

## **MINUTES**

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

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

**Call to Order:** By Chairman Royal Johnson, on February 18, 1993,  
at 8:20 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: NONE  
Executive Action: LANGUAGE ADDITION TO HOUSE BILL 2;  
MONTANA SCHOOL FOR THE DEAF AND BLIND;  
LANGUAGE FOR SIX MILL LEVY; AND LANGUAGE  
ITEM FOR ENERGY RETROFIT PROGRAM

#### **DISCUSSION ON UNIVERSITY SYSTEM BUDGET**

**CHAIRMAN ROYAL JOHNSON** opened the discussion by requesting the committee's thoughts on lump sum funding, the Regents' proposal presented the previous day and the present form of allocations to the university units.

**SEN. CHUCK SWYSGOOD** informed the committee that the bill introduced by **SEN. MIGNON WATERMAN** to provide lump sum funding had been tabled in the Senate Finance and Claims Committee on the premise that recommendations would be forthcoming from the

committee. He said he was steadfastly opposed to appropriating a lump sum for the units to the OCHE and Regents for numerous reasons. However, he said that the magnitude of the reductions require some type of flexibility in order for the units to make the best use of their resources. He said he would propose language to allocate monies to the units as a lump sum, rather than to the OCHE.

**REP. MIKE KADAS** stated that the biggest problem to address was the present allocation which severely impacted UofM and Montana Tech. He added that a lump sum allocation to the units would not alleviate the situation.

**REP. RAY PECK** remarked that he had never been able to see the justification for system-wide lump sum funding. To do so was to abrogate the legislature's appropriation authority. He said he might be able to agree with **SEN. SWYSGOOD's** language proposal with some modifications. He agreed with **REP. KADAS** that the allocations would have to be revisited.

**SEN. DON BIANCHI** said he agreed with **SEN. SWYSGOOD** and **REP. PECK**. He voiced concern over how the Regents proposed reduction options would be implemented if the allocations were made on a lump sum basis to the units. **John Hutchinson, Commissioner of Higher Education**, responded to the senator by saying his office, at the committee's direction, developed two language options for the committee to consider in dealing with this matter. They involved the committee using its normal appropriation process but giving flexibility to the OCHE to manage the reductions which he called "lump sum cuts."

**Rod Sundsted, Associate Commissioner for Fiscal Affairs, OCHE**, distributed **EXHIBIT 1** and said option 1 was basically the same as the one used during the last two special sessions. It would appropriate the LFA current level and add a line item which would reduce the total general fund appropriation of the university system. He said this approach involved a negative appropriation and raised some legal concerns. The second option involved allocating funds to the units and then granting the Regents authority to move money between units up to a specified percentage.

**LeRoy Schramm, Chief Legal Counsel, OCHE**, explained the basis for the concern regarding the legality of negative appropriation. He said within the language of the appropriations bill it states that the line item allocations were the appropriations, not the totals. When language was added to reduce the total appropriation rather than by line, it delegated the authority to modify appropriations to another body. He said he believed this case would be different because the legislature was setting a specific figure. He said he had discussed the issue with Greg Petesch, Director of Legal Services for the Legislative Council, and that Mr. Petesch was of the opinion that while the committee cannot just insert a minus sign and say the allocation was to be

administered by the Board of Regents, the same objective could be accomplished with the correct language. If the committee wanted to utilize option 1, he assured them that language could be devised that was legally acceptable.

**CHAIRMAN JOHNSON** asked for the rationale behind that approach. **Mr. Schramm** used the Regents' option for reducing athletics as an example in his explanation. **EXHIBIT 1, 2/17/93** He said the decisions which would have to be made in distributing the reduction options between the campuses were managerial decisions reserved by law for the Board of Regents. If the committee tried to distribute the reductions in the allocation process, it would be undertaking decisions which normally are the jurisdiction of the Regents.

**CHAIRMAN JOHNSON** requested clarification on why a negative appropriation was necessary. **Mr. Schramm** said if the committee takes the cuts out of the total so that there was a lower total institution by institution, it has already made the decision about eliminating general fund support for athletics for the four small campuses but allowing it for the big campuses. He continued that one cannot reach the campus total unless one makes those kinds of decisions. He added that was why some larger number was needed for each campus and an ability to allocate the cuts. If the committee wished to make those decisions, it would require a significant amount of time.

**REP. PECK** stated that the committee did not feel it should make managerial decisions. He supported the **CHAIRMAN'S** position that the committee appropriate the bottom line and the Regents and the OCHE decide where to apply proposed cuts. He noted that 16 of the 21 cuts proposed by the Regents did not need any action by the legislature.

**REP. KADAS** commented that if the committee establishes budgets by institution and the total reduction is about \$20 million, the committee has essentially implemented cuts by institution and would be directing the Regents to manage the cuts. He added that a number of the proposals which the Regents submitted were going to affect different units differently. The Regents will not be able to apply their proposals in a systematic way because they are bound by the level of cuts per institution which the committee has already established.

**CHAIRMAN JOHNSON** asked **Michael Malone, President of Montana State University**, his response to the situation in which the committee allocated MSU a fixed amount of money. In addition, the school still had the ability to negotiate with the Regents for tuition increases. **Dr. Malone** replied that he could live with either situation: lump sum funding to the system or lump sum funding to the units. He added that he would prefer maximum flexibility within the institutions to move funding between years of the biennium and between budget lines.

**CHAIRMAN JOHNSON** asked **Dr. Malone** for his reaction to Mr. Schramm's explanation. **Dr. Malone** said the main concern for the units was to have flexibility to move between budget lines.

**SEN. BIANCHI** referred to option 2 of **EXHIBIT 1** and asked if there was a way to change the reference to the five per cent transfer ability from the MUS to the units. **Mr. Sundsted** replied that language could be developed to meet the committee's desires. He emphasized that flexibility was needed to move cuts between fiscal years especially for the implementation of the student/faculty ratio changes. Some ability to transfer funding between units also was necessary unless the committee decided to assign specific cuts.

**SEN. BIANCHI** noted that if the committee appropriated lump sums to the units and allowed some flexibility to transfer money between units, it would give the Regents the flexibility they needed to implement their proposed cuts across the system.

**SEN. SWYSGOOD** stated that he was not willing to give the Regents flexibility to move funding from unit to unit even if it was set at five percent. An additional five percent removal of funds from some of the smaller units would be extremely detrimental.

**SEN. BIANCHI** asked **SEN. SWYSGOOD** how he proposed the Regents exercise their administrative options without flexibility. The alternative would require the committee to allocate the proposed system-wide cuts per unit. **SEN. SWYSGOOD** stated that the administrators of each unit and the Regents should be able to work together to determine the distribution of the reductions.

**REP. PECK** asked that the committee keep the legal question in mind. He said that they need to protect the constitutional appropriation authority of the legislature. **SEN. BIANCHI** said he was not suggesting giving a lump sum to the MUS. He was suggesting a lump sum to each unit and then giving the Regents some flexibility to transfer money between units. **REP. PECK** remarked that he still felt that it was lump sum funding. An additional consideration was that if that approach were to be taken here, other state agencies would be requesting the same type of treatment.

**CHAIRMAN JOHNSON** suggested that motions would be in order for the various options.

**SEN. SWYSGOOD** distributed **EXHIBIT 2** as another option for the committee to consider.

**REP. PECK** asked for clarification regarding voting on the options prepared by Mr. Sundsted and that prepared by **SEN. SWYSGOOD**. Was the purpose to give guidance to the OCHE or to implement them into the appropriations bill. **CHAIRMAN JOHNSON** said the purpose was to implement them into the bill.

