

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By Chairman Royal Johnson, on February 8, 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
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: UNIVERSITY SYSTEM
Executive Action: UNIVERSITY SYSTEM AND OFFICE OF
PUBLIC INSTRUCTION

HEARING ON UNIVERSITY SYSTEM

Tape No. 1:A:000

CHAIRMAN ROYAL JOHNSON invited **Rod Sundsted, Associate Commissioner Fiscal Affairs at OCHE**, to respond to a previous presentation on the university system funding made by OBPP on 1/29/93.

Mr. Sundsted began by reminding the committee that the legislature in the July 1992 Special Session requested a study of peer tuition and fees. He said that **Laurie Neils, Director of Budget and Accounting, OCHE**, would be presenting the results of the study.

Ms. Neils noted that the legislature's instructions were replicated in the first page of the report. **EXHIBIT 1** She added that to maintain an independent perspective while conducting the survey, she consulted with both the OBPP and the LFA and had the office of the Legislative Auditor review her work. She then presented the comparison of fees and tuition between the units of the Montana University System (MUS) and its peers. **Table 1, EXHIBIT 1** **Ms. Neils** summarized the significant observations regarding the results. **EXHIBIT 1** She then referred the committee to a letter from the Office of the Legislative Auditor in **Appendix B, EXHIBIT 1** in which the auditor addressed the question of whether peer institutions have designated funds. The answer acknowledged that, although the peers do not call them designated funds, they essentially have accounting activities which accomplish similar purposes.

Ms. Neils stated that in her work she next compared the information from the peer expenditure study to the information from the tuition and fee study to see if what they reported as appropriated tuition on the tuition survey was the same as what they reported in the expenditure study. She again referred to the auditor's memorandum in **Appendix B, page 3 and 4** where it stated that OCHE was not able to identify and adjust all costs of a peer school to ensure that expenditures were exactly comparable to MUS. The auditor concluded that any differences were not material.

Ms. Neils explained that if the amount listed as tuition and fees in the tuition study was less than the amount reported in the expenditure study, she recalculated the peer expenditure per student. The results for each of the six units were listed on tables following **Table 1 in EXHIBIT 1** For example, after the adjustment, MSU was at 78% of its peers compared to 77% before the adjustment.

Mr. Sundsted then began his response as requested earlier by **CHAIRMAN JOHNSON**. He stated that he would address two issues. The first related to the university system budget development and entailed the establishment of a current level budget for the university system. He said differences between the LFA current level base and the executive current level base needed to be resolved, especially for the three formula-budgeted programs of instruction, support and scholarships/fellowships. The second issue was that of tuition and tuition estimates that were used for the six university units.

Mr. Sundsted continued by stating the definition of a current level budget as written in statute in Title 17 was: A current level budget is that level of funding required to maintain operations and services at the level authorized by the previous legislature with adjustments for inflation.

Mr. Sundsted explained that the LFA in establishing its current level used a funding formula that was adopted by the Legislative

University Funding Study in 1989 and the factors that were adopted by the last legislative session with adjustments for inflation and enrollments based on the prior two years' average. He said that this was a traditional approach that had been used historically by both the LFA and the OBPP. He noted that the executive had now discontinued using the formula in establishing current level budgets and was basing the current level on FY92 expenditures for the three formula funded programs less any expenditures under budget amendment authority that were the result of approximately 1200 additional students.

Mr. Sundsted explained that the consequences of the OBPP approach were that any unit with large increases in enrollment over FY92 levels now had a much lower budget on a per student basis than was appropriated in FY92. Conversely, those with large enrollment decreases now had an increase in their budgets on a per student basis.

In relationship to scholarships and fellowships, **Mr. Sundsted** noted that the OBPP used the FY92 actual expenditures for fee waivers, less any expenditure under budget amendment authority. Therefore, the current level established by OBPP doesn't allow for any fee waivers for the additional 1200 students. Under the OBPP current level, the university system would have to eliminate 40% of its current authority for fee waivers.

Mr. Sundsted continued that although OBPP justified their methodology on the basis that peer data was not reliable and comparison to peers was inappropriate, he felt the data in the present peer study was reliable and peer comparisons useful. He added that the formula was meant to be an appropriations model, not an expenditure model. He said the legislature recognized this when it allowed five percent for program transfers within a fiscal year. He stated that the university system had used less than 2 percent in transfer authority.

Exhibit 2 was distributed and explained by **Mr. Sundsted**. It presented the historical data on where the six university units expended funds in comparison to peers. He said it indicated that the units were trying to get the maximum amount of dollars into the instructional budget.

In response to OBPP's contention that the formula may be inappropriate to use, **Mr. Sundsted** pointed out that the Legislative University Funding Study had recommended a continuation of the formula with more easily updated factors. It also recommended using a two year average of student enrollment as an additional factor. **Mr. Sundsted** added that he did not believe the study's intent was to have the formula driven solely by peer data. The study recognized that taxpayer ability to pay must also be taken into consideration in determining factors. He stated that the formula approach to developing a budget for instruction, support, and for scholarships and fellowships was not a perfect model, but certainly a valid one. He said the

university system supported the use of the LFA current level budget.

Mr. Sundsted then addressed the question of tuition. He reminded the committee that the Legislative University Funding Study recommended the use of the average of the last two years actual enrollments in determining budgets. He noted that this average had also been used for estimating tuition revenues. Units have had some flexibility if enrollments exceeded estimates because although no additional state support was available for additional students, the units would have the tuition revenue above the appropriated level for the additional students.

Mr. Sundsted noted that the OBPP not only discontinued use of the formula, but also had discontinued the process that had been used for tuition and had instead estimated tuition revenue based on the actual enrollments for FY92. He pointed out that in its amendment to the executive budget, the OBPP recommended both resident and non-resident tuition increases as contained in the tuition index model of the Board of Regents. These tuition increases had been contemplated by the Regents with the intent that the increased revenues stay on the campuses to improve the quality of education. He noted that the OBPP proposal would use the increased revenue to lower general fund support. **Mr. Sundsted** stated that he did not believe either the Regents or the students would support higher tuition under the OBPP scenario.

Mr. Sundsted referred the committee to page 15 of the LFA Budget Analysis of the Racicot executive budget which indicated that the tuition increases as recommended by the OBPP were well above those within the tuition index model as a percentage of per student educational costs.

A WICHE Tuition Survey, **Exhibit 3**, was then distributed and **Mr. Sundsted** pointed out that the data showed that all the university units except for Montana Tech were at or above tuition rates for their peers for both residents and non-residents. He said it was difficult to justify a tuition increase when student financial support was below the peer average.

Mr. Sundsted then distributed **Exhibit 4** which he used to compare the actual and appropriated expenditure per student in FY92 (after the special session reductions) with the executive recommendations for FY94 and FY95. He pointed out that in FY92 total expenditures per student were \$5,551, general fund support was \$3,737 and tuition was \$1,312. In the executive recommendation for FY95, total expenditures per student had dropped to \$5,327, general fund support had dropped to \$2,690 and tuition had increased to \$2,136. Thus, over three years, general fund support would be reduced by 28% while tuition would increase 63%.

Mr. Sundsted then referred to the executive budget alternative which had been presented by OBPP a few weeks previously. He

noted that under that recommendation tuition increases would be even higher--\$2,297/student. He added that this was based on 27,285 FTE students or 2,223 above the FY92 appropriated level. While tuition from the additional students was used to reduce the general fund support, there was no additional consideration given on the expenditure side to educate the additional students. The units would not be able to generate this additional tuition unless they were to increase enrollment to the 27,285 level and increase the number of non-resident tuition paying students by 1,177 in FY94 and 1,471 in FY95 above the actual FY92 level. He stated that such an increase in non-residents would be impossible to achieve which meant the units would not meet the tuition estimate that was in the OBPP alternative plan.

Questions from the Subcommittee and Responses:

SEN. DENNIS NATHE referred to **EXHIBIT 2** and asked why the university system consistently spent more on student services than any of the peers. **Mr. Sundsted** answered that the university system had considerable general fund support for athletics whereas most of the peers use fees.

REP. MIKE KADAS noted that the university system was supporting the LFA current level as a budgeting methodology and that the Regents recognize the need to curtail enrollment if there is reduced support. He asked how the budgeting methodology now and in the next biennium dove-tailed with a program that curtailed enrollment. **Mr. Sundsted** noted that if the formula was not used, it would be hard to determine how the next biennial budget would be generated. If the FY92 actual expenditures were used regardless of enrollment levels, it would be difficult to adjust it to account for the changes occurring on the campuses. If enrollment has to be restricted, under the formula methodology that would lower the appropriation next biennium and under the OBPP scenario, it basically would maintain the expenditures even with the lower student numbers. If enrollments were restricted, a decrease would be seen in the formula budgeted amount next biennium.

REP. KADAS asked **Mr. Sundsted** if the LFA current level methodology were to be used, what adaptations would he recommend to deal with tuition indexing. **Mr. Sundsted** replied that if the tuition indexing model were adopted and if the additional money it generated were allowed to remain on campuses, the formula factors would have to be adjusted. **REP. KADAS** asked how he would deal with the enrollment portion of the formula. **Mr. Sundsted** said that if the legislature wanted to continue to use the formula, then the formula would continue to be used as is currently done. The revenue it would generate may be different, but the expenditure side could be adjusted to reflect the tuition indexing.

REP. PECK asked how current the figures in the exhibits were. **Mr. Sundsted** answered that the WICHE Survey would include the

Fall 1992 figures (FY93).

REP. PECK noted that the OCHE was saying that tuition increases in Montana have been significant. He felt that the Regents and the OCHE was saying that what was put in as tuition should drive what the legislature appropriates. He could not accept an agency telling the legislature what it had to appropriate based on fees, tuition or any other figure. **Mr. Sundsted** explained that the tuition indexing model was developed with Regents and students participation. The hope was that the additional revenue generated would be appropriated by the legislature to be used on the campuses. The students would not support tuition indexing if it backed out general funds, especially since the tuition rates presently are above the peers. The Regents would also be reluctant to institute tuition indexing if it were used to back out general funds. He emphasized that they were not trying to tell the legislature what to do.

