED
1990 DATA

U.S.A. AVERAGE



PERCENT OF PUBLIC STUDENTS ENROLLED
1990 DATA

EXHIBIT 3E
DATE 1-29-93

Formula study recommendation regarding use of peer comparisons

In its report to the 1989 legislature the university funding study committee recommended that peer data not be relied upon for formula factors and that instead specific values for formula elements be left to the legislature. The report cited that among other items the committee consider taxpayer ability to pay and availability of funds in setting values for formula items.

Montana's higher education expenditure relative to income

Montana's expenditure for higher education although not outstanding, it is above average when consideration is given to the states ability to pay. Although Montana has a relatively low income and Tax Capacity it allocates 24% (8.4% versus 6.8%) more of the budget to the higher education than the national average. In 1991-92, Montana allocated 95% of the National average per higher education per student with 83% of the tax capacity of the national average.

To more vividly demonstrate this, please turn to the graphs.

Each of the graph contains the U.S. average, the Montana number and my "Peer States" calculation. This Peer states figure is not a scientific calculation, but rather a yard stick comparison. It does however, yield a general indication of Montana's relation to these peer states. The peer states are defined herein are any state that has a university that one of the 6 units considers to be a peer. The numbers presented are straight averages of these states. No attempt has been made to weight these averages. The Peer states are: North Dakota, South Dakota, Wyoming, Colorado, Arizona, New Mexico, Nevada, Utah, Idaho, Washington and Oregon.

Summary points

*Tax Capacity in Montana was $1,707 or 83% of the National average of $2,059 per capita. The peer Tax Capacity is 94%.

*Beyond Tax Capacity, Montana has a higher Tax Effort than the average of the country. The ratio of our actual taxes to our tax capacity (Tax Effort) is 101.5% compared to the national average of 99.9% and a peer effort of 98.6%

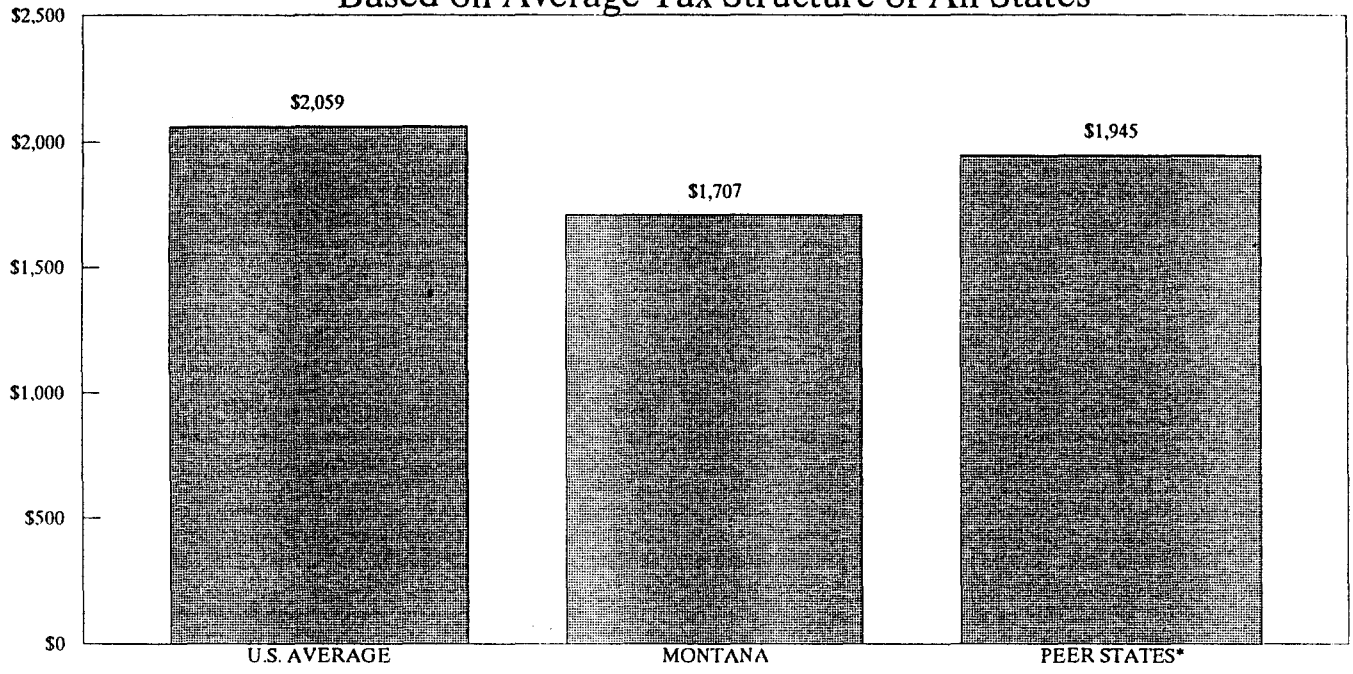
*Yet despite this above average effort, our average tax revenue per student is $47,931 or 77% of the National average. The peer states average 81% of the national average.