**SEN. SWYSGOOD** said he wished to add another sentence to the end

of the first paragraph of his language proposal. **EXHIBIT 2** The sentence to be added was: "It was the intent that funds may not be transferred between units of the university system or the OCHE." **SEN. DENNIS NATHE** stated that the Regents already have the power to transfer money between units under the Constitution. The only power the legislature has is how much money to appropriate. **REP. PECK** said that interpretation was questionable at this time. **REP. KADAS** stated that the whole area was questionable and could only be decided with a court suit. **SEN. NATHE** said he thought the issue had been settled in the early 70's in a suit between the OCHE and Governor Judge.

**EXECUTIVE ACTION ON LANGUAGE ADDITION TO HOUSE BILL 2**

**Tape No. 1:A:1351**

**Motion:** **SEN. SWYSGOOD** moved the addition of the language in **EXHIBIT 2** to House Bill 2 with the addition of the sentence which was previously introduced.

**Discussion:** In response to a request by **REP. PECK**, Mr. Nichols said that the motion seemed to be a lump sum by unit appropriation and OBPP had no problem with it.

**Tape No. 1:B:000**

**SEN. NATHE** asked if there were now transfers which occurred between the units which were eliminated by the motion. **Mr. Sundsted** answered that the language was new, and to his knowledge the OCHE did not transfer money between the units. He said he assumed the motion did not affect the ability of the OCHE to distribute general fund money to the units. **SEN. SWYSGOOD** said it was not the intent of his motion to restrict the normal distribution of funds by the OCHE.

**CHAIRMAN JOHNSON** suggested the following changes to the second paragraph of option 2 of **EXHIBIT 1** as a simpler alternative:

"The Board of Regents may transfer appropriations between fiscal years. The transfer may not exceed (5 or 10) percent of the total appropriation for the unit. Upon approval of the transfer, the Board of Regents shall inform the Legislative Fiscal Analyst and the Office of Budget and Program Planning of the transfer and the justification for the transfer."

**SEN. SWYSGOOD** said his language was basically the same as the language that presently was being used for the vo-tech centers. He said the language just presented by **CHAIRMAN JOHNSON** could be added to his motion. He said he had no problem with giving them flexibility between years as long as it remained within the units. He said perhaps language could be added to his motion allowing up to five percent to be transferred between fiscal years. **SEN. BIANCHI** said he did not believe that five percent was sufficient. **SEN. SWYSGOOD** said he was open to the figure of

10%.

REP. PECK noted that SEN. SWYSGOOD was accepting the addition to his motion of the language presented by CHAIRMAN JOHNSON with the 10% figure.

CHAIRMAN JOHNSON requested that Dr. Malone give his reaction to the motion. Dr. Malone said the principle of being able to transfer between years of the biennium was helpful. The level of 10% was probably better than five percent although he did not think the entire 10% would be transferred because of the potential impact in any year. John Hintz, Vice President for Administration at Montana Tech, concurred with the remarks of Dr. Malone.

Jim Todd, Vice President for Administration and Finance at UofM, said that the flexibility in the motion was a helpful measure, but the issue for the UofM was the present level of allocations which would be damaging to the unit even with the flexibility. CHAIRMAN JOHNSON asked Mr. Todd how the tuition increases which were presently in effect helped the university considering its enrollment gains. Mr. Todd answered that current allocations remove a large amount of general fund from the university which is not made up by tuition. The UofM cost per student would still be the lowest of all the units even with the tuition increase. He said using the figures generated by the subcommittee action of February 12, the UofM would have an expenditure per student of \$4,802. The system average was \$5,333.

SEN. SWYSGOOD remarked that the question of allocations was a separate issue from that addressed by the motion. He accepted as a friendly amendment the addition to his motion of the language suggested by CHAIRMAN JOHNSON with the figure set at 10%. He said the language would be added to the first paragraph following the sentence ending with the words "public service."

Vote: The motion CARRIED unanimously.

SEN. BIANCHI noted that on page E 82 of the LFA Budget Analysis mention was made of a disagreement as to how allocations of savings due to the gas procurement program were made between the units and how the DNRC calculated the natural gas inflationary factors. He asked if the corrected figures were now available. Ms. Carlson said only one difference remained between MSU and OBPP and that dealt with the inflation factors. MSU had an inflation factor above what the state accepts for natural gas.

SEN. BIANCHI asked why MSU's inflation factor was higher. Jim Isch, Administrative Vice President for MSU, explained that MSU's estimates were based on figures supplied by Montana Power Company on several occasions. The current MSU gas rate was much less than the state wide purchase rate, because MSU was on an interruptable contract. When the analysis was done, the saving was computed from the state rate to the new rate instead of from

MSU's lower rate to the newer rate. The difference was getting smaller as Ms. Carlson worked through the numbers. Ms. Carlson said the numbers were available, but if the committee was going to appropriate a lump sum per unit, it was probably not necessary to deal with this level of detail.

**EXECUTIVE ACTION ON MONTANA SCHOOL FOR THE DEAF AND BLIND**

**Tape No. 1:B:637**

**Discussion:** Bill Prickett, Director of MSDB, distributed EXHIBITS 3 to 5 for the committee's information. CHAIRMAN JOHNSON reminded the committee that MSDB had recently appeared before them requesting that outreach not be handled on a fee basis but through general funding. In return they were willing to take a further reduction of \$100,000 to their personnel line. The net biennial reduction would be \$292,000.

SEN. NATHE asked if MSDB was sending out licensed speech pathologists or audiologists to schools in the outreach program. Mr. Prickett said the school only sent out licensed speech pathologists for evaluations and not for direct services. They do not substitute for local professionals. SEN. NATHE asked what services were provided in outreach. Mr. Prickett explained MSDB can provide evaluation of specific children at the request of the school district. It can also supply specialized materials and equipment such as Braille texts. Training for parents and school personnel was also available as was summer enrichment programs for deaf and blind children. Information and referral services were also available to the public schools and families.

REP. PECK referred to E 24 in the executive budget for a summary of outreach services. He noted that it mentioned that MSDB once used federal Chapter 1 funds in the outreach program. Those funds had dried up. There was an element here of replacing federal funds. He said legally it was the responsibility of the local districts to take care of the need. He added that \$256,000/year for outreach amounted to \$512,000 biennially. He said the school stated it could recover \$200,000 so that \$312,000 remained to be dealt with.

**Motion:** SEN. NATHE moved that \$312,000 over the biennium be restored to the MSDB budget.

**Discussion:** REP. PECK spoke in opposition because he agreed with the OBPP analysis and said if the service was essential it was the legal obligation of the school districts to pay for it.

**Vote:** The motion FAILED 2 to 4 with REP. PECK, REP. KADAS, SEN. SWYSGOOD and CHAIRMAN JOHNSON opposed.

CHAIRMAN JOHNSON informed the committee that there were two additional issues remaining before the committee concerning MSDB. One involved the purchase of a copier which they were advised to pursue funding for through INTERCAP. They were not eligible for

INTERCAP funds. **EXHIBIT 3** The second issue dealt with a part time night watchman who had already been hired.

**Motion/Vote:** **SEN. NATHE** moved to restore \$18,000 to the MSDB budget for the purchase of a copier in the second year of the biennium. The motion **CARRIED** 4 to 1 with **SEN. SWYSGOOD** opposed and **REP. KADAS** abstaining.

**Motion/Vote:** **SEN. NATHE** moved to restore the position of part time night watchman to the MSDB budget for \$14,690/year. The motion **CARRIED** 4 to 1 with **REP. PECK** opposed and **REP. KADAS** abstaining.