REP. PECK stated that traditionally Montana has been a low tuition state and that the west as a region has been lower in its tuition than the rest of the nation. In that respect, students were still getting a good deal when compared to the national average. **Mr. Sundsted** agreed.

SEN. NATHE asked if all the peers had the same admission policy as the MUS. **John Hutchinson, Commissioner of Higher Education**, answered that, in general, all the peers had policies comparable to those of Montana. All have college prep programs as a requirement. Some of the institutions do not have quantitative admissions standards.

Tape No. 1:B:000

REP. PECK asked **Dr. Hutchinson** if other funding methodologies had been examined besides the one based on a formula. **Dr. Hutchinson** replied that there were two principal ways to fund higher education - either through a formula or through incremental funding. Montana actually has a blend of both. He stated that formulas work well when funding was abundant. Formulas were not as stable when funding was limited. He said he personally favored an incremental approach using a workload adjustment. It would entail having a base and then adding to it. He added that the process has to be responsive to changes in enrollment which was the reason for the workload adjustment. **Dr. Hutchinson** then noted that the Joint Legislative Regents Committee which **SEN. SWYSGOOD** chaired had put in the bill that the OCHE was to examine alternate budget methodologies to determine if what Montana now uses was the best procedure.

CHAIRMAN JOHNSON asked members of the staff for responses to **Mr. Sundsted's** presentation.

Curt Nichols, OBPP, referred to **EXHIBIT 4** and noted that there were several factors that resulted in the substantial tuition increases. In the 1993 Special Session, the legislature

increased the tuition to offset the decrease in the general fund support. He also noted that the budget amendments were not included in the actual expenditures for FY92 or appropriated expenditures for FY93 in the exhibit which underestimated tuition revenue. He added that what was being seen was a change in the student mix with an increase in non-resident enrollments.

Mr. Nichols further explained that in the calculations of the executive recommendations, the OBPP used a WUE (Western Undergraduate Exchange) phase down which was part of the Regents indexing proposal. The expectation was that WUE students would convert to non-resident status thus producing a gain in tuition revenue. He emphasized that the large increase from \$1,312 to \$2,136 in tuition was mostly caused by an increase in non-resident enrollment. He replied to **Mr. Sundsted's** contention that over 1,000 students were being added without increasing support by stating that approximately \$4 million of budget modifications were in the executive budget for the additional students.

Mr. Nichols disagreed with **Mr. Sundsted's** comments that there were insignificant differences in the mix of students at the peers compared with the university system. Montana State University had the least percentage of graduate students compared to any of its peers. He added that the MUS was 10% higher in lower division courses than peers. In addition, he mentioned that although the auditor stated that the other fees were immaterial, these did amount to \$5 million.

Cordell Johnson, member of the Board of Regents, said the Regents were aware of the \$24 million reduction target and knew they would have to participate in the reductions being imposed by the legislature to face the financial crisis. He stressed that what would be helpful was to know the base that would be the starting point for making the reductions.

REP. PECK asked why there was an increase in non-resident enrollment when the tuition rates were comparable. **Mr. Sundsted** replied that it was a little difficult to analyze without the spring enrollment figures, but examining the fall figures indicated that the resident enrollment rates were holding constant at the 92-93 levels while the increase was mostly due to approximately 500 WUE students who entered the system before the phase out of WUE status. WUE students pay 150% of resident tuition.

SEN. DON BIANCHI asked for more information on student mix in the MUS compared to the peers. **Mr. Sundsted** answered that the numbers reported by the OBPP for MSU were incorrect. The proportion at MSU was seven percent while the proportion at UofM was 10%. He noted that the cause of the error might have been dividing by 15 credits rather than by 12 credits. **SEN. BIANCHI** asked whether the MUS had more freshmen and sophomores than the peers. **Mr. Sundsted** said he would get the information, but at

this time he believed that some institutions were above the university system and some below in terms of freshmen and sophomores.

SEN. BIANCHI asked if the budget was decreased and formula funding continued to be used and if the Regents decide to decrease FTEs to maintain quality, how would that decrease in enrollment be implemented. **Dr. Hutchinson** explained that some of the steps that would be taken in the Commitment to Quality Program would reduce student numbers for good reasons. Some of these steps would include raising standards to remain a student in good standing, strict suspension rules, etc. If the Regents were to respond to the \$24 million reduction by limiting access, the first decision would be how much of the reduction would be taken as a cut in access. Since there was a need to protect those already in the system, new entering students would be most affected.

SEN. CHUCK SWYSGOOD asked **Mr. Nichols** where he obtained his figures for the percentage of graduate students at MSU. **Mr. Nichols** replied that his figures came from the final report of the 1989 funding study committee. **SEN. SWYSGOOD** asked the OCHE what proportion of the approximately 26,000 students in the university system were graduate students. **Mr. Sundsted** answered that in 1992, 1,958 graduate students were in the university system. He explained a point in the WICHE survey that seemed confusing. Graduate tuition appeared lower than undergraduate because, although the rate was the same, a full-time graduate student takes 12 credits rather than 15.

SEN. SWYSGOOD referred to **EXHIBIT 3** to explain his dissatisfaction with peer comparisons noting that one of the peer institutions for Montana Tech had extremely high tuition and it skewed the average. **Dr. Hutchinson** noted that the peer comparison for Montana Tech was unstable because only three peers could be used. It was difficult to use the peer model when only 16 mining schools existed in the nation. **Dr. Hutchinson** said the selection of peers for the other Montana units was appropriate and they provided useful benchmarks. **SEN. SWYSGOOD** then asked how many of the 1,959 graduate students were from out of state. **Dr. Hutchinson** replied that there were 409 non-resident graduate students.

CHAIRMAN JOHNSON noted that **Mr. Sundsted** testified that the students and the Regents would not support a tuition increase if it were used in the manner the OBPP proposed. He asked **Mr. Sundsted** how he drew that inference for the Regents. **Mr. Sundsted** said he did not mean to speak for the Regents. The Regents had adopted the tuition indexing as a model and with the assumption that the revenue earned would be kept by the campuses. If that assumption does not hold, he believed they would decide to revisit the issue.

CHAIRMAN JOHNSON asked **Mr. Sundsted** if he believed that if the

committee used the FY92 actual expenditures with the amendments as a base that it would be taking money away from the schools.

Mr. Sundsted answered affirmatively, using the area of scholarships and fellowships as an example. If FY92 expenditures were used, because of the tuition increases and the additional students in FY93, it would require \$5 million to fund the fee waivers. One could either cut \$4 million from the budget or reduce fee waivers by 40%.

CHAIRMAN JOHNSON referred to the WICHE Program noting that 63 people were presently in the veterinarian program. He added that 18 new spots were budgeted for 1993 and 18 more in 1995. Since the Department of Labor stated that they put only two veterinarians to work in Montana last year, he asked if 18 slots could be dropped from this program to save money. **Mr. Sundsted** replied that a reduction in this area would save general fund money and expected the Regents to examine the issue at their next meeting.

REP. PECK asked what the largest cost fee waivers were. **Mr. Sundsted** answered that the highest fee waivers were high school honor students, American Indians, athletes, veterans and graduate students.

REP. KADAS asked the OBPP if its proposal to use the previous year's expenditures as the base rather than the formula was a procedure they would recommend for future use also. **Mr. Nichols** said it was not a long term proposal but one that resulted due to actions taken during special session. **REP. KADAS** noted that the use of formula funding has driven the decisions which the MUS has made in the past. Whatever budget approach is now taken will drive decisions in the future. He asked **Mr. Nichols** if his office had given any consideration to the consequences of using the approach the OBPP was proposing. **Mr. Nichols** replied that the incentives the units respond to were more complex than the formula which has been used. **REP. KADAS** encouraged OBPP to think of the long term consequences over the next few weeks. He noted that in the short term, using the OBPP methodology created some peculiarities among the institutions. The message going to UofM which has had an increase in enrollment is that they now have to downsize to return to the FY92 budget level. **Mr. Nichols** disagreed with the implication and explained that the executive budget requested lump sum allocation to the university system so that the Regents could decide the distribution among individual units and accommodate any inequities.

REP. KADAS noted that the OBPP was using the different funding levels at the units which had been originally driven by enrollment levels. The enrollment levels have now changed. He asked if lump sum funding meant the Regents would move money from one unit to another which had experienced greater enrollment growth? **Mr. Nichols** said the executive budget used enrollment figures for students educated in 1992. Those figures were carried forward to the FY94-95 budget. To the extent that a

campus had a disproportionate share of the student increase, some of that was offset with the budget modification. **REP. KADAS** stressed that the dollars per student went down at UofM in comparison to MSU because UofM had more students. **Mr. Nichols** agreed that UofM might require an additional amount in relation to the other schools. It was the policy of OBPP that the Regents make an allocation of the total appropriation to rectify any inequities.

REP. KADAS said it was difficult to fund the units using the old budget numbers and expect Regents to allocate money to adapt to the changing enrollments without considerable institutional warfare.

SEN. BIANCHI stated that the MUS should not be encouraged to increase their numbers of non-resident students as a means of meeting their budgets as seemed to be proposed in the OBPP approach. **Mr. Nichols** explained that the incentive to bring in non-residents students was not part of the executive proposal but was a result of the fact that non-residents get charged the full cost of education. **SEN. BIANCHI** said that the OBPP was recognizing that incentive by its inclusion of tuition increases stemming from the transfer of WUE students to non-resident status. **Mr. Nichols** said the updated estimates of tuition were based on the OCHE estimates of 1993 enrollments. The estimate of the number of WUE students who would become non-residents was based on the WUE caps. The area of disagreement was in whether some of the WUE students would leave the system and if so, how many.

SEN. PECK asked **Dr. Hutchinson** if he had reviewed the statement from Chairman Harding of Flathead Community College. **EXHIBIT 6** He said it presented an idea for managing the university system via a budget reward system which might accomplish what the Regents were attempting to accomplish with the Tuition Indexing proposal. **Dr. Hutchinson** said he had only read the materials once. **Mr. Sundsted** remarked that he believed the intent was to get students to the institution where they could be educated at the least cost. **REP. PECK** explained that the plan would create a junior college system where the smaller institutions would be rewarded for the first and second year courses which they would offer, while the larger institutions would be rewarded better for the upper level and graduate courses they would offer. He added that this proposal offered another option to review for possible use.

