

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By Chairman Royal Johnson, on February 19, 1993,
at 8:40 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
Jacqueline Brehe, Committee Secretary

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

Committee Business Summary:

Hearing: NONE
Executive Action: SIMMS PROJECT; OFFICE OF PUBLIC
INSTRUCTION; BUTTE VO-TECH CENTER
BUDGET; OFFICE OF THE COMMISSIONER OF
HIGHER EDUCATION; LANGUAGE ITEM FOR VO-
TECH CENTERS; LANGUAGE ITEM FOR
COMMUNITY COLLEGES BUDGET; AND OFFICE OF
PUBLIC INSTRUCTION

DISCUSSION OF SIMMS PROJECT

David Toppen, Associate Commissioner for Academic Affairs, OCHE, summarized the meeting which the committee requested of OCHE, OPI, DofA, LFA and OBPP staff to brainstorm the possibility of having some METNET funds or activities used for the state match for SIMMS. He stated that there was some overlap in the two projects so that \$30,000 of METNET funding in FY93 could be used for SIMMS. It was anticipated that the figure might rise to \$80-

120,000 in FY94 and FY95. He noted that the overlap was small because the SIMMS project has its impact on how math and science are taught and learned. The METNET project was a communications project which uses equipment and technology to distribute educational concepts. METNET could be used to proliferate and distribute the concepts designed by SIMMS once that stage was attained.

Dr. Toppen noted that the \$2 million in state match for SIMMS was specifically earmarked in the budget for the purpose of putting computers and calculators in the hands of students. METNET installed compressed video capability, satellite uplinks and downlinks, and bulletin board systems around the state. The activities were very complimentary, but did not duplicate each other to any great extent.

John Lott, Director SIMMS project, concurred with **Dr. Toppen's** assessment as to the lack of significant overlap between the two projects. He mentioned that there were currently 691 students in 29 classes across the state. He said his chief concern was that NSF would pull out its funding leaving 691 students in the middle of the program, if the program were not funded by state match. He added that the main area of overlap between the two projects at this time was the provision of modems and computers.

SEN. DON BIANCHI asked for clarification of the status of the \$358,000 for administrative expenses for OPI based on HB 106.

REP. PECK explained that HB 106 was a certification bill that would increase certification fees for teachers. The bill was presently tabled in the House Education Standing Committee. He asked staff if funding the SIMMS project would affect the committee target. **Taryn Purdy, LFA**, said it would affect the target because it was a budget modification. **REP. RAY PECK** asked if the executive budget addressed this item specifically. **Doug Schmitz, OBPP**, said the SIMMS modification was not specifically included in the executive budget, because a mod request was not received from MSU. However, the former and present administrations both support the project. He added that there was \$2 million to cover the mod within the miscellaneous area of the executive budget.

Ms. Purdy explained that two possibilities were discussed at the meeting held the previous day which would allow the committee to support the project without impacting the target. The first was to put the appropriation in a cat and dog bill. The second was to find an alternative funding source, such as the State Equalization Account (SEA). **Dr. Toppen** pointed out that the SIMMS project encompasses more than K-12 and more than higher education. He said the appropriation for the SIMMS project could be made from the SEA which would take it outside the area of the target.

Motion: SEN. BIANCHI moved the funding of the SIMMS project for \$2 million over the biennium from the general fund.

Discussion: SEN. CHUCK SWYSGOOD asked if the committee would be moving backwards on their target if the motion passed. Ms. Purdy replied affirmatively. SEN. SWYSGOOD asked SEN. BIANCHI where he would cut \$2 million in order to fund this project. SEN. BIANCHI remarked that the \$24 million was a target and that the Education Subcommittee was probably one of the few committees to reach its target. He added that there was no mandate that the committee reach its target and it was acceptable to come close. SEN. SWYSGOOD said if the committees don't meet their targets, it means increasing revenue. SEN. BIANCHI stressed that the debate should not be whether the committee has reached its target, but whether the SIMMS project was important enough to be funded. The program was committed to by the previous and present governors. The match from NSF was substantially above the state's share and provides wonderful opportunities for children across the state. He emphasized that the issue before the committee was whether to fund \$2 million dollars for the future for the children of the state.

CHAIRMAN ROYAL JOHNSON agreed with SEN. BIANCHI and added that the committee should not be concerned with what other committees were doing. SEN. SWYSGOOD said he did not deny the excellence of the SIMMS project, but the arguments used by SEN. BIANCHI could be used for other budget items which were also worthy of funding, but were cut. REP. PECK mentioned the possibility of federal cutbacks with the new Democratic administration before making the following motion.