#### DISCUSSION OF WICHE AND WAMI PROGRAMS

**SEN. NATHE** asked the committee to consider giving the OCHE more flexibility in administering the WICHE and WAMI programs by setting a number for the reductions to be taken and allowing the OCHE to select the areas to administer the cuts. He noted that the committee had already eliminated three veterinary positions and the Regents' proposal targeted five WAMI positions. He felt the OCHE should have the flexibility to choose what positions to eliminate as long as they meet the target.

**REP. PECK** noted that Alaska and Idaho had reduced the number of WAMI students in their programs. He asked whether, if Montana reduced its WAMI positions, that would drive up the individual costs.

**Dr. Toppen** said OCHE has been in correspondence with the University of Washington Medical School and they were willing to work with OCHE to ensure the program was not jeopardized. He noted that one public service, three veterinary medicine and five WAMI slots had been removed.

**REP. PECK** asked for clarification of option 19 of the Regents proposal. **EXHIBIT 1, 2/17/93** **Mr. Sundsted** explained that the costs of the WAMI slots varied from year to year unlike the WICHI slots. He said the figures for option 19 were supplied by the University of Washington. There were no savings the first year a slot was removed because first year students were at MSU. **REP. PECK** voiced concern about cutting WAMI slots because it was successful at bringing students back to Montana to practice medicine.

**Tape No. 2:A:000**

In response to a question by **SEN. SWYSGOOD**, **Mr. Sundsted** replied that the committee had removed five veterinary slots the first year of the biennium and four the second year of the biennium. **SEN. SWYSGOOD** asked if committee action was necessary for what **SEN. NATHE** had suggested or was that authority already granted the Regents. He noted that the Regents had the authority to eliminate WAMI slots as indicated in option 19 of their proposal,



although he did not believe it was a wise move. **Mr. Sundsted** clarified that when the OCHE was developing an option for WICHI and WAMI programs for the Regents' proposal, it was before the committee had taken action on those programs. He said the OCHE has the authority to select the slots for elimination, but in the past the OCHE has followed the intent of the legislature.

**CHAIRMAN JOHNSON** concurred that committee action occurred before the proposal was submitted and added that committee action was based on an analysis of enrollment in programs which showed veterinary medicine to be relatively high compared to the need for veterinarians in the state.

**SEN. NATHE** asked the committee for its intent. He believed the committee had selected specific positions for elimination. His suggestion was for the committee to designate a reduction in funding and allow the OCHE to select the cut positions.

**SEN. SWYSGOOD** said the committee has taken action to remove slots. If the Regents want to remove additional slots, they can make that determination. **CHAIRMAN JOHNSON** agreed with the interpretation by **SEN. SWYSGOOD** although he did not agree with the choice of slots targeted by the Regents.

**REP. PECK** mentioned language which had been added to the appropriations bill during the special session which prohibited the OCHE from transferring funds out of student assistance programs. He asked if the OCHE had the authority to do so unless they were specifically prohibited from doing it. **Mr. Sundsted** said when he spoke of authority to fill slots in the WICHI and WAMI programs, he was not referring to the transfer of money out of the program. **SEN. NATHE** reiterated his argument for the need for flexibility. **REP. PECK** said he felt it was a management issue and a motion was not needed.

#### DISCUSSION OF MSDB

**REP. PECK** noted that there had been a significant amount of discussion in the Great Falls delegation as to whether to form a study committee to decide whether MSDB was properly assigned to the Board of Public Education. When it is a separate institution, it is difficult to obtain some types of federal funds. He asked if the committee should take a position. **SEN. NATHE** asked why the school wished to be placed under the Board of Education and not under the Department of Institutions. **REP. PECK** replied that they were sensitive to being referred to as an institution rather than a school. **SEN. NATHE** asked if they could be under the OCHE and qualify for federal programs such as Medicaid.

**REP. PECK** said there were supposed to be further discussions on the Medicaid question and asked the OBPP staff for an update. **Doug Schmitz, LFA**, said that OBPP had met with SRS and it appeared that Medicaid reimbursements for MSDB did seem to be a

viable situation. He said he did not believe the placement of a K-12 school such as MSDB under OCHE was appropriate. **REP. PECK** asked if it would be easier under the law to obtain funds if the MSDB were differently situated. **Mr. Schmitz** said the problems stem from MSDB not being identified as a legal education agency which prohibits it from being eligible for federal grants and funds for the sensory impaired. It would be easier to obtain federal funds if it were a school district or were affiliated with a school district.

#### DISCUSSION ON LANGUAGE ITEMS

Tape No. 2:A:428

**Taryn Purdy, LFA**, distributed **EXHIBIT 6** and explained that it contained the language items that the committee requested for insertion into House Bill 2. She began by reviewing the three items which dealt with the OCHE. She noted that if there were no objections, this was how they would appear in the bill. There were no objections voiced by the committee.

**Ms. Purdy** then reviewed the language addition for the Bureau of Mines. It was written because of the committee's concern that the bureau not spend more money than was deposited into the account in any one year up to a maximum of \$666,000. **SEN. NATHE** asked if the bureau spent only one half of the maximum in one year, would this language limit their use of the account the next year to \$666,000. **Ms. Purdy** explained that the language being introduced here would provide that if the occasion arose when deposits to the account were less than \$666,000, the bureau would not be able to spend more than was deposited.

**Ms. Purdy** then presented the language items which had been in prior appropriation bills and asked the committee to review them for possible inclusion in the forthcoming appropriations bill. She noted that she needed direction from the committee for the language under the six mill levy as to how to handle any money collected which was more than appropriated. She said the 1991 legislature added language that would have required the university system to replace general fund with any additional money collected under the six mill levy that was over the appropriated amount. The special session required the Board of Regents to budget amend any additional funds so it would not cause a like reduction in general funds.

**REP. PECK** noted that the legislature has always underestimated six mill levy funds and asked why. **Ms. Purdy** said the estimated revenue from the six mill levy was estimated by both the LFA and the OBPP. She said she could give no reason for the situation described by **REP. PECK**. She added that the revenue estimates at this time were \$12.5 million, but as the session progressed she would make sure the figure was updated. The LFA staff was unsure as to why more revenue was collected in FY92 than was estimated and so were reluctant to insert the higher figure into the budget

this biennium. A budget amendment for \$1.6 million for the university system has gone through. This represented the amount of money collected over that which had been appropriated.

REP. PECK noted that when the revenue was underestimated there was more general fund money in the university budget than would need to be there if the figure were estimated properly.

**EXECUTIVE ACTION ON LANGUAGE FOR SIX MILL LEVY**

Tape No. 2:A:749

**Motion/Vote:** REP. PECK moved the insertion into the bill of the language for the six mill levy which was used for the 1991 regular session. The motion CARRIED 5 to 0 with SEN. BIANCHI absent.

Ms. Purdy explained the language addition governing audit costs at the university units, vo-tech centers and community colleges. The committee had no objections to the wording.

Ms. Purdy explained the next language items which had been in previous appropriation bills as boiler plate. The first appropriated all non-current unrestricted funds in language. The second language item dealt with programs and accounting procedures. The committee raised no objections to the items.

**DISCUSSION ON SIMMS METNET CONNECTION**

REP. PECK informed the committee that Greg Groepper, OPI, had a proposal to place before the committee that dealt with some of the SIMMS funding being handled through METNET. He reminded the committee that the SIMMS required a \$1 million match from the state. The project objective was to develop a new math curriculum for secondary students.

Mr. Groepper noted that priorities were set in the METNET program for various projects. He suggested listing as a high priority in the METNET program the purchase of SIMMS related equipment. Such language might be used to satisfy part of the match for the SIMMS grant. CHAIRMAN JOHNSON asked Mr. Groepper to meet with representatives from OCHE, DofA, OBPP and the LFA to examine the issue further and return to the committee with the results.