EXECUTIVE ACTION ON UNIVERSITY SYSTEM

Tape No. 2:A:230

BUDGET ITEM: CURRENT LEVEL BASE:

Tape No. 2:A:230

Motion : **SEN. SWYSGOOD** moved the acceptance of the LFA current

level FY 92 base as the funding base with the inclusion of the amendments which had been prepared by the LFA for the pay plan.

Discussion: Taryn Purdy, LFA noted that the figures which SEN. SWYSGOOD was referring to were contained on Table C of EXHIBIT 5. She explained that the adjustments for the FY93 and FY94 pay plan increases had been incorporated into the figures. The 1995 biennium base was a multiplication by two of the amount calculated for the adjusted 1992 base. This figure did not include any adjustments for inflation, increases in benefits or any fixed cost adjustments. On Table C, these figures were compared to the LFA current level and found to be approximately \$22.9 below the LFA current level.

REP. PECK asked what would happen to the base figures for the executive budget if the same adjustments were made. Ms. Purdy replied that the executive budget currently included the FY93 pay plan amount as well as an inflation factor. Table C of Exhibit 5 contained a comparison of the Executive budget and the LFA current level base. Table C included all budget amendments expended in 1992 to the adjusted 1992 base. The methodology being used would result in an LFA base that was approximately \$8 million less than the executive budget.

REP. KADAS asked for the general fund difference between the adjusted 1992 base of the motion and the LFA current level and between the adjusted 1992 base of the motion and the Executive budget. Ms. Purdy pointed out that the general fund difference between the amount mentioned in the motion and the LFA current level was included in Table C of Exhibit 5. If the motion also applies to the vo-tech centers, it would result in a higher level of funding for them because of the decrease in their enrollments. She noted that in regard to the six university units the general fund amount was \$163.9 million under the motion compared to \$186.8 million under LFA current level. The executive budget included general funding of \$171.5 million. She explained that the reason for the reduction in the general funds was that when Table C was composed, it was assumed that other funds, millage and tuition would remain at the same level as in the LFA current level. Also assumed was the average of the actual enrollments in 1991 and 1992. The student mix of residents and non-residents in place in 1992 were also being used for Table C. It did not include any adjustments for increased enrollments or make any adjustments for scholarships or fellowships.

REP. KADAS asked if adjustments were made for tuition increases which were made during the special session. Ms. Purdy answered that all tuition increases presently in place were incorporated in the tuition revenue estimates incorporated in Table C. REP. KADAS asked if it included the Regents proposal for tuition indexing. Ms. Purdy said no. She said that if the student mix from 1992 had changed, the revenue estimates on Table C would need to be updated. The enrollment figures used to determine the tuition figures were used to determine the LFA current level.

REP. KADAS asked how it was possible to use the 1992 expenditure levels with the new enrollment figures. Ms. Purdy said an issue for the committee was whether adjustments were to be made to the expenditure level based on changes in enrollment. REP. KADAS noted that the motion did not acknowledge any increase in enrollment which had occurred in 1993.

REP. KADAS asked if the motion also applied to the vo-tech centers. SEN. SWYSGOOD said yes, that it included everything on Table C. REP. KADAS asked if the motion's intent was to set a lump sum for the Regents or a lump sum by institution. SEN. SWYSGOOD replied that his intent was to set the budget by institution. REP. KADAS asked if his motion would result in the reduction in the university system budget of \$6.9 million below LFA current level and in UofM's budget of \$12.2 million below LFA current level. SEN. SWYSGOOD agreed.

SEN. NATHE asked if the motion was open to amendments by line item. SEN. SWYSGOOD answered that his motion established a base from which to work. SEN. NATHE asked if the increases to the Vo-Tech Centers could also be adjusted. SEN. SWYSGOOD agreed. REP. KADAS asked if the motion passes, was it the intention of the committee to go back and change each unit or take a global approach and establish a system of funding for making adjustments to the institutions. CHAIRMAN JOHNSON explained that it was his desire to give the system the money in their units and allow them to make the adjustments, however the committee is charged with making these types of recommendations. As an example, MSU would be given the \$54 million as listed on Table C and told to run their unit with none of the funding reverting back to the OCHE. SEN. SWYSGOOD clarified that the intent of the motion was not to give a lump sum to the Regents, however, the individual units could spend their individual allocations as they felt best.

REP. KADAS asked if SEN. SWYSGOOD'S intent was that UofM was to deal with it's 20% cut as best it could within its resources. SEN. SWYSGOOD agreed. REP. KADAS asked if the motion passed, what areas would be appropriate for subsequent action. SEN. SWYSGOOD replied that considering the charge to the committee, there weren't many. He added that the essence of his motion did allow for adjustments as the committee saw fit.

REP. KADAS stated that the motion, if passed would result in severe impacts on some institutions and smaller impacts on others. By budgeting in this manner, the committee was not sending a clear signal to the university units. The signal, especially to UofM, was to cut as many in-state students as possible, as soon as possible. He believed that the vast majority of the reductions were being placed on one institution which was not just. REP. PECK asked why there was a difference between the budgets of MSU and UofM. Ms. Purdy explained that UofM and Montana Tech were getting the largest proportions of the reductions because the LFA current level in FY94-95 took into account any enrollment increases in FY91-92 over the appropriated

level of FY89-90 enrollment and gave UofM and Montana Tech the larger proportion of the increase over actual expenditures. These two institutions would therefore suffer the largest decreases under the adjusted budget in the motion.

Vote: The motion **CARRIED** 4 to 1 with **REP. KADAS** opposed and **SEN. BIANCHI** absent for the vote.

CHAIRMAN JOHNSON asked **Ms. Purdy** to explain the consequences of the motion on the work of the committee. **Ms. Purdy** gave a preview of the decisions which lay before the committee. She said the first decision was whether to add to the adopted base certain items which were excluded when it was developed. Vacancy savings in 1992 were not included as well as benefit adjustments in the area of Workers Compensation. Fixed costs such as those for audits are absent from the adjusted base as was an inflation factor of approximately \$1 million. Enrollment adjustments for increases were not included and adjustments for scholarships and fellowships were not either.

Ms. Purdy mentioned that the next issue was that of tuition and deciding how many students were to be used to determine tuition levels. In calculating **Table E** in **EXHIBIT 5**, the mix of students in 1992 was used and thus the tuition revenues needed to be updated. Also to be decided was the impact of the tuition on the expenditures. In addition, the committee needed to anticipate the level of tuition increase that the Board of Regents may institute. Lastly, the committee would need to decide any adjustments which would be deemed necessary to account for FTE shifts between units.

SEN. SWYSGOOD asked that the cost figures associated with the items be supplied to the committee. **Ms. Purdy** said that was her intent. **SEN. NATHE** asked if the decision list included physical plant. **Ms. Purdy** said that the budget which was just voted on included the 1992 expenditures for incremental programs.

CHAIRMAN JOHNSON expressed a desire to revisit a funding switch in which the committee had transferred \$7.8 million from the school equalization account to the general fund. As it appears now, it looks like the committee increased the amount of money it was allocating from the general fund. **REP. KADAS** remarked that the change was originally made for good and rational reasons. It was to get transportation back into the general fund.

EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION

Tape No. 2:B:28

Motion/Vote: **REP. PECK** moved to reverse a previous action of the committee in which \$7.8 million for transportation was transferred from the school equalization account to the general fund. The motion **CARRIED** 4 to 1 with **REP. KADAS** opposed and **SEN. BIANCHI** absent for the vote.


Ms. Purdy referred to Table A, EXHIBIT 5 to demonstrate to the committee where it was in relation to the target.

ADJOURNMENT

Adjournment: 10:35



REP. ROYAL JOHNSON, Chair



JACQUELINE BREHE, Secretary

jb/

HOUSE OF REPRESENTATIVES

EDUCATION SUB-COMMITTEE

ROLL CALL

DATE 2-8-93

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	✓		



MONTANA UNIVERSITY SYSTEM

AND POSTSECONDARY EDUCATION

*MONTANA UNIVERSITY SYSTEM
SURVEY OF PEER TUITION AND FEES
FEBRUARY 8, 1993*

OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

EXHIBIT 1
DATE 2-8-93
SB

Helena, Montana

Units of the Montana University System

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

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

February 8, 1993

Exhibit 1, "Survey of Peer Tuition and Fees", is 7 pages long. The original is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

MONTANA STATE UNIVERSITY

(BUDGETED)

	FY89 PEERS	FY89 MSU	FY90 MSU	FY91 MSU	FY91 PEER	FY92 MSU	FY93 MSU
Instruction Program:	*	*	*	*	*	*	*
Contract Faculty	32.32%	34.97%	35.44%	34.73%	30.10%	35.68%	36.75%
GTA	2.95%	2.59%	2.32%	2.81%	2.80%	2.96%	2.18%
Classified	3.13%	3.14%	3.05%	2.95%	4.50%	3.00%	3.09%
Other	1.16%	0.80%	0.26%	0.90%	1.20%	0.69%	0.48%
Benefits	7.98%	7.65%	8.82%	7.96%	8.70%	8.62%	8.55%
Total Personal Services	46.59%	49.15%	49.88%	49.36%	47.40%	50.94%	51.05%
Operations	3.73%	4.41%	4.08%	4.17%	3.40%	3.83%	3.91%
Capital	1.32%	0.37%	0.28%	0.49%	0.60%	0.60%	2.41%
Total Instruction	51.63%	53.93%	54.25%	54.03%	50.30%	55.37%	57.37%
Research	1.83%	1.27%	1.28%	1.24%	2.30%	1.13%	1.08%
Public Service	0.89%	0.02%	0.02%	0.02%	1.10%	0.56%	0.73%
Academic Support	11.57%	11.84%	12.48%	11.92%	11.70%	11.42%	11.54%
Student Services	6.10%	9.30%	8.63%	9.36%	5.90%	9.02%	8.28%
Institutional Support	10.40%	8.74%	8.00%	8.60%	11.90%	8.58%	7.03%
Physical Plant	14.72%	12.35%	12.54%	12.33%	13.50%	11.41%	10.89%
Fee Waivers	2.85%	2.55%	2.80%	2.49%	3.20%	2.52%	3.08%
Total Expenditures	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