Substitute Motion: REP. PECK moved a biennial appropriation of \$1 million for the SIMMS project.

Discussion: SEN. BIANCHI asked Dr. Lott for the NSF reaction to such a motion. Dr. Lott said he had received a letter from NSF saying it would consider reducing the budget to the project if the state match was not there.

Motion: The substitute motion FAILED 2 to 4 with REP. MIKE KADAS, SEN. SWYSGOOD, SEN. BIANCHI, AND CHAIRMAN JOHNSON opposed.

Motion: The original motion FAILED 1 to 5 with SEN. BIANCHI voting for the motion.

DISCUSSION ON MSU ENGINEERING RESEARCH CENTER BUDGET MODIFICATION

Michael Malone, President of MSU, explained that the funding of ERC was dependent upon a pledge by the former governor of \$1 million over five years. NSF provided \$7.5 million in return for the \$1 million pledged by the governor. MSU was now requesting \$200,000 each year of the biennium as part of the pledge. REP. KADAS noted that the amount was not built into the current level

base. **Dr. Malone** explained that in the past it was handled through a loan from the Coal Tax Trust Fund. The present administration has argued that the match should be made by an appropriation rather than by a loan. **REP. KADAS** asked why the money was not in the base, if it had been expended before. **Dr. Malone** explained that the expenses for the ERC were being expended through the MSTA budget which was why they did not appear in the MSU base.

SEN. BIANCHI asked how much money was being funded by NSF in return for the \$1 million state match. **Dr. Malone** noted that NSF was committed to spending \$7.5 million over five years, and in the next two years will spend \$3 million. He added that there were 22 industrial associates who were also investing in the center, which was one of only 18 in the nation recognized by NSF. **REP. KADAS** asked **Dr. Malone** if MSU could find \$200,000 within its present budget. **Dr. Malone** remarked that given the present reductions in the budget, it would be extremely difficult. **SEN. SWYSGOOD** asked how the loan from the Coal Tax Trust Fund was to be repaid. **Dr. Malone** answered that it would be paid back with future royalties. **SEN. SWYSGOOD** asked if it was still possible to utilize loans to supply the match for the grant. **Dr. Malone** noted that the governor had indicated it would be an inappropriate use of the fund.

SEN. SWYSGOOD asked **Dave Lewis, Executive Budget Director**, if the Coal Tax Trust Fund could still be used for this venture. **Mr. Lewis** explained that the MSTA statutorily can only make loans. The administration was concerned that the loans be repaid in a timely fashion. If MSU made a realistic proposal for a repayment plan, it would be possible to access the funds again.

CHAIRMAN JOHNSON noted that the mod failed because of the lack of action from the committee. He noted that the OBPP had some tuition policy comments it wished to make to the committee. **Mr. Lewis** distributed **EXHIBIT 1**. **Curt Nichols, OBPP**, explained that the exhibit consisted of a series of amendments to the appropriation bill which deal with tuition issues. The first amendment included the appropriation of the anticipated revenue that will be generated under the current tuition rates in 1994 and 1995. The next four amendments would include appropriation of funds that would be generated should the Regents decide to implement the options they presented to the committee. The sixth amendment was a proposal of the executive that would provide a guarantee of the revenue estimate should the Regents implement the options they presented. The last page was an allocation by program of all the funds that have currently been appropriated along with the additional funds contained in the amendments.

Mr. Nichols mentioned that the estimates for amendment 4 of the exhibit were recalculated to assume that only half of the WUE students would become non-residents when the program was cut back. Amendment 5 dealt with the revenue that would be generated from the tuition increases that were presented as part of the

tuition indexing plan. He added that the language guaranteeing the revenue estimates basically provided two guarantees: 1. to the extent that revenue was below the estimate for any unit, it was made up by any additional millage. 2. To the extent that additional millage is not adequate, it required the governor to request a supplemental appropriation from the general fund to make up the shortfall.

Mr. Lewis said the OBPP wanted to accomplish several objectives with the proposal. If the Regents did adopt the tuition increases discussed in the December 1992 meeting, OBPP wanted to ensure that revenue was allocated to instruction. The OBPP also wanted to guarantee revenue estimates in case enrollments did decrease resulting in a shortfall of actual revenue. He added that when the budgeting process began, OBPP did not present allocations by unit because it favored a lump sum to the MUS. At this point with the units receiving a lump sum each, the OBPP believed it needed to respond with a recommendation for allocations and take into consideration revenue changes.