Ms. Purdy explained that several issues still remained before the committee. The first was the Butte Vo-Tech Center supplemental request for severance pay. The second issue was the impact on the appropriation to OPI which was caused by the Human Resources Subcommittee action to eliminate Medicaid funding for children in treatment centers. These two issues would be ready for discussion tomorrow. The third issue was the allocation for the individual university system units. The last issue was a discussion of tuition policy and how tuition policy was to be accounted for within budgets.

DISCUSSION ON UNIVERSITY SYSTEM FUNDING LEVELS AND TUITION POLICY

**Ms. Purdy** distributed **EXHIBIT 7** and explained that the purpose of the presentation was to provide information to the committee about the estimated increased revenue to the MUS under different scenarios. The first issue for the subcommittee's decision was whether any change in the mix of resident and non-resident students be incorporated in the revenue estimates.

**Tape No 2:B:000**

**Ms. Purdy** explained that current revenue estimates used by the subcommittee were based on three conditions. The first was the use of the current tuition rates. The second was that the FTE was the average of 1991-92 enrollments. The third was the use of the FY92 mix of residents and non-residents. Referring to **Table 1** of **EXHIBIT 7**, she explained that it maintained the same enrollment and tuition rate assumptions currently included by the subcommittee and also the latest information on funds collected from residents and non-residents so that it incorporated for 94-95 that change in the mix. If that change in mix is recognized and holds true in 94-95, the table lists the additional revenue without any change in assumptions of FTE or tuition levels. She explained that the committee needed to decide whether it wished to include the additional revenue in the committee appropriation totals and whether it would be used to reduce the gap between the LFA current level and current subcommittee action. The alternative would be to use it to maintain the bottom line and incur a reduction in general funds.

**REP. KADAS** asked if the basis of the mix in the change column of **Table 1** of **EXHIBIT 7** was the first six months of FY93. **Ms. Purdy** answered that it was actually for the entire FY93. **REP. PECK** noted that the first column of **Table 1** used the rules which had always been used, i.e., the average enrollment of the two years. The second column reflected the change in the mix of students. The third column was the difference.

**SEN. SWYSGOOD** asked if the mix were used, would the reductions already made be affected. **Ms. Purdy** explained that when the LFA current level was developed, if the decision to incorporate these figures for the mix had been made, the result would have been to increase tuition and decrease general fund, which would have reduced the target. If the committee chooses to incorporate the mix figures now, the first option would be to maintain the bottom line of \$ 28.9 million and reduce the general fund and increase tuition by the same amount. The second option would be to add the amount to the bottom line and not impact general funds.

**SEN. NATHE** asked if in the determination of the mix figures, it was assumed that there would be a 100% retention of non-resident students. **Ms. Purdy** said yes and added that it was also assumed that the number of WUE students would be the same as in FY93. If and when WUE students were reduced, it was assumed that some

would be lost and some retained but that no net effect would be seen.

**Curt Nichols, OBPP**, stated that OBPP had similar calculations although they did estimate the effect of the mix.

**SEN. NATHE** asked if a decision could be made on this issue before the allocation issue was settled. **CHAIRMAN JOHNSON** said a decision could be made regarding tuition policy. **Ms. Purdy** agreed and explained the two policy issues facing the committee. The first issue was what assumptions will be made in calculating revenue estimates. The second issue was how revenue will impact the current bottom line the committee has appropriated to the six units. In addition, there was the issue of how much additional tuition revenue was involved.

**REP. PECK** said this was a "sticky area." If the committee started projecting tuition into the budget and backing out general funds, the Regents could respond by refusing to increase tuition. Constitutionally, it was the authority of the Regents to set tuition. He asked **Ms. Purdy** where the Board of Regents stood on tuition at this point. **Ms. Purdy** said the Regents have not yet made a decision on tuition for the next two years.

**REP. PECK** asked **Ms. Purdy** what she based her assumptions on regarding tuition when developing the tables of **EXHIBIT 7**. **Ms. Purdy** responded that her purpose in developing **EXHIBIT 7** was to lay out the issues already raised by the committee, by the Regents and by the governor's office in relation to tuition indexing and whether it would be incorporated. For discussion purposes for the committee, she said she put together numbers which she estimated would be generated by the level OBPP has included in their budget which was covered in issue 3 of **EXHIBIT 7**. **CHAIRMAN JOHNSON** said he had hoped that the Regents would have communicated their thoughts on tuition to the committee as part of their proposal, but they had not. He added that it was not the function of the committee to run the MUS. The Regents can choose whether to raise the tuition or not.

**REP. PECK** said he believed the university units' feeling was that the committee had backed general funds out and had diluted their ability to fund the system by tuition increases. He noted that the LFA did not concern itself with revenue figures when developing the appropriation level of budget. When revenue was being calculated, he asked if current tuition levels were used. **Ms. Purdy** stated that the tuition revenue estimates were based on the same assumptions as those used for estimating expenditures-actual students in place at the rate set by the legislature.

**Mr. Nichols** distributed **EXHIBIT 8** and referred the committee to a table in it that summarized the options before the Regents for revenue generation. **CHAIRMAN JOHNSON** said that the table indicated that the Regents had approved the tuition increase at its December 1992 meeting and yet the Commissioner of Higher

Education had said they had not. **Mr. Nichols** replied that technically the Regents did not raise the tuition but they had approved the concept of tuition indexing. **Mr. Sundsted** confirmed that the Regents had not approved any tuition increase for 1994-95. **CHAIRMAN JOHNSON** asked if the tuition figures in **EXHIBIT 8** were close to the figures which would be in place if the tuition indexing plan were adopted. **Mr. Sundsted** said the figures in **EXHIBIT 8** were not close, but the figures developed by **Ms. Purdy** were.

**Ms. Purdy** explained there were a number of reasons why her figures and those of the OBPP did not match. OBPP estimated \$25 million in additional revenue compared to her estimate of \$19 million. One reason for the higher estimate by OBPP was the way they handled WUE students. The second reason was that the OBPP based its figures on higher enrollment estimates. **Mr. Nichols** agreed with **Ms. Purdy's** analysis, but added that he did not believe they had a difference in the figure for revenue from increased tuition. **Mr. Sundsted** said the OCHE disagrees with the OBPP estimate for enrollment growth and with its assumption that all students eliminated from the WUE program will be come non-residents.

**Ms. Purdy** directed the committee to the second page of **EXHIBIT 7** which dealt with incorporating changes in FTE experienced in 1993 into the revenue estimates. She pointed out that **Table 2a** which listed the estimated increase in tuition change incorporated the data from **Table 1**. She noted for the committee's information that when the reductions are being examined, if nothing else changes, approximately \$3.1 million, as listed on **Table 2a**, would be collected by the six units beyond what was collected in FY92 or what was anticipated to be collected in 94-95. **Ms. Purdy** referred the committee to the last page of **EXHIBIT 7** and said if the additional money was collected, it would require some action by the Board of Regents to change tuition. The data on **Table 3a** was determined assuming the factors previously mentioned and showed the additional increased tuition rates in 1994 and 1995 and amounted to almost \$19 million over the biennium.

**CHAIRMAN JOHNSON** invited **Mr. Nichols** to explain his exhibit. **EXHIBIT 8** **Mr. Nichols** said he tried to break down the revenue estimate of \$25 million. The first item was to recognize the 1993 enrollments. Those projections were based on enrollment reports that went with the budget amendment request. He agreed with the \$3.1 million estimate on **Table 2a** of **EXHIBIT 7**. **Mr. Nichols** explained that when OBPP made its estimates of the impact of the tuition indexing concept, one of those was a cap on the number of WUE students. OBPP assumed that the WUE students would continue as non-residents. He said the enrollment projections for 1993 were used to project the tuition increases.