\$ EXPENDITURES/FTE:

	MSU	PEERS	MSU	PEERS
ACADEMIC SUPPORT	\$549	\$702	\$615	\$798
STUDENT SERVICES	\$431	\$370	\$483	\$400
INSTITUTIONAL SUPPORT	\$405	\$613	\$444	\$770
PHYSICAL PLANT	\$572	\$864	\$637	\$915

EXHIBIT 2A

DATE 2-8-93

SB

EASTERN MONTANA COLLEGE

	FY89 PEERS	FY89 EMC	FY90 EMC	FY91 EMC	FY91 PEER	FY92 EMC	(BUDGETED) FY93 EMC
Instruction Program:	*	*	*	*	*	*	*
Contract Faculty	32.81%	31.44%	32.77%	32.25%	31.70%	31.05%	30.47%
GTA	0.53%	0.00%	0.02%	0.03%	0.70%	0.28%	0.00%
Classified	1.90%	2.30%	2.31%	2.07%	1.90%	2.20%	2.10%
Other	0.74%	0.77%	0.60%	0.98%	1.80%	1.10%	0.90%
Benefits	7.33%	7.09%	7.46%	7.78%	8.90%	7.85%	7.87%
Total Personal Services	43.31%	41.60%	43.15%	43.12%	45.20%	42.48%	41.34%
Operations	6.57%	4.16%	3.48%	3.15%	4.70%	3.90%	8.17%
Capital	0.74%	0.51%	0.63%	0.35%	0.30%	0.70%	0.43%
Total Instruction	50.61%	46.27%	47.26%	46.62%	50.30%	47.08%	49.94%
Research	0.70%	0.00%	0.00%	0.00%	0.40%	0.00%	0.00%
Public Service	2.48%	1.71%	1.79%	2.01%	3.00%		
Academic Support	0.00%						

UNIVERSITY OF MONTANA

	FY89 PEERS	FY89 UM	FY90 UM	FY91 UM	FY91 PEER	FY92 UM	(BUDGETED) FY93 UM
Instruction Program:	*	*	*	*	*	*	*
Contract Faculty	32.32%	31.92%	32.73%	33.92%	30.10%	33.78%	34.43%
GTA	2.95%	3.07%	2.98%	2.88%	2.80%	2.87%	2.56%
Classified	3.13%	3.07%	2.86%	2.76%	4.50%	2.70%	2.69%
Other	1.16%	0.87%	0.67%	0.67%	1.20%	0.71%	0.46%
Benefits	7.98%	7.67%	7.33%	7.64%	8.70%	7.62%	8.25%
Total Personal Services	46.59%	46.60%	46.56%	47.87%	47.40%	47.67%	48.39%
Operations	1.7%	3.3%	4.30%	3.66%	3.40%	4.72%	6.64%
Public Service					0.00%	0.00%	0.00%

NORTHERN MONTANA COLLEGE

	(BUDGETED)				
	FY89	FY89	FY90	FY91	FY91
	PEERS	NMC	NMC	NMC	PEER
Instruction Program:	*	*	*	*	*
Contract Faculty	32.11%	33.10%	34.75%	36.50%	31.30%
GTA	0.23%	0.00%	0.00%	0.08%	0.20%
Classified	1.41%	1.61%	1.38%	1.78%	1.50%
Other	0.67%	0.43%	1.08%	0.47%	1.40%
Benefits	9.04%	7.22%	7.24%	8.43%	9.40%
Total Personal Services	43.47%	42.36%	44.44%	47.26%	44.80%
Operations	2.87%	6.18%	5.36%	3.99%	5.10%
Capital	2.07%	1.47%	1.13%	0.12%	1.30%
Total Instruction	52.37%	50.01%	50.93%	51.37%	51.20%
Research	0.00%	0.00%	0.00%	0.00%	0.20%
Public Service	0.16%	0.03%	0.00%	0.03%	0.10%
Academic Support	9.71%	9.20%	8.59%	8.56%	10.90%
Student Services	9.93%	11.94%	11.27%	10.33%	9.00%
Institutional Support	13.22%	11.26%	12.17%	12.08%	15.10%
Physical Plant	14.62%	14.43%	13.50%	14.32%	12.90%
Fee Waivers	0.00%	3.13%	3.54%	3.30%	0.50%
Total Expenditures	100.00%	100.00%	100.00%	100.00%	100.00%

\$ EXPENDITURES/FTE:

PEERS

NMC

ACADEMIC SUPPORT
STUDENT SERVICES
INSTITUTIONAL SUPPORT
PHYSICAL PLANT

\$542
\$554
\$749
\$781

\$469
\$609
\$575
\$736

\$455
\$550
\$643
\$762

\$630
\$520
\$873
\$747

20

DATE 2-8-93

SB

WESTERN MONTANA COLLEGE-UM

	FY89 PEERS	FY89 WMC	FY90 WMC	FY91 WMC	FY91 PEER	FY92 WMC	(BUDGETED) FY93 WMC
Instruction Program:	*	*	*	*	*	*	*
Contract Faculty	32.15%	34.01%	31.60%	31.70%	29.40%	33.34%	33.05%
GTA	11.20%	0.00%	0.00%	0.00%	0.20%	0.00%	0.00%
Classified	1.91%	2.13%	1.79%	1.98%	1.90%	2.04%	2.16%
Other	0.44%	1.62%	2.78%	3.42%	0.80%	2.21%	2.18%
Benefits	7.36%	7.61%	7.57%	7.96%	7.70%	8.02%	8.61%
Total Personal Services	41.99%	45.37%	43.73%	45.05%	40.10%	45.61%	46.00%
Operations	3.49%	4.18%	4.85%	4.72%	7.20%	4.37%	4.93%
Capital	2.48%	0.47%	0.25%	0.07%	1.20%	0.00%	0.08%
Total Instruction	47.90%	50.02%	48.84%	49.84%	48.60%	49.98%	51.01%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public Service	0.12%	0.00%	0.00%	0.00%	0.60%	0.00%	0.00%
Academic Support	10.71%	4.29%	5.09%	6.15%	10.00%	5.74%	5.87%
Student Services	8.83%	13.79%	13.53%	13.09%	10.30%	13.78%	12.46%
Institutional Support	13.72%	12.89%	14.89%	13.83%	13.30%	14.01%	14.16%
Physical Plant	18.63%	16.65%	15.25%	14.65%	16.90%	14.09%	13.49%
Fee Waivers	0.08%	2.36%	2.40%	2.43%	0.30%	2.40%	3.02%
Total Expenditures	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

\$ EXPENDITURES/FTE:

	WMCUM	FEERS	WMCUM	FEERS
ACADEMIC SUPPORT	\$198	\$540	\$319	\$574
STUDENT SERVICES	\$636	\$446	\$678	\$594
INSTITUTIONAL SUPPORT	\$594	\$695	\$716	\$770
PHYSICAL PLANT	\$768	\$921	\$758	\$973

EXHIBIT 2E
DATE 2-8-93
SB _____

MONTANA COLLEGE OF MINERAL SCIENCE & TECHNOLOGY

	(BUDGETED						
	FY89	FY89	FY90	FY91	FY91	FY92	FY93
	PEERS	TECH	TECH	TECH	PEER	TECH	TECH
	*	*	*	*	*	*	*
Instruction Program:	*	*	*	*	*	*	*
Contract Faculty	38.68%	33.69%	34.46%	34.84%	32.00%	34.63%	35.17
GTA	2.47%	0.70%	0.76%	0.70%	2.40%	0.63%	0.62
Classified	2.60%	1.17%	1.22%	1.07%	1.00%	1.11%	1.15
Other	0.62%	0.40%	0.51%	0.50%	1.00%	0.44%	0.72
Benefits	5.96%	6.94%	7.27%	7.22%	6.80%	7.39%	7.59
	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	40.33%	42.90%	44.22%	44.34%	43.30%	44.20%	45.25
	*	*	*	*	*	*	*
Operations	3.19%	5.13%	4.59%	4.89%	5.90%	5.30%	5.59
Capital	0.86%	1.91%	0.79%	1.57%	10.00%	1.83%	0.93
	-----	-----	-----	-----	-----	-----	-----
Total Instruction	44.37%	49.94%	49.61%	50.81%	47.70%	51.33%	51.78
	*	*	*	*	*	*	*
Research	9.48%	0.54%	0.50%	0.57%	6.20%	0.46%	0.40
Public Service	0.94%	0.00%	0.00%	0.00%	0.40%	0.00%	0.00
Academic Support	10.11%	7.55%	7.65%	6.92%	10.00%	7.68%	7.88
Student Services	5.87%	12.75%	12.69%	13.13%	4.50%	13.48%	12.77
Institutional Support	13.44%	8.89%	9.65%	9.28%	12.00%	8.03%	8.13
Physical Plant	13.90%	17.84%	16.89%	16.82%	14.40%	16.22%	15.87
Fee Waivers	1.89%	2.49%	3.01%	2.47%	4.70%	2.79%	3.17
	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00
	=====	=====	=====	=====	=====	=====	=====

\$ EXPENDITURES/FTE:

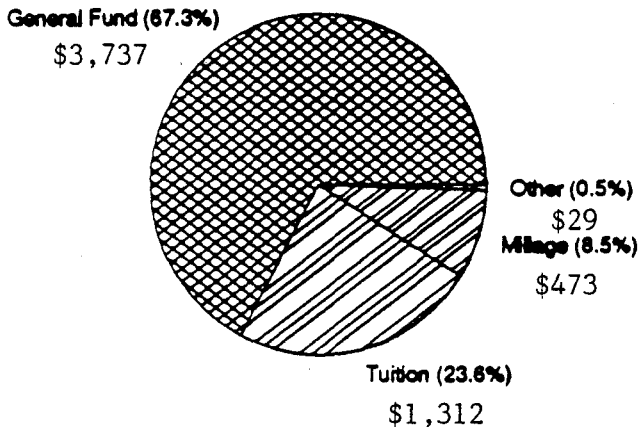
	TECH	PEERS	TECH	PEERS
ACADEMIC SUPPORT	\$406	\$887	\$421	\$847
STUDENT SERVICES	\$686	\$549	\$799	\$385
INSTITUTIONAL SUPPORT	\$478	\$1,414	\$565	\$1,018
PHYSICAL PLANT	\$960	\$1,582	\$1,023	\$1,223

EXHIBIT 2F
DATE 2-8-93
CR

PEER COMPARISON	WICHE			
	Undergraduate		Graduate	
	Public		Public	
	In-state	Out of st	In-state	Out of st
UNIVERSTIY OF MONTANA	\$1,892	\$5,616	\$1,686	\$4,878
MONTANA STATE	\$1,839	\$5,563	\$1,622	\$4,814
Peer Average	\$1,710	\$5,208	\$1,800	\$5,352
UTAH STATE UNIVERSITY	\$1,776	\$4,938	\$1,677	\$4,542
NORTHERN ARIZONA	\$1,590	\$6,242	\$1,590	\$6,242
UNIVERSITY OF NORTH DAKOTA	\$2,166	\$5,274	\$2,376	\$5,850
NORTH DAKOTA STATE	\$2,033	\$5,141	\$2,243	\$5,717
NEW MEXICO STATE	\$1,756	\$5,686	\$1,876	\$5,806
UNIVERSTIY OF NEVADA	\$1,635	\$5,685	\$1,184	\$5,234
UNIVERSTIY OF WYOMING	\$1,430	\$4,502	\$1,722	\$4,794
UNIVERSITY OF IDAHO	\$1,296	\$4,196	\$1,728	\$4,628
WESTERN MONTANA COLLEGE	\$1,650	\$4,954	\$1,454	\$4,286
Peer Average	\$1,682	\$3,848	\$2,000	\$3,590
DICKINSON STATE	\$1,706	\$4,256		
DAKOTA STATE	\$2,040	\$2,040	\$2,676	\$2,676
MAYVILLE STATE	\$1,755	\$4,305		
VALLEY CITY	\$1,707	\$4,257		
WESTERN NEW MEXICO	\$1,204	\$4,384	\$1,324	\$4,504
NORTHERN MONTANA	\$1,732	\$5,036	\$1,536	\$4,368
Peer Average	\$1,674	\$4,797	\$1,620	\$4,940
ADAMS STATE	\$1,649	\$4,539	\$1,915	\$5,375
WESTERN NEW MEXICO	\$1,204	\$4,384	\$1,324	\$4,504
LEWIS CLARK STATE	\$1,248	\$3,588		
OREGON INSTITUTE TECH	\$2,595	\$6,678		
EASTERN MONTANA	\$1,835	\$5,139	\$1,639	\$4,471
Peer Average	\$1,841	\$5,197	\$2,396	\$5,915
MINOT STATE	\$1,710	\$4,260	\$2,256	\$5,724
S OREGON ST	\$2,487	\$5,988	\$3,423	\$5,487
U OF S COLORADO	\$1,833	\$6,385	\$1,833	\$6,385
NORTHERN STATE	\$1,872	\$3,335	\$2,508	\$4,188
E WASHINGTON	\$1,785	\$6,297	\$2,844	\$8,640
E NEW MEXICO	\$1,356	\$4,914	\$1,512	\$5,064
MONTANA TECH	\$1,682	\$5,406	\$1,467	\$4,659
Peer Average	\$2,675	\$6,788	\$2,906	\$7,117
S DAKOTA SC OF MINES	\$2,071	\$3,793	\$2,705	\$4,646
NE MEXICO INSTIT OF MINES	\$1,666	\$5,366	\$1,724	\$5,502
COLORADO SC OF MINES	\$4,288	\$11,204	\$4,288	\$11,204

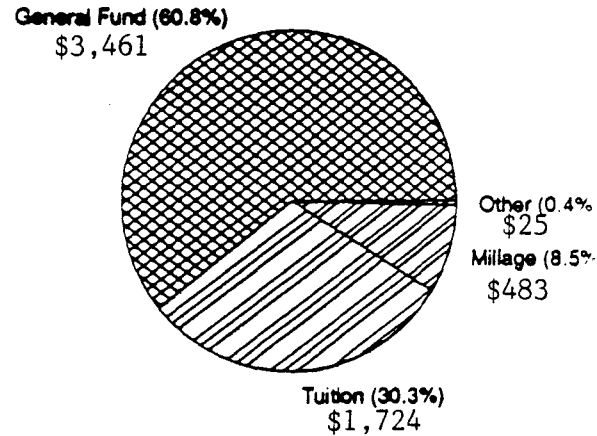
Expenditures per Student University Units

**Fiscal Year 1992
Actual (1)**



Total Expenditures per Student = \$5,551

**Fiscal Year 1993
Appropriated (1)**

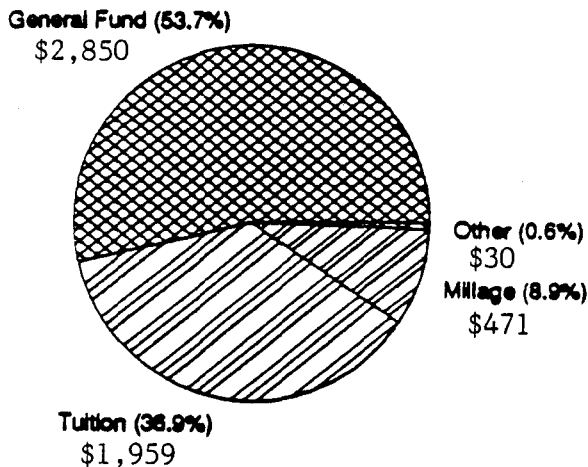


Total Expenditures per Student = \$5,693

(1) Includes all special session reductions but excludes all budget amendments.

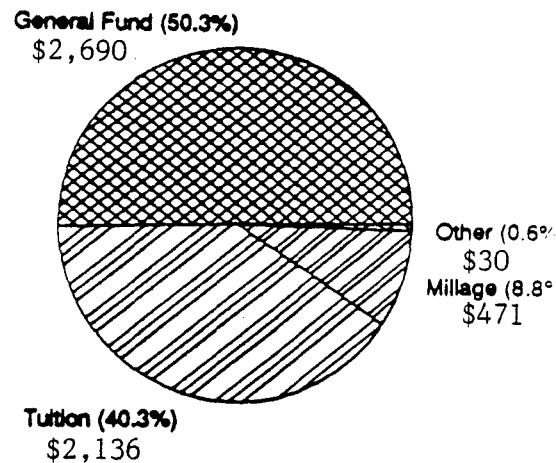
Expenditures per Student University Units

**Fiscal Year 1994
Executive Recommendation**



Total Expenditures per Student = \$5,310

**Fiscal Year 1995
Executive Recommendation**



Total Expenditures per Student = \$5,327

EXHIBIT 4
DATE 2-8-93
BY _____

DETERMINATION OF A FUNDING BASE

Six University Units
Vocational Technical Centers

ISSUE - WHAT FUNDING MECHANISM WILL BE USED TO CALCULATE 1995 BIENNIIUM CURRENT LEVEL BUDGETS FOR THE SIX UNIVERSITY UNITS AND THE VOCATIONAL TECHNICAL CENTERS

- Option 1: Formula Funding Mechanism
Option 2: Incremental Funding Mechanism

ISSUE - WHAT BASE WILL BE USED TO DETERMINE 1995 BIENNIIUM CURRENT LEVEL BUDGETS FOR THE SIX UNIVERSITY UNITS AND THE VOCATIONAL TECHNICAL CENTERS

Considerations:

- 1) 1993 Biennium Pay Plan Costs
- 2) Benefits Adjustments
- 3) Fixed Costs
- 4) Inflation
- 5) Enrollment Adjustments

- Option 1: LFA Current Level
Option 2: Executive Budget
Option 3: 1993 Biennium Actual and Appropriated
Option 4: Adjusted 1992 Actual Expenditures

ISSUE - HOW WILL THE APPROPRIATED FUNDS BE ALLOCATED AMONG UNITS AND AMONG PROGRAMS

Adjustments for a relative shift in student FTE

ISSUE - TUITION AND TUITION POLICY AND ITS IMPACT ON THE CURRENT LEVEL BASE AND GENERAL FUND LEVELS

- 1) Determining total tuition available
 - a) total student FTE
 - b) mix of resident and nonresident
- 2) Impact on expenditures
- 3) Anticipating tuition increases

EXHIBIT 5 A
DATE 2-8-93
CD _____

TABLE A
Comparison of LFA Current Level to 1993 Biennium
Initial Reduction Target
General Fund, Only