With all of this against Montana, we attempt to make up some of the difference by funding higher education to the fullest of our ability. The State Profiles Effort Index attempts to measure this effort in relation to other states. Montana's effort is 13% higher than the national average, which is not quite up to the peer average of 15% higher than the national average.

EXHIBIT 3F
DATE 1-24-93
SB

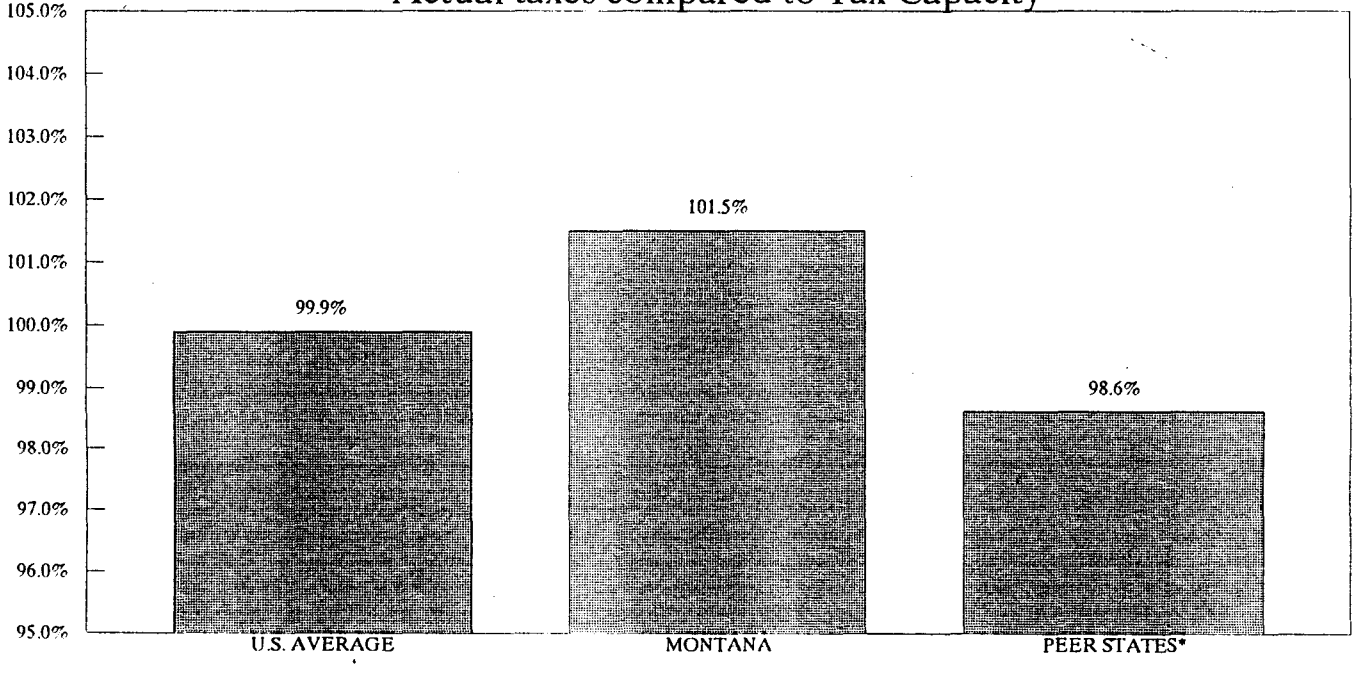
Tax Capacity

Based on Average Tax Structure of All States



Tax Effort

Actual taxes compared to Tax Capacity



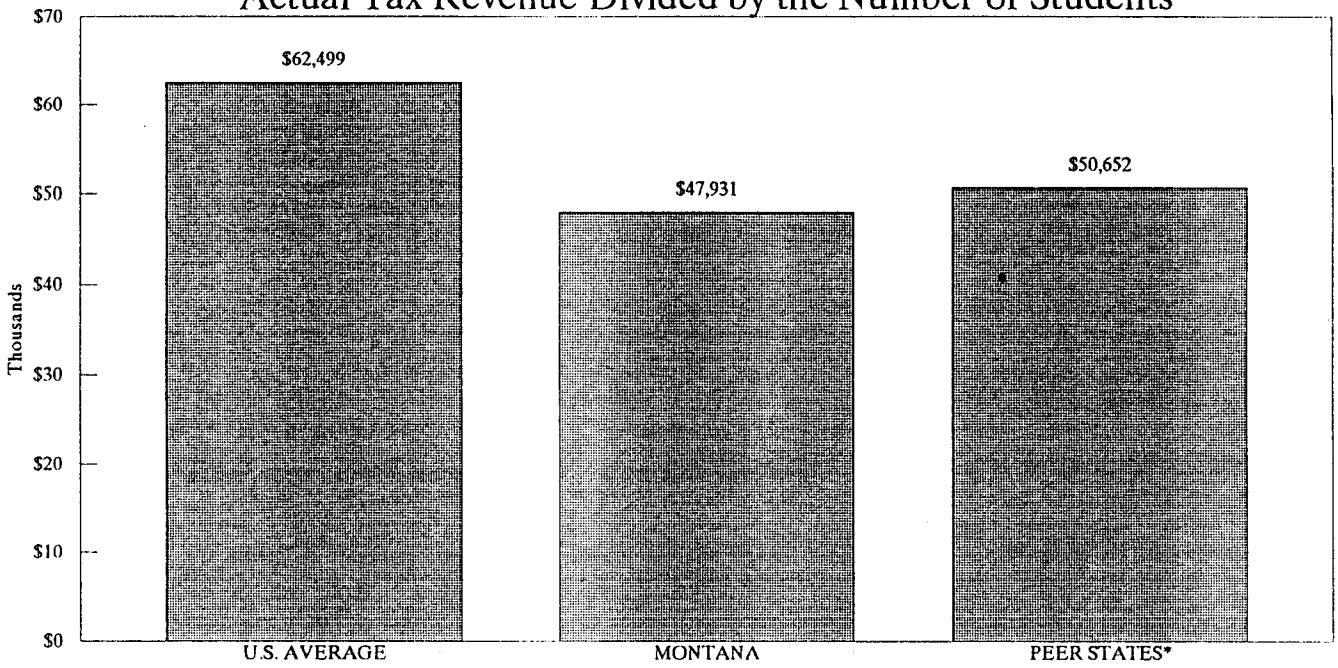
*PEER STATES: The definition of "Peer States" is any state that has a "Peer University" as defined by the Office of the Commissioner of Higher Education. The figures represented here are a result of a straight average of these states.