**REP. PECK** said it would be helpful to obtain the present enrollment numbers for next fall semester. Using them in comparison to previous years would be helpful to project a

direction. **Mr. Sundsted** noted that comparing the data might not prove helpful because of the recent transition to semesters and the institution of deadlines would affect the validity of using comparisons for projection purposes. **Jim Hintz, Montana Tech**, agreed with **Mr. Sundsted** as to the difficulty in relying on comparisons to previous years. He said Montana Tech was experiencing a slight growth in enrollment of one to two percent for next year. He added that the growth has been in the non-traditional type student groups. **Jim Todd, UofM**, said that applications were running strong from residents and non-residents. There was some concern being voiced especially by the resident students over the quality of education at the university. He noted that the tuition rates have not been set which impacted non-resident enrollment figures. He added that this year's enrollment was 1.26% over last year, but there were many variables to consider in projecting the enrollment for next year. A good estimate for the enrollment increase for next year for UofM would be one to two percent.

**REP. PECK** asked if there was a potential for the Regents to impose an enrollment cap. **Mr. Todd** said that was an option in the Regents proposal package. **Michael Malone, President of MSU**, said the numbers at MSU would probably remain static.

**REP. PECK** noted there were a number of directions the committee could take. It could adopt a figure and language additions. It could guarantee the revenue at that figure and prohibit the expenditure or budget amending of any excess dollars. The committee could also leave the situation as it presently stands. If the MUS can get less revenue in the budget from the tuition than they actually collect, it is to their advantage. **CHAIRMAN JOHNSON** said he assumed that whatever direction the committee took as to revenue, it would consider the actions it had taken on the appropriation side of the budget. He said the committee would take action on the area at another meeting.

**SEN. SWYSGOOD** referred to a hand-out he received at the Board of Regents meeting and asked why their data shows less biennial difference than the LFA analysis. **Ms. Purdy** explained that in putting her numbers together for the 93 biennium, she only included HB 2 and HB 509. Budget amendments could have been included, but she chose not to. The OBPP had included some in developing their 93 biennium budget, but not all. She noted that the committee was actually looking at three different perspectives of the 93 base.

**Mr. Nichols** distributed **EXHIBIT 9** which listed language items for the committee to consider that dealt with the energy retrofitting programs. **Ms. Carlson** explained that three campuses, UofM, Eastern Montana College and Northern Montana College, have had retrofitting projects under the DNRC which were paid for through the issuance of bonds. The language items before the committee would allow the repaying of the bonds through the savings generated by the retrofitting.

EXECUTIVE ACTION ON LANGUAGE ITEM FOR ENERGY RETROFIT PROGRAM


Tape No. 2:B:1361

REP. PECK moved the insertion into HB 2 of the language as it appeared in **EXHIBIT 9** concerning the energy retrofit on the three campuses: UofM, EMC and NMC. The motion **CARRIED** 5 to 0 with **SEN. BIANCHI** absent.



ADJOURNMENT

Adjournment: 11:30 a.m.

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

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

jb/

HOUSE OF REPRESENTATIVES

EDUCATION

SUB-COMMITTEE

ROLL CALL

DATE

2-18-93

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	✓		

### Option 1

The appropriation items in HB002 for the Montana University System would be based on LFA current level. The targeted general fund reduction would be listed as one item in HB002 for the Montana University System.

Item [ ] reduces the total general fund appropriation of the Montana University System. The Board of Regents shall determine the amount to be applied each fiscal year to each agency of the Montana University System and shall adjust that agencies' appropriation accordingly.

### Option 2

The appropriation items in HB002 for the Montana University System would be based on the best estimate of the reductions by agency and by fiscal year. New language would be added which would establish the Board of Regents' authority to transfer appropriation authority between fiscal years and among agencies of the Montana University System.

The Board of Regents may transfer appropriations between fiscal years and among agencies of the Montana University System within each fund type. The transfer may not exceed five (5) percent of the total appropriation for the Montana University System. Upon approval of a transfer, the Board of Regents shall inform the legislative fiscal analyst and the Office of Budget and Program Planning of the transfer and the justification for the transfer.

1  
2-18-93

POTENTIAL LANGUAGE

Allocation of Appropriation Authority  
Six Units and Vo-Tech Centers

"It is the intent of the legislature that the board of regents have additional appropriation flexibility to operate the [six university units and the vocational-technical centers] during the 1995 biennium. Therefore, the legislature has approved for each [university unit and vocational-technical center] a single appropriation for its general operations. The appropriation for each postsecondary [university unit and vocational-technical center] listed above is for the following programs, as appropriate: instruction, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, research, and public service.

"It is further the intent of the legislature that all fiscal matters pertaining to the postsecondary [university units and vocational-technical centers] during the 1995 biennium and the 1997 biennium budget request be recorded, maintained, and submitted, using the college and university business administration (CUBA) fund structure and functional expenditure classifications."

2  
2-18-93

# Malta Public Schools

*Home of the Mustangs & Mavericks*

*"A Tradition of Excellence"*



February 17, 1993


Mr. Bill Prickett, Supt.  
MSDB  
3911 Central Avenue  
Great Falls, MT 59401

Dear Mr. Prickett:

If MSDB officials notified our school district (officially) that effective July 1, 1993 all outreach service charges would be the district's responsibility--- we would be very concerned. Our use of the parent consultation and the assessment services would alone cost our district more than we would be able to spend.

Historically, not a huge amount of services have been needed. However, in the past year we have utilized the testing team and auxiliary services twice. Two children in our district are in need of your specialized services and are not severe enough to warrant MSDB full-time placement.

Please consider this a letter of extreme concern. We do not want any of the current MSDB services to become our monetary obligation.

Sincerely,  
  
R. W. Rust  
Dist. Supt.

EX-115B  
2-8-93

# MONTANA STATE BOARD OF INVESTMENTS

DEPARTMENT OF COMMERCE

**FILE COPY**

MARC RACICOT, GOVERNOR

PO BOX 200126

STATE OF MONTANA

(406) 444-0001

TELEFAX (406) 449-6579

HELENA, MONTANA 59620-0126

RATE LINE 444-3557



February 1, 1993

Mr. Bill Seisz  
Montana School for the  
Deaf and Blind  
3911 Central Avenue  
Great Falls, MT 59405-1697

Re: Eligibility for INTERCAP - *Secondary Investment Loan Program*

Dear Bill:

As relayed to you today over the phone, your school is unable to participate in the INTERCAP program since you are not considered a "political subdivision."

I thank you for your interest in INTERCAP and wish you luck in finding other funding sources.

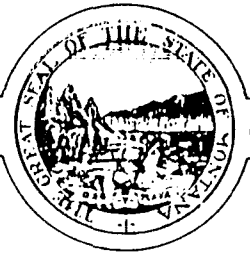
Sincerely,

*Michelle Barstad-Jones*  
Michelle Barstad-Jones  
Bond Program Officer

3  
2-18-93

EXAMPLE LETTER SENT TO  
LOCAL SUPERINTENDENTS

MONTANA SCHOOL FOR  
THE DEAF AND THE BLIND



STATE OF MONTANA

3911 CENTRAL AVENUE

GREAT FALLS, MONTANA 59101

(406) 453 1401  
VOICE/TDD

BILL PRICKETT, SUPERINTENDENT

February 12, 1993

Mr. Richard Moe  
Boulder Public Schools  
PO Box 176  
Boulder, MT 59632

Dear Mr. Moe:

I am writing to you out of concern for the MSDB outreach program. As presently structured our outreach program offers at no cost assistance to parents of children who are deaf or blind, and to the public schools of the state, in the areas of assessment and programming; specialized materials and equipment (such as braille textbooks); training and technical assistance for parents and school personnel; specialized programs and services (such as summer enrichment programs); and information referral services. Enclosed is a more detailed listing of services available from our outreach program.