Unit	1993 Biennium	LFA 1995 Biennium	Initial Target	Subcommittee	Remaining	Additional Target	Remaining
				Action Through 06-Feb-93	Initial Target		Total Target
--- Six University Units ---							
MSU	71,320,228	70,905,179	(415,049)	71,282,958	(37,270)		
UM	56,350,453	59,089,286	2,738,833	59,200,050	2,849,597		
EMC	21,226,621	21,388,886	162,265	21,194,971	(31,650)		
NMC	12,199,521	11,871,831	(327,690)	11,882,410	(317,111)		
WMCUM	7,009,989	7,207,526	197,537	7,057,176	47,187		
MCMST	<u>14,686,488</u>	<u>16,182,912</u>	<u>1,496,424</u>	<u>16,166,694</u>	<u>1,480,206</u>		
Total Six Units	182,793,300	186,645,620	3,852,320	186,784,259	3,990,959		
--- Vocational Technical Centers ---							
Billings	2,476,634	2,300,841	(175,793)	2,290,625	(186,009)		
Butte	2,925,601	2,235,666	(689,935)	2,223,878	(701,723)		
Great Falls	3,213,251	2,871,311	(341,940)	2,886,564	(326,687)		
Helena	3,999,019	3,767,182	(231,837)	3,738,985	(260,034)		
Missoula	<u>4,085,416</u>	<u>3,964,016</u>	<u>(121,400)</u>	<u>3,941,374</u>	<u>(144,042)</u>		
Total Vo-Techs	16,699,921	15,139,016	(1,560,905)	15,081,426	(1,618,495)		
CHE	21,164,483	22,954,625	1,790,142	22,871,786	1,707,303		
AES	15,170,666	15,869,754	699,088	15,044,344	(126,322)		
CES	5,847,494	5,555,127	(292,367)	5,868,438	20,944		
FCES	1,416,555	1,398,825	(17,730)	1,479,519	62,964		
MINES	2,613,671	2,705,110	91,439	2,731,478	117,807		
FSTS	<u>479,688</u>	<u>496,661</u>	<u>16,973</u>	<u>509,804</u>	<u>30,116</u>		
TOTAL HIGHER ED	246,185,778	250,764,738	4,578,960	250,371,054	4,185,276		
OPI	91,094,589	90,428,764	(665,825)	100,422,130	9,327,541		
Board of Pub Ed	209,980	229,268	19,288	222,199	12,219		
MSDB	<u>5,504,347</u>	<u>5,626,423</u>	<u>122,076</u>	<u>4,958,869</u>	<u>(545,478)</u>		
TOTAL EDUCATION	342,994,694	347,049,193	4,054,499	355,974,252	12,979,558	20,328,073	33,307,631

SB
2-8-93

TABLE B
Comparison of LFA Current Level to 1993 Biennium
Initial Reduction Target
Total Funds

EXHIBIT 1												
DATE												
Unit	1993 Biennium	LFA 1995 Biennium	Initial Target	Subcommittee Action Through 06 - Feb - 93	Remaining Initial Target	Percent Reduction LFA 1995 Biennium	Subc Action Remove Target Over (Under) 1993 Biennium	Additional Target Allocated Based Upon Subcommittee Action	Total Funds	Subc Action Remove Target Over (Under) 1993 Biennium		
--- Six University Units ---												
MSU	107,707,551	115,657,261	(415,049)	116,035,040	(37,270)	--	7.7%	7,640,296	108,394,744	0.6%		
UM	93,510,666	105,293,507	2,738,833	105,404,271	2,849,597	2.7%	9.7%	6,940,316	95,614,358	2.2%		
EMC	32,875,742	34,538,841	162,265	34,344,926	(31,650)	--	4.5%	2,261,432	32,083,494	-2.4%		
NMC	17,708,886	18,471,363	(327,690)	18,481,942	(317,111)	--	4.4%	1,216,938	17,265,004	-2.5%		
WMCM	10,222,640	11,059,382	197,537	10,909,032	47,187	0.4%	6.3%	718,302	10,143,543	-0.8%		
MCMST	20,610,158	23,568,418	1,496,424	23,552,200	1,480,206	6.3%	7.1%	1,550,788	20,521,206	-0.4%		
Total Six Units	282,635,643	308,588,772	3,852,320	308,727,411	3,990,959	1.3%	7.8%	20,328,073	284,022,348	0.6%		
--- Vocational Technical Centers ---												
Billings	3,891,444	3,883,353	(175,793)	3,873,137	(186,009)	--	-0.5%					
Butte	3,662,475	3,079,808	(689,935)	3,068,020	(701,723)	--	-16.2%					
Great Falls	4,539,700	4,530,107	(341,940)	4,545,360	(326,687)	--	0.1%					
Helena	5,156,999	5,188,893	(231,837)	5,160,696	(260,034)	--	0.1%					
Missoula	5,472,634	5,608,118	(121,400)	5,585,476	(144,042)	--	2.1%					
Total Vo - Techs	22,723,252	22,290,279	(1,560,905)	22,232,689	(1,618,495)	-7.3%						

Additional Target

20,328,073

100

TABLE B1
Comparison of LFA Current Level to 1993 Biennium
Initial Reduction Target
Total Funds, with Budget Amendments

Unit	1993 Biennium	LFA 1995 Biennium	Initial Target	Subcommittee Action Through 06-Feb-93	Remaining Initial Target	Percent Reduction LFA 1995 Biennium	Sub Action Remove Target Over (Under) 1993 Biennium	Additional Target Allocated Based Upon Subcommittee Action	Total Funds	Sub Action Remove Target Over (Under) 1993 Biennium
--- Six University Units ---										
MSU	112,877,612	115,657,261	(415,049)	116,035,040	(37,270)	--	2.8%	7,640,296	108,394,744	-4.0%
UM	100,424,500	105,293,507	2,738,833	105,404,271	2,849,597	2.7%	2.1%	6,940,316	95,614,358	-4.8%
EMC	33,594,432	34,538,841	162,265	34,344,926	(31,650)	--	2.2%	2,261,432	32,083,494	-4.5%
NMC	18,267,477	18,471,363	(327,690)	18,481,942	(317,111)	--	1.2%	1,216,938	17,265,004	-5.5%
WMCUM	10,596,956	11,059,382	197,537	10,909,032	47,187	0.4%	2.5%	718,302	10,143,543	-4.3%
MCMST	21,491,788	23,568,418	1,496,424	23,552,200	1,480,206	6.3%	2.7%	1,550,788	20,521,206	-4.5%
Total Six Units	297,252,765	308,588,772	3,852,320	308,727,411	3,990,959	1.3%	2.5%	20,328,073	284,022,348	-4.3%
--- Vocational Technical Centers ---										
Billings	4,111,316	3,883,353	(175,793)	3,873,137	(186,009)	--	-5.8%			
Butte	3,706,702	3,079,808	(689,935)	3,068,020	(701,723)	--	-17.2%			
Great Falls	4,680,170	4,530,107	(341,940)	4,545,360	(326,687)	--	-2.9%			
Helena	5,244,038	5,188,893	(231,837)	5,160,696	(260,034)	--	-1.6%			
Missoula	5,620,209	5,608,118	(121,400)	5,585,476	(144,042)	--	-0.6%			
Total Vo-Techs	23,362,435	22,290,279	(1,560,905)	22,232,689	(1,618,495)	-7.3%				
Additional Target								20,328,073		

TABLE C
Comparison of LFA Current Level to Adjusted Fiscal 1992 Expenditures
1995 Biennium
Total Funds

----- Six University Units -----				
Unit	Adjusted Actual Fiscal 1992	1995 Biennium Base	LFA Current Level	LFA Over (Under) Base
MSU	54,548,448	109,096,897	116,035,040	6,938,143
UM	46,593,206	93,186,413	105,404,271	12,217,858
EMC	16,965,977	33,931,953	34,344,926	412,973
NMC	9,024,306	18,048,612	18,481,942	433,330
WMCUM	5,250,863	10,501,727	10,909,032	407,305
MCMST	<u>10,542,111</u>	<u>21,084,223</u>	<u>23,552,200</u>	<u>2,467,977</u>
Total Six Units	142,924,911	285,849,825	308,727,411	22,877,586
General Fund	97,253,415	163,906,672	186,784,259	22,877,587
Millage	11,887,000	25,085,000	25,085,000	0
Tuition	33,158,465	95,284,356	95,284,356	0
Other	<u>626,032</u>	<u>1,573,796</u>	<u>1,573,796</u>	<u>0</u>
Total Funding	142,924,912	285,849,824	308,727,411	22,877,587
----- Vocational Technical Centers -----				
Billings	2,099,019	4,198,038	3,873,137	(324,901)
Butte	1,919,727	3,839,454	3,068,020	(771,434)
Great Falls	2,463,728	4,927,457	4,545,360	(382,097)
Helena	2,792,633	5,585,266	5,160,696	(424,570)
Missoula	<u>3,002,618</u>	<u>6,005,236</u>	<u>5,585,476</u>	<u>(419,760)</u>
Total Vo-Techs	12,277,725	24,555,451	22,232,689	(2,322,762)
General Fund	9,389,053	17,404,188	15,081,426	(2,322,762)
Millage	965,005	1,800,000	1,800,000	0
Tuition	1,885,761	5,275,449	5,275,449	0
Other	<u>37,907</u>	<u>75,814</u>	<u>75,814</u>	<u>0</u>
Total Funding	12,277,726	24,555,451	22,232,689	(2,322,762)
Total Reduction from LFA Current Level				20,554,825

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DATE 2-8-93
S3 _____

TABLE C1
Comparison of LFA Current Level to Adjusted Fiscal 1992 Expenditures
1995 Biennium
Total Funds, Including Budget Amendments

Unit	----- Six University Units -----			
	Adjusted Actual Fiscal 1992	1995 Biennium Base	LFA Current Level	LFA Over (Under) Base
MSU	55,850,456	111,700,913	116,035,040	4,334,127
UM	49,442,083	98,884,167	105,404,271	6,520,104
EMC	17,073,958	34,147,915	34,344,926	197,011
NMC	9,311,036	18,622,072	18,481,942	(140,130)
WMCUM	5,397,731	10,795,463	10,909,032	113,569
MCMST	<u>10,831,606</u>	<u>21,663,213</u>	<u>23,552,200</u>	<u>1,888,987</u>
Total Six Units	147,906,870	295,813,743	308,727,411	12,913,668
General Fund	97,253,415	173,870,590	186,784,259	12,913,669
Millage	11,887,000	25,085,000	25,085,000	0
Tuition	38,140,424	95,284,356	95,284,356	0
Other	<u>626,032</u>	<u>1,573,796</u>	<u>1,573,796</u>	<u>0</u>
Total Funding	147,906,871	295,813,742	308,727,411	12,913,669
----- Vocational Technical Centers -----				
Billings	2,169,163	4,338,326	3,873,137	(465,189)
Butte	1,937,565	3,875,130	3,068,020	(807,110)
Great Falls	2,501,963	5,003,927	4,545,360	(458,567)
Helena	2,822,403	5,644,806	5,160,696	(484,110)
Missoula	<u>3,028,967</u>	<u>6,057,934</u>	<u>5,585,476</u>	<u>(472,458)</u>
Total Vo-Techs	12,460,061	24,920,123	22,232,689	(2,687,434)
General Fund	9,389,053	17,768,860	15,081,426	(2,687,434)
Millage	965,005	1,800,000	1,800,000	0
Tuition	2,068,097	5,275,449	5,275,449	0
Other	<u>37,907</u>	<u>75,814</u>	<u>75,814</u>	<u>0</u>
Total Funding	12,460,062	24,920,123	22,232,689	(2,687,434)
Total Reduction from LFA Current Level				10,226,235