Source for data: State Profiles: Financing Public Higher Education 1978 to 1992 Research Associates of Washington, October 1992

EXHIBIT 3 G
DATE 1-29-93
SB

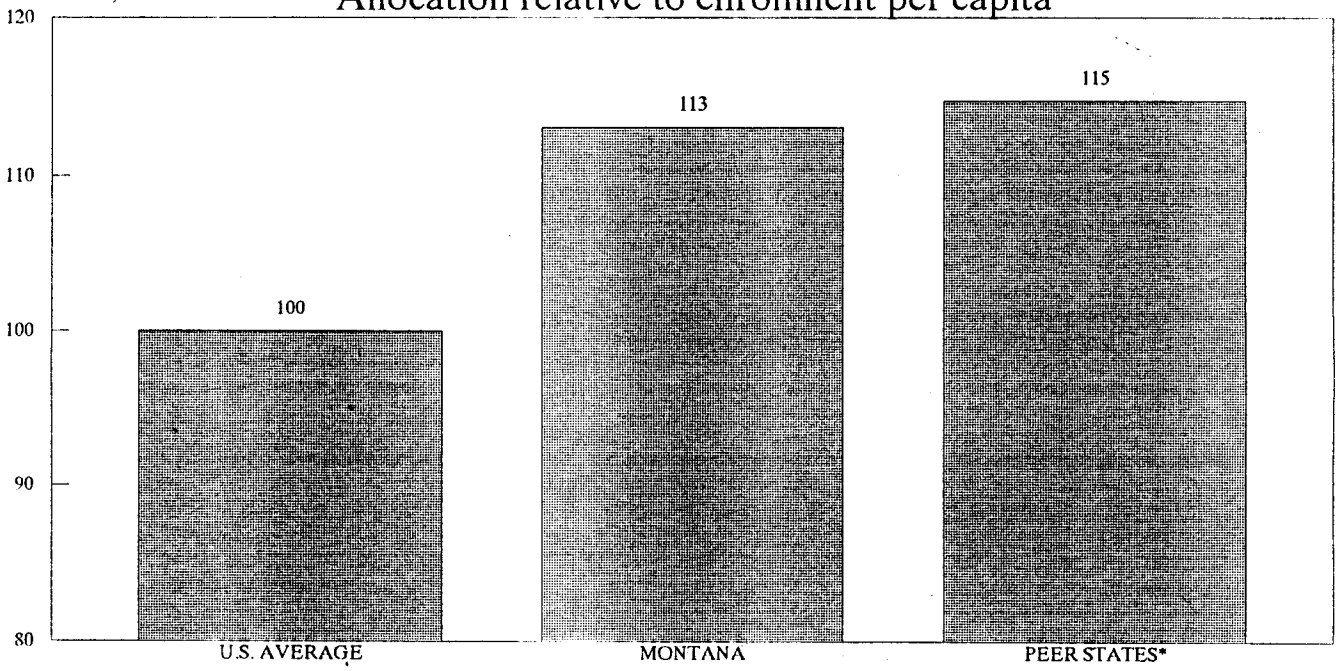
Tax Revenue per Student

Actual Tax Revenue Divided by the Number of Students



State Effort Index

Allocation relative to enrollment per capita



*PEER STATES: The definition of "Peer States" is any state that has a "Peer University" as defined by the Office of the Commissioner of Higher Education. The figures represented here are a result of a straight average of these states.

Source for data: State Profiles: Financing Public Higher Education 1978 to 1992
Research Associates of Washington, October 1992

EXHIBIT 3H
DATE 1-29-93
SB

Therefore, although Montana's tax base makes it difficult to fund it's University system, Montana does fund the system higher than the national average, relative to it's income.