Historically the funding for our outreach program has come from a combination of state general fund and federal Chapter I monies. Effective July 1, 1993 we will no longer receive any Chapter I funds. In addition, Governor Racicot's proposed budget for MSDB for the coming biennium deleted state general fund to support the outreach program and directed us to begin changing local public schools for the cost of the outreach services provided to them. This reduces \$513,594 from the state general fund and shifts this cost to local public schools. The Joint Appropriations Subcommittee for Education has tentatively approved the Governor's proposal.

The crucial factor at this point is whether or not MSDB will be able to collect fees in the amount of \$513,594 over the next two fiscal years. Therefore, I need to know what your reaction would be if MSDB officially informed you that effective July 1, 1993 we would charge you for all outreach services at a rate sufficient to recover all our costs.

Please fax your response to me at 453-1401. Thank you for your cooperation. Your input will be of immense help in responding to this proposal.

Sincerely,

*Bill Prickett*

BILL PRICKETT  
SUPERINTENDENT

EXHIBIT 4  
DATE 2-18-93

cc: Mr. Bob Ekbon

# Dillon City Schools

HEAVENHEAD COUNTY

DISTRICT NO. 10

225 E. REEDER  
DILLON  
MONTANA  
59725

TELEPHONE:  
406/683-4311  
FAX  
406/683-4312



February 17, 1993

Prickett, Supt.  
School for the Deaf and the Blind  
Central Avenue  
Helena, MT 59401

Prickett :

As to your letter of February 12, 1993, I would be extremely  
be notified that the Dillon Elementary School system would no  
receive the services from the MSDB without charges. This whole  
of cut-cut-cut in our state has to stop somewhere. I'm  
to wonder what we even have a state legislature for. What  
does it make to take away funds that could be generated at the state  
and pass it on to the local levels? Sure it looks like state spending  
has decreased but in reality, it hasn't. We are still forced to give our  
students the services you offer by federal law. If we need to generate  
funds to keep services like yours to our local schools so be it. Let's  
pull the bullet and get on with the sales tax !

Maybe the time has come for us to bring our students who benefit  
from our outreach services to Helena for a visit with the legislators !  
Give me the call and I'll do my upmost to have our students there.

W. Blades  
Blades  
Independent

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team and  
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enough to

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monetary

EXHIBIT 5 A  
DATE 2-18-93  
CD \_\_\_\_\_

B  
13  
\_\_\_\_\_  
\_\_\_\_\_





February 16, 1993

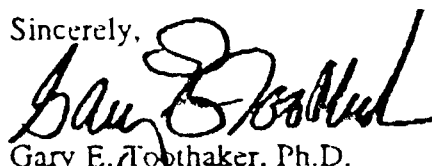
Bill Prickett, Superintendent  
Montana School for the Deaf and the Blind  
3911 Central Avenue  
Great Falls, MT 59401

Dear Mr. Prickett:

We are aware that budget restraints for all services in Montana are requiring alternative resources. Our reaction to the MSDB requesting payment for all outreach services would affect the Helena Schools because we currently utilize your program for supporting deaf and/or blind students in our schools. Budgets for school districts are set prior to July 1st, and it would be difficult to reallocate resources from a budget that is 98 percent staffing at the local level.

Education in Montana is facing very difficult budget cuts and all of the programs will be required to explore alternative funding. We share your concerns for future services to students with special needs.

Sincerely,

  
Gary E. Toothaker, Ph.D.  
Superintendent

kl

c: Marion Evenson

56  
2-18-93

brand tax transmittal memo 7571		# of pages	1
To	Bill Prickett	From	Gary Toothaker
Co.	MSDB	Co.	HPSS
Dept.	MT Falls	Phone #	447-8595
Fax #	447-8542	Fax #	447-8542

# Miles City Unified School District

*Custer County District High School  
School District No. 1*

ROBERT RICHARDS  
SUPERINTENDENT

*Miles City Elementary Schools  
School District No. 1*

February 16, 1993

Bill Prickett, Superintendent  
Montana School for the  
Deaf and the Blind  
Great Falls, MT 59401

Faxed to 453-1401

Dear Bill:

I received your letter dated February 12, 1993 concerning the cuts for your Outreach Program. Our school district will be experiencing severe economic restraints for the next school year. I am projecting that we will have to have line item reductions and staff reductions to provide \$250,000 in the elementary budget and \$150,000 in the high school budget. Given those reductions, I do not see how we could pay for Outreach programs from your staff should services be necessary for Miles City students and/or parents.

Budget cuts outlined by the legislature and Governor in Helena are never very pleasant for those of us that get to implement them at the local level. I share your concern and frustration.

Sincerely,

  
Robert Richards  
Superintendent

RR:st

517  
2-19-93

# FAX TRANSMITTAL COVER PAGE

## Fairfield Public School

SCHOOL DISTRICT NO 21  
P.O. BOX 99  
FAIRFIELD, MONTANA 59436

Phone: (406) 467-2528  
Fax: (406) 467-2554

Date: 2-15-93

To: Bill Prickett  
MSDB

Fax Number: 453-1401

From: WARD Fife  
Fairfield Schools

This FAX transmission consists of 1 pages (inclusive of this cover page). If this FAX transmission is not being received properly or is not readable, please call (406) 467-2528.

MESSAGE: If MSDB charges were to charge for outreach services, we at Fairfield would not use such services unless specifically called for in I.E.P.s.

EXHIBIT 5E

DATE 2-19-93

Tomorrow Starts Here Today

## **Stevensville Public Schools**

SCHOOL DISTRICT NO. 2

STEVENSVILLE, MONTANA 59870

February 16, 1993

Bill Prickett, Superintendent  
Montana School for The Deaf and The Blind  
3911 Central Avenue  
Great Falls, Montana 59401

Dear Bill,

In response to your letter, I thought you need to know the legislature is daming the schools financial flow of funding with proposed cuts.

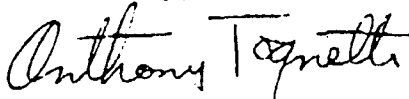
In addition, we will now be asked to pay unemployment to non-certified employees during the summer.

The feds are writing more rules and regs that cost schools extra money to carry out, but send us nothing except best wishes.

We administrators are not magical. School budgets have had no funding increases in 4 of the past 6 years and inflation is eating us alive. Now we are told we will receive a 5% minimum cut in the foundation program, which could be more. In addition, our special ed funds are cut and our vocational and driver ed funds are being considered for the chopping block.

Need I say more! Have a nice day.

Sincerely,



Anthony Tognetti  
Superintendent

AT/pb

EXHIBIT 5-F  
DATE 2-19-93

## LANGUAGE ITEMS

The following outlines language requested by the subcommittee within the Office of the Commissioner of Higher Education (CHE) and the Bureau of Mines for committee review. Also included are additional language items for committee discussion.

### SUBCOMMITTEE REQUESTED LANGUAGE

#### Commissioner of Higher Education

1. "It is the intent of the 53rd Legislature that no funds be transferred in fiscal 1994 or fiscal 1995 from the student assistance program to any other program within the Office of the Commissioner of Higher Education."

2. "Any indirect cost reimbursements received in excess of \$20,885 in fiscal 1994 and \$20,885 in fiscal 1995 as a result of an increase in the federal Talent Search grant shall cause a like reversion of general fund."

3. "In the event that bond payments on the Butte, Great Falls, and/or Billings vocational technical centers are less than the amounts shown in Item \_\_\_\_\_ [the bond payment line-item] in either year of the 1995 biennium, the difference between the appropriated amount and actual payments shall revert to the general fund."