TABLE C2
Comparison of LFA Current Level to Adjusted Fiscal 1992 Expenditures
1995 Biennium
Total Funds

Unit	----- Six University Units -----		
	Executive 1995 Biennium	LFA Current Level	LFA Over (Under) Executive
MSU	110,172,376	116,035,040	5,862,664
UM	97,762,887	105,404,271	7,641,384
EMC	34,277,183	34,344,926	67,743
NMC	18,602,817	18,481,942	(120,875)
WMCUM	10,716,016	10,909,032	193,016
MCMST	<u>21,673,936</u>	<u>23,552,200</u>	<u>1,878,264</u>
Total Six Units	293,205,215	308,727,411	15,522,196
General Fund	171,449,727	186,784,259	15,334,532
Millage	24,940,396	25,085,000	144,604
Tuition	95,001,296	95,284,356	283,060
Other	<u>1,813,796</u>	<u>1,573,796</u>	<u>(240,000)</u>
Total Funding	293,205,215	308,727,411	15,522,196
Billings	4,084,181	3,873,137	(211,044)
Butte	3,752,501	3,068,020	(684,481)
Great Falls	4,688,798	4,545,360	(143,438)
Helena	5,399,934	5,160,696	(239,238)
Missoula	<u>5,783,912</u>	<u>5,585,476</u>	<u>(198,436)</u>
Total Vo-Techs	23,709,326	22,232,689	(1,476,637)
General Fund	16,484,568	15,081,426	(1,403,142)
Millage	1,852,964	1,800,000	(52,964)
Tuition	5,292,530	5,275,449	(17,081)
Other	<u>79,264</u>	<u>75,814</u>	<u>(3,450)</u>
Total Funding	23,709,326	22,232,689	(1,476,637)
Total Reduction from LFA Current Level			14,045,559

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TABLE D
Allocation of Budget Amendments, by Program*
1993 Biennium

----- Fiscal 1992 -----							
Program	MSU	UM	EMC	NMC	WMCUM	MCMST	Percent
Instruction	321,637	1,804,534	82,786	133,000	96,400	186,886	52.7%
Research	0	4,732	0	0	0	102	0.1%
Public Service	0	1,496	0	0	0	0	0.0%
Support	650,754	633,646	0	89,203	10,937	6,089	27.9%
Fee Waivers	107,442	324,184	25,195	64,527	39,531	92,520	13.1%
Plant	222,175	80,285	0	0	0	3,898	6.1%
Total	<u>1,302,008</u>	<u>2,848,877</u>	<u>107,981</u>	<u>286,730</u>	<u>146,868</u>	<u>289,495</u>	100.0%
----- Fiscal 1993* -----							
Program	MSU	UM	EMC	NMC	WMCUM	MCMST	Percent
Instruction	1,253,576	1,590,156	448,964	162,608	84,318	310,666	40.4%
Research	0	5,530	0	0	0	811	0.1%
Public Service	0	0	0	0	0	0	0.0%
Support	1,192,211	1,744,798	44,000	113	70,219	69,287	32.7%
Fee Waivers	454,755	425,384	104,561	102,926	69,464	164,741	13.9%
Plant	930,000	265,336	0	0	0	40,738	13.0%
Total	<u>3,830,542</u>	<u>4,031,204</u>	<u>597,525</u>	<u>265,647</u>	<u>224,001</u>	<u>586,243</u>	100.0%

*Does not include additional \$100,000 of six mill levy funds because the documents have not yet been received.
Includes additional tuition revenue not yet approved by the legislature.

TABLE E
Changes in Enrollment
Budgeted to Fiscal 1992 to Fiscal 1993

Unit	Budgeted 1995 Biennium FTE LFA Current Level	Actual Fiscal 1992 FTE	Fiscal 1992 Over (Under) Budgeted FTE	Estimated Fiscal 1993 FTE*	Fiscal 1993 Over (Under) Budgeted FTE
MSU	9,574	9,491	(83)	10,041	467
UM	9,161	9,482	321	9,628	467
EMC	3,274	3,139	(135)	3,260	(14)
NMC	1,622	1,673	51	1,582	(40)
WMCUM	945	974	29	989	44
MCMST	<u>1,653</u>	<u>1,694</u>	<u>41</u>	<u>1,785</u>	<u>132</u>
Total	<u>26,228</u>	<u>26,453</u>	<u>224</u>	<u>27,285</u>	<u>1,056</u>

*Incorporated in the executive budget revenue estimates

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DATE 2-8-93
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January 21, 1993

1003 9th Street East
Whitefish, MT 59937

Representative Ray Peck
Capitol Building
Helena, MT 59604

EXHIBIT 6A
DATE 2-8-93
SB _____

Dear Representative Peck:

Enclosed you will find the calculations for a Revised FTE Driven Formula for Higher Education in Montana. Several assumptions are made in this formulation. The significant ones are: institutions deliver their functions most economically when focused in specific levels and areas of curriculum; education must be treated like a business, for like a business it naturally gravitates to where the money is offered; Fiscal Year 1992 is the baseline for the calculations; enrollment levels are based on rough percentages furnished by the Commissioner of Higher Education Office

I divided the six unit funding total of \$146,251,842.79 by FTE of 26,453 to arrive at an approximate student cost factor of \$5,530 for FY92. This dollar amount was factored into various percentages to weight funding at institutions by grade levels. Approximately 60% equates to \$3,300.00; 70% equals \$3,870; 80% equals \$4,424; 90% equals \$4,977 and 105% equals \$5,806.

Dr. David Toppen of the Commissioner of Higher Education Office informed me the six four-year units breakout roughly into ten percent of the FTE being post-graduate level students, while the remainder divides roughly into a 60/40 split or 54% freshman and sophomore class levels (100 and 200 designations) and 36% junior and senior class levels (300 and 400 designations). These are obviously rough estimates, but the actual numbers would require significant computer and staff work to formulate. I feel for this discussion these numbers will illustrate the point.

100% grad
54% 9-10
36% 11-12

Using these class level assumptions, I divided the actual FTE levels for each of the six units into the three student categories, 100 and 200 level classes at 54%; 300 and 400 level classes at 36%; post graduate level work at 10% of the total institutional FTE.

At this point, we need to address a philosophical question. Where do the various units of the Montana University System need to be directed. Montana faces a critical budget crunch. We can't afford business as usual and the Higher Education System is a significant part of the answer. It is unreasonable to simply close institutions or to force funding back to local communities. My belief is the four smaller colleges should be placing emphasis on lower division courses, 100 and 200 levels. In doing this, these institutions provide access to the residents of the state within their local areas. Access to basic post secondary education - Associates Degrees in specific subject areas and work place skills - must be maintained. This should be the four colleges' primary goal. Their funding should emphasize Freshman and Sophomore levels. State funding for these smaller units should encourage focus at these levels. Further, these colleges should act as feeder schools to the two universities.

The universities, MSU and UM, should be placing their educational emphasis at the 300 and 400 course levels and also in the area of advanced degrees, Masters and Doctorates. University funding by the state general fund should emphasize those study levels.

Representative Peck
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The following are FTE levels by institution with a dollar level assigned to promote or retard growth at specific curriculum levels:

Post Graduate:

U of M	948 X \$5,806 =	\$ 5,504,088
MSU	949 X \$5,806 =	5,509,894
Tech	169 X \$3,870 =	654,030
EMC	314 X \$3,870 =	1,215,180
NMC	167 X \$3,870 =	646,290
WMC	97 X \$3,870 =	\$ 375,390

Total Post Graduate \$ 13,904,872

The universities would receive 105% of the FY92 average student cost of 5530 encouraging them to offer more upper division and graduate level course work. The smaller colleges would be discouraged, but not stopped from offering these level courses. This is done by supporting them at 70% of the FY92 average student cost.

Junior and Senior (300/400):

U of M	3414 X \$5,806 =	\$19,821,684
MSU	3417 X \$5,806 =	19,839,102
Tech	610 X \$4,424 =	2,698,640
EMC	1130 X \$4,424 =	4,999,120
NMC	602 X \$3,780 =	2,275,560
WMC	351 X \$3,780 =	1,326,780

Total 300/400 \$50,960,886

Universities again would be encouraged to offer courses at the 300/400 level with 105% of FY92 average student cost. Butte Tech and Eastern would receive less encouragement at these class levels by being funded at 80% of FY92 average student costs. The justification for funding Eastern at this level is simply the population base of Billings, Yellowstone County, and the likely demand for higher level course offerings created by that population base. Butte Tech has a smaller population base, but it most likely justifies a moderate funding level at 300/400 course levels also. Havre and Dillon would obviously be discouraged from offering these level classes, but again, they would not be stopped from offering them.

Freshman and Sophomore (100/200):

U of M local	1200 X \$4,977 =	\$ 5,972,400
U of M non local	3920 X \$3,300 =	12,936,000
MSU local	1200 X \$4,977 =	5,972,400
MSU non local	3925 X \$3,300 =	12,952,500
Tech	915 X \$4,977 =	4,553,955
EMC	1695 X \$4,977 =	8,436,015
NMC	904 X \$4,977 =	4,499,208
WMC	526 X \$4,977 =	2,617,902

Total 100/200 \$53,890,380

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Here is the key education's future in Montana. Local access at all campus locations to 100/200 level course work. U of M and MSU would receive similar funding for local populations to that of the Flathead Valley where FVCC has about 1000 FTE with a population base about the same or slightly smaller than the University communities. Therefore, the local approximation of 1200 FTE funded at 90% of FY92 average student cost. The remaining 10/200 course level FTE at the universities is not stopped, but is obviously discouraged by funding those student loads at 70% of FY92 average student cost.