Executive budget including $25 million general fund savings

The table on the following page illustrates the executive budget for the six units based on updated tuition revenue estimates, the implementation of the tuition rates proposed to the Board of Regents with the tuition indexing proposal, and an assumed allocation of the $25 million general fund reduction to the six units of $21.78 million. This latter figure is based on the additional tuition generated by the proposed rates and a proportional allocation of the remainder of the general fund reduction among all general fund appropriations in the system. The table indicates that total expenditures for the six units will remain relatively constant between biennia. If the legislature approves the requested budget amendment for FY93 of $5.3 million there will be a small drop between biennia. These amounts exclude any pay plan funding which would be provided by the legislature.

EXHIBIT 3 I
DATE 1-29-93
BI

EXECUTIVE BUDGET ALTERNATIVE

	FY92	FY93	FY94	FY95
GENERAL FUND(1)	93.86	87.00	77.01	72.52
MILLAGE	11.89	12.13	12.47	12.47
RESIDENT(2)	23.78	29.02	31.82	34.07
NONRESIDENT(2)	14.14	18.53	25.57	28.60
OTHER	0.63	0.63	0.79	0.79
	144.29	147.31	147.66	148.45
BIENNIUM TOTAL		291.60		296.11
PERCENT OF COST(3)				
RESIDENT			26.14%	27.89%
NONRES			85.85%	93.96%
COST PER STUDENT(4)			5,245	5,268

NOTES:

(1) ASSUMES THAT THE SIX UNITS ABSORB $21.78 MILLION OF THE $25 MILLION GENERAL FUND REDUCTION.

(2) TUITION AND FEE RATES ARE THOSE USED IN THE REGENTS TUITION INDEXING PLAN. FY93 EXCLUDES $5.3 MILLION BUDGET AMENDMENT NOT BY LEGISLATURE AT THIS TIME.

(3) TUITION AND FEES NET OF WAIVERS DIVIDED BY TOTAL COST NET OF WAIVERS, RESEARCH, AND PUBLIC SERVICE.

(4) TOTAL FUNDS NET OF RESEARCH, PUBLIC SERVICE, AND WAIVERS DIVIDED BY FYFTE ENROLLMENT.

EXHIBIT 35
DATE 1-29-93
SB

COMPARISON OF FORMULA BASE DIFFERENCES

	ACTUAL	--EXECUTIVE BUDGET--		--LFA CURRENT LEVEL --		-LFA OVER(UNDER) EXECUTIVE-	
	FY92	FY94	FY95	FY94	FY95	FY94	FY95
		---------- SIX UNITS ----------					
ENROLLMENT	26,453	26,453	26,453	26,228	26,228		
INSTRUCTION							
LEGISLATIVE APPROPS	73,550,274	75,364,413	75,441,774	84,853,114	84,916,801		
BUDGET AMENDMENTS	2,625,243	2,105,053	2,105,053	0	0		
TOTAL	76,175,517	77,469,466	77,546,827	84,853,114	84,916,801	7,383,648	7,369,974
SUPPORT							
LEGISLATIVE APPROPS	42,814,930	45,329,242	45,277,264	44,435,853	44,364,494		
BUDGET AMENDMENTS	1,391,463	0	0	0	0		
TOTAL	44,206,393	45,329,242	45,277,264	44,435,853	44,364,494	(893,389)	(912,770)
WAIVERS							
LEGISLATIVE APPROPS	3,158,064	3,158,017	3,158,017	4,939,293	4,939,293		
BUDGET AMENDMENTS	674,947	0	0				
TOTAL	3,833,011	3,158,017	3,158,017	4,939,293	4,939,293	1,781,276	1,781,276
TOTAL FORMULA BUDGETS							
LEGISLATIVE APPROPS	119,523,268	123,851,672	123,877,055	134,228,260	134,220,588		
BUDGET AMENDMENTS	4,691,653	2,105,053	2,105,053	0	0		
TOTAL	124,214,921	125,956,725	125,982,108	134,228,260	134,220,588	8,271,535	8,238,480
		---------- VOCATIONAL CENTERS ----------					
ENROLLMENT	2,336	2,336	2,336	2,328	2,328		
INSTRUCTION							
LEGISLATIVE APPROPS	6,703,238	6,881,643	6,881,643	6,385,513	6,386,402		
BUDGET AMENDMENTS	86,118	0	0	0	0		
TOTAL	6,789,356	6,881,643	6,881,643	6,385,513	6,386,402	(496,130)	(495,241)
SUPPORT							
LEGISLATIVE APPROPS	3,313,465	3,487,724	3,325,882	3,271,804	3,145,072		
BUDGET AMENDMENTS	91,379	0	0	0	0		
TOTAL	3,404,844	3,487,724	3,325,882	3,271,804	3,145,072	(215,920)	(180,810)
TOTAL FORMULA BUDGETS							
LEGISLATIVE APPROPS	10,016,703	10,369,367	10,207,525	9,657,317	9,531,474		
BUDGET AMENDMENTS	177,497	0	0	0	0		
TOTAL	10,194,200	10,369,367	10,207,525	9,657,317	9,531,474	(712,050)	(676,051)