#### Bureau of Mines

1. "Item \_\_\_\_\_ [the groundwater RIT appropriation] is for groundwater activities in accordance with Section 85-2-901, MCA, and equals the total anticipated deposits to the fund each year. The Bureau of Mines may not expend funds in any year from this appropriation over the amount deposited to the account."

### PRIOR LANGUAGE INCLUDED IN HOUSE BILL 2

#### Six Mill Levy

The 1991 legislature included the following language in House Bill 2, which directed that a like amount of general fund would be reduced for any six mill levy collections over the appropriated level:

"Included within current unrestricted funds (contained in the "other" fund column) to the six university units is the sum of [\$12,518,000 in fiscal 1994] and [\$12,567,000 in fiscal 1995] from revenue generated under the provisions of 20-25-423. The department of revenue shall levy the full 6 mills as authorized in 20-25-423. Revenue received by the university system under the provisions of 20-25-423 that exceeds [\$12,518,000 in fiscal 1994] and [\$12,567,000 in fiscal 1995] is appropriated to the office of the commissioner of higher education for distribution to the university system and must cause a general fund reversion of a like amount."

The legislature in special session in January and July amended this language to the following, which allowed the units to budget amend any excess six mill levy funds received, without any loss of appropriated general fund:

"Included within current unrestricted funds (contained in the "other" column) to the six university units is the sum of

Joint Education Subcommittee  
February 18, 1993

[\$12,518,000 in fiscal 1994] and [\$12,567,000 in fiscal 1995] from revenue generated under the provisions of 20-25-423. The department of revenue shall levy the full 6 mills as authorized in 20-25-423. Revenue received by the university system under the provisions of 20-25-423 that exceeds [\$12,518,000 in fiscal 1994] and [\$12,567,000 in fiscal 1995] is appropriated to the office of the commissioner of higher education for distribution to the university system and must be added by budget amendment by the board of regents in a manner so as to offset reductions in the university system appropriation in [this act] from the levels contained in the General Appropriations Act of 1991 and acts supplementary thereto."

ISSUE: Does the committee wish to include language in House Bill 2 relating to six mill levy funds?

Audit Language

Audit fees are included within each university unit, vocational technical center, and community college in the amount equal to the current unrestricted funds' share of total costs. The following is an example of language added relating to this share of costs:

"Total audit costs are estimated to be [\$110,488] for the biennium. Fifty percent of these costs must be paid from funds other than those appropriated in items [1 through 6]."

General Operations and Appropriation Language

The legislature has appropriated all funds other than current unrestricted funds through the following language:

"University units are defined in 17-7-102(16). For all university units, except the commissioner of higher education, all funds, other than plant funds appropriated in [the long-range planning bill], relating to long-range building, and current unrestricted operating funds, are appropriated contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. The budget must contain detailed revenue and expenditures and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. All movement of funds between the current unrestricted subfund and the designated subfund account entities must be clearly identified in the state budgeting and accounting system."

The legislature included the following language relating to programs and accounting procedures:

"Programs for the university units' budgets, except the office of the commissioner of higher education, include instruction, organized research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships and fellowships.

"All university units, except the office of the commissioner of higher education, shall account for expenditures consistently within programs and funds across all units and shall use the national center for higher education management systems program classification structure, along with the college and university business administration (CUBA) system, as a minimum standard for achieving consistency."

**ISSUE 1: Will any change in the mix of resident and nonresident students be incorporated in the revenue estimates?**

**Assumptions:**

- 1) Average of fiscal 1991 and 1992 actual enrollments.
- 2) Fiscal 1993 tuition rates.
- 3) Fiscal 1993 mix of resident and nonresident students.

TABLE 1 Estimated Increase in Tuition Change in Student Mix 1995 Biennium			
Unit	Yearly Current Subcommittee	Yearly Change of Mix Current FY 93	Change of Mix Increase (Decrease) From Current Subc
MSU	17,400,942	17,712,437	311,495
UM	18,471,286	19,577,775	1,106,489
EMC	5,034,994	5,103,210	68,216
NMC	2,465,113	2,503,799	38,686
WMCUM	1,442,287	1,428,539	(13,748)
MCMST	<u>2,827,556</u>	<u>2,806,981</u>	<u>(20,575)</u>
Total	<u>47,642,178</u>	<u>49,132,741</u>	<u>1,490,563</u>
Includes Scholarships and Fellowships			

EXHIBIT 7A  
DATE 2-18-93

**ISSUE 2: Will any change in student FTE in fiscal 1993 be incorporated in the revenue estimates?**

TABLE 2 Increase in Student FTE 1995 Biennium Budgeted to Fiscal 1993			
Unit	Current Subcommittee	Current FY 93*	Fiscal 1993 FTE Increase (Decrease) From Current Subc
MSU	9,574	9,939	365
UM	9,161	9,589	428
EMC	3,274	3,221	(53)
NMC	1,622	1,604	(18)
WMCUM	945	969	24
MCMST	<u>1,653</u>	<u>1,728</u>	<u>75</u>
Total	<u>26,229</u>	<u>27,050</u>	<u>821</u>
*Includes restricted FTE.			

**Assumptions:**

- 1) Fiscal 1993 enrollments.
- 2) Fiscal 1993 tuition rates.
- 3) Fiscal 1993 mix of resident and nonresident students.

TABLE 2a Estimated Increase in Tuition Change in Student FTE 1995 Biennium			
Unit	Yearly Current Subcommittee	Yearly Fiscal 1993 Current FY 93	Fiscal 1993 FTE Increase (Decrease) From Current Subc
MSU	17,400,942	18,386,172	985,230
UM	18,471,286	20,471,425	2,000,139
EMC	5,034,994	5,020,598	(14,396)
NMC	2,465,113	2,476,013	10,900
WMCUM	1,442,287	1,464,819	22,532
MCMST	<u>2,827,556</u>	<u>2,934,339</u>	<u>106,783</u>
Total	<u>47,642,178</u>	<u>50,753,366</u>	<u>3,111,188</u>
Includes Scholarships and Fellowships			



**ISSUE 3: Will any change in tuition rates be incorporated in the revenue estimates?**

**TABLE 3**  
Estimated Increase in Tuition  
Increase in Tuition Rates  
1995 Biennium

<u>Student Cost</u>	<u>Current Incidental</u>	<u>Fiscal 1994 OBPP Assumed Rates</u>	<u>Percent Increase</u>	<u>Fiscal 1995 OBPP Assumed Rates</u>	<u>Percent Increase</u>
Resident Tuition	1,288	1,394	8.2%	1,499	16.4%
Nonresident Tuition*	4,928	5,442	10.4%	5,956	20.9%

\*MSU, UM, and MCMST. EMC, NMC, and WMCUM nonresident tuition would total \$4,919 in fiscal 1994 and \$5,330 in fiscal 1995.

**Assumptions:**

- 1) Fiscal 1993 enrollments.
- 2) OBPP assumed tuition rates.
- 3) Fiscal 1993 mix of resident and nonresident students.