The four smaller colleges are funded at the same 90% of FY92 average student cost as the universities local allocations. Ninety percent doesn't appear to be encouragement, but when you are looking at a net reduction of 20% of State General Fund Operating Costs, this ten percent reduction can be defined as an incentive in terms of Montana Higher Education Funding for the 1993 Legislature.

Vo-Techs funded at FY92 levels:

Total 2336 X \$4,148 = \$ 9,689,728

I leave the Technical Institution funded at the FY92 level simply because it appears they have reached a student level in the 2300 range that has been constant for two years. This appears to be a stable level for the Technical Institutes forced to downsize and economize in the previous budget years.

Community Colleges funded at 63% state level:

Total 2146 X \$2,500 = \$ 5,365,000

Community College funding should be increased to a 60-65% state level. This is a far more realistic level of local communities ability to supplement Higher Education Funding. The \$2,500 figure is based on a \$4,000 FTE amount for community colleges. This still recognizes a higher cost of educating at four year institutions, the 90% amount for FY92 average student cost for 100/200 courses is \$4,977 at the colleges and universities. The \$4,000 FTE also recognizes a decrease in the student cost factor of about five percent.

Total Higher Education under this plan: \$133,810,866

Total FY92 General Fund Operations \$159,601,900

Difference from FY92 level \$ 25,791,034

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Recognizing this approach has flaws and will be called too simplistic of a view of Higher Education, I still suggest this approach recognizes the short comings of our present system, but also gives rewards in the areas where great strengths exist. Local access is paramount, but only at levels local need requires; effective use of existing infrastructure, campuses, is only common sense; focusing each campus group of educators on narrowly defined educational objectives will increase quality over a period of time. There exists, no doubt, this proposal causes disruption, but the health of Montana Higher Education is facing an encounter with a terminal illness. The broad based - every campus doing everything for everyone - approach will cause us to under-fund the many institutions into the pit of mediocrity or even inferiority.

It is incumbent upon the legislative body to establish a direction for the system to follow. The Regents cannot make these choices without the power of financial control. The legislature holds that power and must now become more creative in their approaches to how that power directs Higher Education in Montana. This proposal is by no means the final answer, but in a matter of a few hours a layman ~~has~~ cut \$25,791,034 from the previous funding formulation and gave encouragement to specific areas of enrollment at all the institutions in the system.

Obviously, special programs cost more, handle those programs by special Regent funding. Expand the Regents and include representation from all corners of the state and all types of institutions. Fund

Representative Peck
Page 4 of 5

special programs that leverage state dollars against federal money. Continue to encourage the METNET linking television, but discourage entry into Public Broadcast Television.

Establish a firm policy of encouraging our colleges and universities to focus on their strengths. Demand they narrowly define their objectives. Montana can no longer afford the luxury of the six units of Higher Education being all things to all people. Money is a great incentive, the institutions will go where you put the money.

The following are FTE dollars budgeted by student level at each institution and related to FY92 Funding as a percentage:

University of Montana:

Post Graduate	\$ 5,504,088
300/400	19,821,684
100/200 local	5,972,400
<u>100/200 non local</u>	<u>12,952,500</u>

Total U M	\$44,250,672	91.11% FY92
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Montana State University:

Exp Stations, Extension Service, etc.

Post Graduate	\$ 5,509,894
300/400	19,839,102
100/200 local	5,972,400
<u>100/200 non local</u>	<u>12,952,500</u>

Total MSU	\$44,273,896	81.06% FY92
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Montana Tech:

Post Graduate	\$ 654,030
300/400	2,698,640
<u>100/200</u>	<u>4,553,955</u>

Total Tech	\$ 7,906,625	66.27% FY92
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Eastern Montana College:

Post Graduate	\$ 1,215,180
300/400	4,999,120
<u>100/200</u>	<u>8,436,015</u>

Total EMC	\$14,650,315	86.98% FY92
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Northern Montana College:

Post Graduate	\$ 646,290
300/400	2,329,740
<u>100/200</u>	<u>4,499,208</u>

Total NMC	\$ 7,475,238	82.53% FY92
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Representative Peck
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Western Montana College:

Post Graduate	\$ 375,390
300/400	1,358,370
100/200	2,617,902

Total WMC \$ 4,351,662 83.07% FY92

Looking at the results of this funding formula, it becomes obvious that expensive course offerings such as MSU's Nursing program and Tech's mineral and geological courses are not compensated for, but these could be handled either with additional special funding or they could be sent looking in the private sector as many of the other colleges have been forced to do. Your choice at the committee depends upon the facts as to whether the programs are significant to Montana's economic future or if they are supporting other regions through an excellent education export program.

Outside of these expensive program exceptions, the emphasis on level factors is more than simple body and class count makes each institution choose how it offers classes. The various administrations must internally justify their funding and expenses of class offerings. The added formula factor will reduce system redundancy in time and focus institutions upon much more specific mission statements and institutional goals. Simply stated, they will go where the money is.

As previously stated, this work assumes some highly debatable numbers (they are the best I have available from the Commissioner's Office) and it assumes the concept of feeder schools in a system wide approach. This form of funding does not preclude any of the four year colleges continuing Bachelor Degrees or Post Graduate offerings, but it requires scaling back the offerings to those most economically viable and most beneficial for Montana's general public. The responsibilities will fall to the individual schools to work out the programs. They will go where they can produce the greatest revenues for each institution.

These facts have become very apparent in the FTE formula funding over the last decade. Even today with enrollment caps and tuition indexing, the various institutions have no clear focus of their role in the state system. This has not been clearly mandated to them for many decades. It is time to do so. That is best done by placing the dollar in front of them. Once again, they will go where those dollars lead.

Representative Peck, thanks for the offer to review these ideas when on paper. I will gladly send copies to all members of the committee if you feel it appropriate. I also urge you and the committee to get a more detail analysis of the course level and offerings at each of the institutions from the Commissioner's Office. Thank you for your time and consideration on this and while we were in Helena. Please accept these as my personal views relating to Montana Higher Education

Sincerely,

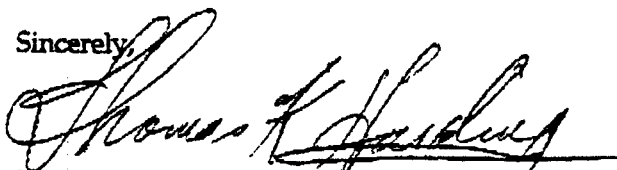

Thomas K. Harding, Chairman of the Board
Flathead Valley Community College

EXHIBIT 6E
DATE 2-8-93
SB

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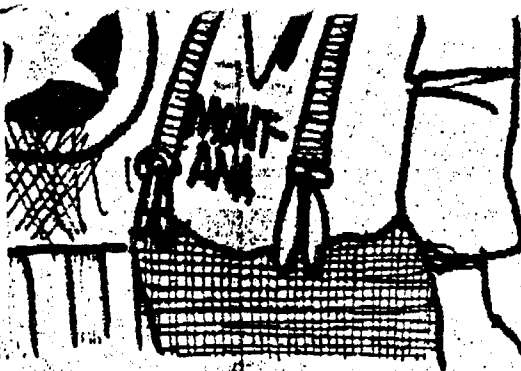


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SB

Whitefish Pilot

A Second Opinion

Small colleges the best buy

By TOM HARDING

Governor Marc Racicot has been quoted as saying state government must be "...making certain we get a dollar's worth of services for a dollar that's being invested." I agree completely with our new governor.

One of the best dollars we spend in the state of Montana goes to community colleges. The sad part about higher education in Montana is that there are only three community colleges in the state. Community colleges are supported by a mix of local and state tax dollars and student tuition fees.

Community colleges educate freshman-and sophomore-level students and associate degree-seeking students far less expensively than the four-year components of the university system. Community colleges in Montana are small, but they are tightly administered because of their size and do great amounts with little funding.

Compare the state dollars spent by community colleges in the last biennium to those spent in the four-year schools. Based on what are called Full-Time Equivalencies (FTE), community colleges cost the state about \$2,100 per student and four-year schools cost the state about \$5,200 per student. There is truth to the university argument that upper-level courses are more expensive, so this comparison has some problems, but universities still average the freshmen and sophomores into these numbers. Those lower level students still cost state taxpayers \$5,200. The same student in a community college costs the state \$2,100. Where is Marc Racicot's better buy?

It is time for the legislature to seriously look at converting the smaller four-year schools into community college-style institutions. We can't afford the luxury of six four-year colleges and universities offering competing degrees.

One estimate of having Flathead Valley

Community College (FVCC) located in Kalispell shows an economic benefit to the area of \$48 million. What are the benefits to communities such as Billings, Dillon, Butte and Havre for their institutions of higher ed?

Stan Stephens' budget recommendations for state support for all community colleges in Montana for fiscal year 1994 is \$3,815,368 for 1,915 students. That is \$1,992 for each FTE. Stephens' (and now Racicot's) proposed budget for fiscal year 1994 for the six four-year schools is \$135,115,033 for about 26,400 students. That is \$5,118 per FTE. This is 2.6 times more money for 13 times as many students. Once again, where is the better buy for Marc Racicot's dollars invested?

A final point: Our state spends far in excess of the national funding percentages to educate doctoral degree students. Studies show 83 percent of those degree students fail to find employment in Montana. They must leave the state to find work.

Does it make sense to continue to educate and export?

While Montanans support doctoral degree students strongly, we fall well below the national funding averages for two-year schools. Isn't it time our legislature looked not only at access, but need and economic worthiness of programs? Should we consider what good the education of young people is doing for the people paying so much of the bill? The taxpayers deserve better than they have received.

Marc Racicot is correct. We need to look at the best buys for the state. We also need to invest in education, but it should be education Montana can use and afford. Community colleges answer much of that need at affordable rates. It is time for the legislators, along with the Board of Regents, to seriously - underline that word seriously - look at the structure of Higher Education in Montana.

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