EXHIBIT 3K
DATE 1-27-93
SB

House BILL NO. 113

INTRODUCED BY Simpkins

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY FOR IMPLEMENTATION BY THE GREAT FALLS VOCATIONAL-TECHNICAL CENTER OF A 2-YEAR ASSOCIATE OF APPLIED SCIENCE DEGREE PROGRAM IN DENTAL HYGIENE; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1.** Appropriation. The following money is appropriated from the general fund to the board of regents of higher education to be used solely to implement at the Great Falls vocational-technical center a 2-year associate of applied science degree program in dental hygiene as approved by the board of regents:

Fiscal year 1993	$89,641
Fiscal year 1994	$192,770

NEW SECTION. **Section 2.** Effective date. [This act] is effective July 1, 1993.

-End-

EXHIBIT 4
DATE 1-29-93
SB

HB 113
INTRODUCED BI

Montana Dental Association
P.O. Box 1154 • Helena, MT 59624
(406) 443-2061 • FAX: (406) 443-1546

Constitutent: AMERICAN DENTAL ASSOCIATION

January 29, 1993

Chairperson Johnson and Members of the Committee:

My name is Bill Zepp and I am the Executive Director of the Montana Dental Association, located here in Helena. The Montana Dental Association, currently composed of 482 Montana dentists, is proud of its historical role and involvement as a primary advocate for accredited dental hygiene education in the state.

In the early 1970's, members of the MDA contributed nearly $100,000 toward the establishment and operation of a dental hygiene program at Carroll College in Helena.

In 1988, after several years of difficulty regarding enrollment, recruitment, operating costs, and a philosophical debate over the existence of a dental hygiene program within the four year liberal arts environment, Carroll College announced the closure of the program, effective in June of 1990, leaving Montana without a local source of trained dental hygienists. The closure also left Montana as the only state in the nation without a dental hygiene education program. After attempts to encourage Carroll to maintain the program proved futile, the MDA began working with the Board of Dentistry and the Office of the Commissioner of Higher Education to reestablish an accredited program within the Montana University System.

In 1989, MDA brought representatives of the Commission on Dental Accreditation (CODA) to speak to both the Montana University System Board of Regents and the Board of Dentistry. The Commission on Dental Accreditation is the sole accrediting body for dental and dental-related programs, including dental assisting, dental hygiene, and dental laboratory technology. The Commission is empowered by both the United States Department of Education (USDOE) and the Commission on Post-Secondary Accreditation (COPA) to establish and maintain standards for dental and dental-related programs, just as the Northwest Association of Schools and Colleges sets standards and provides accreditation for schools and colleges in the northwestern United States, including Montana.