**TABLE 3a**  
Estimated Increase in Tuition  
Increase in Tuition Rates  
1995 Biennium

<u>Unit</u>	<u>Yearly Current Subcommittee</u>	<u>Fiscal 1994 Increased Rates Current FY 93</u>	<u>Increased Rates Increase (Decrease) From Current Subc</u>	<u>Fiscal 1995 Increased Rates Current FY 93</u>	<u>Increased Rates Increase (Decrease) From Current Subc</u>
MSU	17,400,942	19,941,819	2,540,877	21,488,176	4,087,234
UM	18,471,286	22,213,549	3,742,263	23,947,584	5,476,298
EMC	5,034,994	5,398,502	363,508	5,773,126	738,132
NMC	2,465,113	2,665,575	200,462	2,853,586	388,473
WMCUM	1,442,287	1,576,549	134,262	1,687,309	245,022
MCMST	2,827,556	3,178,665	351,109	3,421,396	593,840
Total	<u>47,642,178</u>	<u>54,974,659</u>	<u>7,332,481</u>	<u>59,171,177</u>	<u>11,528,999</u>

Includes Scholarships and Fellowships

EXHIBIT 76  
DATE 2-18-93  
BY \_\_\_\_\_

**TO:** Representative Royal Johnson  
Chairman Education Subcommittee

**FROM:** Curt Nichols  
OBPP *CN*

**SUBJECT:** University System Budget Options

Attached is a table showing the subcommittee status of appropriations from general fund and current unrestricted operating funds for the University System and comparison to the 1993 biennium. In this table we include the currently approved budget amendments.

Following the comparison table are two tables which list options available to the Board of Regents relating to revenue increases and expenditure reductions. The revenue options include those which OBPP has presented to the Board of Regents. The remaining options are those adopted by the Board of Regents at their February 15 meeting. I believe that all the options can be implemented by the regents without legislative approval. In fact the \$8.9 million due to underestimate of revenue will likely be added merely by the approval of budget amendments in FY94 and FY95 similar to those enacted in FY92 and FY93.

For example the \$5.2 million of administrative savings could be put in place and the \$8.9 million of underestimated revenues added with the result that expenditures would increase by \$2.5 million over the 1993 biennium level and Instruction and Plant programs would receive a significantly larger increase, approaching \$7.7 million.

If you have any questions please contact Amy Carlson or myself

*8*  
2-18-93

# University System Budget

16--Feb--93

Agency	1993 Biennium	Subcommittee 1995 Biennium	Subcommittee Biennial Difference
Commissioner of Higher Education General Funded Programs	13.73	13.77	0.04
Community Colleges	7.56	8.43	0.87
University Units	292.76	285.85	(6.91)
Vocational Technical Centers	23.27	23.26	(0.01)
Agricultural Experiment Station	20.15	19.75	(0.40)
Cooperative Extension Service	9.91	9.90	(0.01)
Forestry Conservation Station	1.42	1.41	(0.02)
Bureau of Mines	2.68	2.68	0.01
Fire Services Training School	0.48	0.48	0.00
<b>Total Higher Education</b>	<b>\$371.96</b>	<b>\$365.53</b>	<b>(\$6.43)</b>

NOTE: Includes continuing appropriations and budget amendments to date, excludes one time approp for clean fuels, genetic engineering, and math grant. 1991 biennium excludes \$5.3 million budget amendment not yet acted upon by the legislature.

## OPTIONS FOR REVENUE GENERATION

Option	FY 94	FY 95	Biennium
Recognize 1993 enrollments	\$4,470,000	\$4,470,000	\$8,940,000
WUE Regents December of 1992 cap (conversion to non-resident)	\$960,000	\$1,520,000	\$2,480,000
Tuition Increase approved by the Regents December 1992	\$4,550,000	\$9,110,000	\$13,660,000
Graduate Differential 13	\$716,000	\$716,000	\$1,432,000
Summer Non-Resident tuition increase 20	\$309,000	\$309,000	\$618,000
<b>SUBTOTAL</b>	<b>\$11,005,000</b>	<b>\$16,125,000</b>	<b>\$27,130,000</b>

## OPTIONS FOR REDUCTIONS IN SPENDING

Option	FY 94	FY 95	Biennium
<b>ADMINISTRATION</b>			
Discontinue Professional Development Leave 1	\$0	\$30,000	\$30,000
More economical use of in-state travel 2	\$50,000	\$50,000	\$100,000
Transfer certain employees on Regent's 10% in '94/ 15% in '95 4	\$80,000	\$115,000	\$195,000
contracts to state classification system			\$0
Reduce salaries of non-faculty on regents contracts 2% opt 5	\$0	\$226,000	\$226,000
Reduce institutional support by 10% 6	\$1,159,447	\$1,159,447	\$2,318,894
Reduce Student Services by 10% 7	\$885,608	\$885,607	\$1,771,215
Reduce the Office of the CHE by 10% 11	\$120,000	\$120,000	\$240,000
Eliminate Regents Employee Reporting System (RERS) 15	\$131,000	\$176,000	\$307,000
<b>SUBTOTAL</b>	<b>\$2,426,055</b>	<b>\$2,762,054</b>	<b>\$5,188,109</b>

<b>OTHER</b>			
Reduce Intercollegiate Athletics 8	\$0	\$3,051,450	\$3,051,450
Reduce Public Service 9	\$0	\$938,689	\$938,689
Eliminate Fee Waivers 12	\$2,314,792	\$2,314,792	\$4,629,584
Reduce Stations' Operating Budgets by 10% 18	\$1,253,427	\$1,253,427	\$2,506,854
Early Retirement Program 19	\$0	\$2,000,000	\$2,000,000
Reduce Student assistance in WICHE and WAMI 21	\$59,500	\$304,377	\$363,877
<b>SUBTOTAL</b>	<b>\$3,627,719</b>	<b>\$9,862,735</b>	<b>\$13,490,454</b>

<b>INSTRUCTION and LIBRARIES</b>			
Change % of General Fund support for Community Colleges 10	\$172,736	\$171,516	\$344,252
Increase Student/Faculty Ratio 17.8 : 1 16	\$1,000,000	\$2,000,000	\$3,000,000
Reduce Academic Support by 10% (libraries, academic admin...) 17	\$999,122	\$999,122	\$1,998,244
Limit access 250/500 option 22	\$650,000	\$1,300,000	\$1,950,000
<b>SUBTOTAL</b>	<b>\$2,821,858</b>	<b>\$4,470,638</b>	<b>\$7,292,496</b>

441

STATE BUILDING ENERGY RETROFIT PROGRAM

um

LANGUAGE FOR EACH AGENCY'S BUDGET IN HB2

Item \_\_\_\_\_ contains \$ 68,255 in fiscal year 1994 and \$ 260,865 in fiscal year 1995 which must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state building energy conservation program.

EMC

STATE BUILDING ENERGY RETROFIT PROGRAM

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LANGUAGE FOR EACH AGENCY'S BUDGET IN HB2

Item \_\_\_\_\_ contains \$ 3,628 in fiscal year 1994 and \$ 17,989 in fiscal year 1995 which must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state building energy conservation program.

UMC

STATE BUILDING ENERGY RETROFIT PROGRAM

UMC

LANGUAGE FOR EACH AGENCY'S BUDGET IN HB2

Item \_\_\_\_\_ contains \$ 38,335 in fiscal year 1994 and \$ 38,335 in fiscal year 1995 which must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state building energy conservation program.

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2-18-93

**HOUSE OF REPRESENTATIVES  
VISITOR REGISTER**

EDUCATION SUBCOMMITTEE DATE 2-18-93  
DEPARTMENT (S) DIVISION

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NAME	REPRESENTING	
BILL PRICKETT	MSDB	
Bill Ayres	MSDB	
Pat Abelson	Bozeman Chamber	
Vivian Petersson	Plas. Career Center	
Rob Coleley	Elgin Career Center	
Cheryl Schupp	Conrad HS (MVA)	
Bill Jimmerson	Conrad High School - (MVA)	
Marni Hoppes	Conrad High School	
Jeani Mink	Conrad High School	
Jeanie E. Todd	Univ of Montana	
John McCarthy	ASUM	
Sundsted		
Hintz		
Malone		
Isch		
Hutchinson		
Jim Todd		

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