EXHIBIT 5A
DATE 1-29-93
SB

The CODA representatives clarified standards and requirements for both the Regents and the Board of Dentistry in looking to the reestablishment of an accredited dental hygiene program. Of particular interest and concern was the establishment of a two year program and its placement in a vocational technical setting. As CODA then indicated, such programs comprised the majority of the accredited programs in the country. In fact, the January 1993 Annual Report of the Commission indicates that 84% or 177 of the 210 accredited programs of dental hygiene education are located in similar settings, granting the associate degree in dental hygiene.

In the Fall of 1990 and 1991, surveys conducted by the MDA and the Department of Health and Environmental Sciences Chief Dental Officer indicated a need for hygienists throughout the state, with the possible exception of the Butte and Bozeman communities. This data was later incorporated in the program proposal from Great Falls Vocational Technical Center. Dentists throughout Montana continue to indicate difficulty in employing hygienists, despite a rising pay scale.

Reserve funds from the Board of Dentistry were utilized to fund a consultancy, filled by Sherry Burke, Dental Hygiene educator from Delaware Technical and Community College in Wilmington, which ultimately resulted in the identification of the Great Falls Vocational Technical Center's cooperative proposal with Malmstrom Air Force Base as the most ideal setting for a new program.

Once the Great Falls site was identified, an Advisory Committee was formed in 1991, including representatives of the Great Falls Vocational Technical Center, Malmstrom Air Force Base, the Office of the Commissioner of Higher Education, the Board of Dentistry, the Montana Dental Hygienists Association, the Montana Dental Association, and dentists and hygienists from the Great Falls area. After considerable time and effort by all interested parties, the Board of Regents of the Montana University System granted approval to the program in June of 1992.

Based on the established need for trained dental hygienists in the state of Montana, the cooperative efforts of all interested parties, particularly the Malmstrom/Great Falls Vo Tech partnership, the strength of the proposed program, and the ultimate benefit to the citizens of Montana, the Advisory Committee determined that the program should be presented to the 1993 Legislature. We are not insensitive to the budgetary problems of the state facing this legislative assembly, but do feel that the Dental Hygiene Education program ultimately provides solutions and benefits in educating Montanans for good jobs in Montana.

Thank you for your attention and consideration.

EXHIBIT 5B
DATE 1-29-93
SB

DEPARTMENT OF COMMERCE
PUBLIC SAFETY DIVISION

STAN STEPHENS, GOVERNOR

111 N. JACKSON

STATE OF MONTANA

HELENA, MONTANA 59620-0407

BOARD OF DENTISTRY

January 29, 1993

To: Education and Cultural Resources Appropriations Joint Subcommittee

From: Montana Board of Dentistry

RE: HOUSE BILL 113

Chairperson Johnson and Committee Members,

Montana's only Dental Hygiene education program was discontinued in May of 1990. Montana is now the only state in the United States that does not offer an educational program in Dental Hygiene to its residents.

In June, 1990, the Board of Dentistry provided funding to hire a consultant whose duties included conducting a study on the need for a program, determination of the appropriate site for the program, and formulating a draft proposal for the curriculum of the program. The members of this House Committee are undoubtedly familiar with the resulting program proposal that the Board of Regents approved for implementation, pending the appropriation of funds.

This program would not only help serve the dental health care needs of the people of Montana, but would offer our Montana students an educational opportunity for an excellent professional career.

The Board of Dentistry supports the establishment of an accredited program of dental hygiene education in the state of Montana. The members of the Board of Dentistry are very aware of the financial dilemma that Montana now faces, we ask that you please consider funding this educational program that will create a "win-win" situation for the students and citizens of our great state.

EXHIBIT 6
DATE 1-29-93
SB

Malmstrom Air Force Base

Malmstrom is composed of two wings, 1) the 43rd Air Refueling Wing which has host base responsibilities and is headquarters for regional elements at both Fairchild AFB (Spokane) WA and Minot AFB, N.D. 2) the 341st Missile Wing that is currently upgrading an additional one hundred missiles from the older Minuteman II to the more modern Minuteman III.

Malmstrom Dental Clinic

The modern medical/dental complex is just three years old opening in Feb of 1990. The dental clinic has 22 dental treatment rooms with 11 dentists and one civilian dental hygienist. With excess capacity and a large patient population, the Malmstrom dental clinic is an ideal location for the clinical phase of Montana's proposed dental hygiene program. This arrangement has support and approval from base officials, Air Mobility Command (AMC) and Headquarters Unitied States Air Force (USAF). We are offering dental treatment rooms with state of the art equipment and supplies.

Why offer the Malmstrom Dental Clinic?

1. Tax dollars have built this facility and the military is encouraged to contribute to and support the local community. Also, it is a way of saying "thank you" to Montana for the finest Military Affairs Committee (MAC) and the most positive community support that I have experienced in my military career.

2. I feel a part of Montana. My brother-in-law and his family moved to Montana about seven years ago, since 1986 and prior to this assignment we were visiting Montana and considering retiring here. As Montana might become our adopted state "we" (the State of Montana) need a dental hygiene program.

3. I found out that my father went to high school in Missoula. So, Montana even has some family heritage.

4. Finally: Yes, there is some benefit for the Air Force as we would be able to capture the productivity generated by the hygiene students. The patients would be eligible beneficiaries of a military medical treatment facility.

Thus, this is a mutually beneficial program for both the State of Montana and the USAF.

EXHIBIT 7
DATE 1-29-93
SB

January 13, 1993

TO: House Education and Cultural Resources Committee

RE: House Bill 113
Establishment of a Dental Hygiene Program for the State of Montana

Dear Committee Members:

We are asking for your support in the development of a dental hygiene program for the training of dental hygienists for the State of Montana. At this time there is a critical need of dental hygiene personnel in the State of Montana. Montana is one of few states in the nation which does not offer a training program in dental hygiene.

The ground work for an excellent applied science degree program in dental hygiene has been completed and is ready for implementation by the Great Falls Vocational Technical Center. If funding for this program is provided, this center has the potential to be one of the premiere dental hygiene teaching facilities in this section of the country. Classrooms and clinics are already in place and can be used for the dental hygiene training program.

The advisory committee which is responsible for establishing the curriculum for the potential dental hygiene program consists of a broad range of experts in the field including hygienists, dental assistants, dentists, dental specialists, and academicians. This advisory committee has formulated an excellent curriculum. Students who will enroll in this program will be provided a comprehensive education which will be a great asset to the people of Montana.

The waiting list for people to enroll in the program is already quite large and is growing daily. Young people in Montana want jobs. Dental hygiene is an excellent profession. The people in Montana deserve access to quality dental care. At this time there is no dental hygiene program in the state of Montana which can provide well trained dental hygienists.

EXHIBIT 8
DATE 1-29-93
SB

Signed:

C. Douglas Van Dyck, D.D.S., M.S.D., Periodontist

Michele Barrett, Registered Dental Hygienist

Barb Flaherty, Registered Dental Hygienist

Celeste Hoyer, Registered Dental Hygienist

Zandy McAllister, Certified Dental Assistant

Rita McNutt, Certified Dental Assistant

Sharon Moe, Receptionist

Kandice Murrill, Insurance Processor/Secretary

Doreen Weber, Registered Dental Hygienist

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

EDUCATION SUBCOMMITTEE DATE 1-29-93

DEPARTMENT(S) ______ DIVISION ______

PLEASE PRINT PLEASE PRINT

NAME	REPRESENTING	
William E. Zepp	Montana Dental Association	
Kim Anderson	GF Vo-Tech OH Advisory Committee	
Willard R. Weaver	GF Vo-Tech Center	
Jim Fitzpatrick	MCVE	
Lorri Merrick	MDHA Montana Dental Hygienists Assoc	
[illegible]	MDHA	
Leslie C. Millar	USAF	
Michele Kiesling RDH	Board of Dentistry	
John T. [illegible] DDS	Board of Dentistry	

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