REP. KADAS asked if the OBPP was endorsing the lump sum approach to the units but wanted to line item the instructional portion of it. **Mr. Lewis** stated that the committee was going to allow the units to move money between line items. Since there should be a benchmark, they have allocated the anticipated revenue increase to instruction. **REP. KADAS** asked for the consequences if the units moved away from the benchmark. **Mr. Lewis** said he did not believe there would be any, because the committee was allowing the units to transfer between line items.

REP. KADAS asked **Mr. Nichols** how he calculated a figure of \$3.6 million which was \$500,000 higher than the figure given by the LFA. **Mr. Nichols** explained that he adjusted his original figure of \$4.4 million downward to account for the Spring enrollment count. He said that the LFA had used a preliminary dollar figure that was reported by the OCHE for the current year. He obtained his figure through the traditional method. He added that he believed his numbers were conservative. **Ms. Purdy** said her figures were based on who was there now, what they have paid and an estimate of the collection of admission fees through the end of the school year.

REP. KADAS referred to the chart on the last page of **EXHIBIT 1** and asked for the base used for the chart. **Mr. Nichols** replied that the base starts from the committee's action. The committee adopted the 91-92 expenditures and that is represented in the first two columns of the chart. Except for instruction, those figures were carried forward into 94-95. Additional revenues generated were allocated to the instructional program.

Tape No. 1:B:000

REP. KADAS observed that the scenario as drawn by the OBPP proposal would fund the schools at the 89-90 enrollment levels. It would not fund additional students who are there based on the

current formula, which was more than 1,000 students. All the units would get was tuition for those additional students. Nor were the additional 300 students from the Spring accounted for except as additional revenue. **Mr. Nichols** responded that he disagreed with **REP. KADAS'** interpretation. He stated that the students there in 1993 were being educated with money that was there in 1993. **REP. KADAS** noted there were no general fund dollars for the additional students in 1993. **REP. KADAS** asked if the money the schools received this year was driven by a formula. **Mr. Nichols** said no. There was a formula applied and an adjustment made during special session. **REP. KADAS** said that the formula in 1991 drove the base budget and all the changes which have occurred since then have been in relation to the base budget. He stressed his strong disagreement with **Mr. Nichols'** assertion that the last biennium was not driven by a formula.

SEN. SWYSGOOD asked, if all the amendments were adopted, what would be the consequences to the present budget. **Mr. Nichols** replied that each of the amendments added revenues that were either anticipated or would be generated should the Regents implement their proposals on revenue. It increased revenues and also expenditures. **Ms. Purdy** noted that the proposal assumed that the general fund would remain the same as would the committee target. **Mr. Nichols** answered that no offset of general fund was made by the increased revenue in the amendments. He said he assumed the committee has made the decision on the budget; that, should the Regents exercise these options to add revenue, there would be no offsetting decline in appropriation. **CHAIRMAN JOHNSON** clarified that the committee has made no assumptions as to what the Regents were going to do about tuition.

SEN. SWYSGOOD asked if item 6 in **EXHIBIT 1** created a potential for general fund liability through the supplemental process. **Mr. Nichols** said that would be correct if the revenue estimates were in error by an amount exceeding what might be generated by excess millage. **SEN. SWYSGOOD** asked why OBPP deemed it necessary to guarantee revenue. **Mr. Lewis** said anytime revenues were projected and Regents raised tuition, there was a fear of enrollment declines. The OBPP did not believe it would happen, but was willing to provide the guarantee to allay the fears. **SEN. SWYSGOOD** noted that the committee has given the units flexibility with line items. These amendments increase revenues and place them in the instructional line. He asked how it would be handled. **Mr. Lewis** stated that units have the authority to transfer between line items. If they wish to move money from instruction, they would have to provide the Regents with documentation and justification for doing so.

REP. PECK noted that using the figures on page 3 of **EXHIBIT 1** the difference between 92-93 and 94-95 was about \$24 million. **Mr. Nichols** said the calculation was correct. He added that it was guaranteed in the language being proposed.

CHAIRMAN JOHNSON invited comments on this particular issue from the audience. **George Dennison, President, University of Montana**, preceded his comments with a question. He asked if the estimate for the increase in tuition yield for assumed non-residents were non-residents and residents were residents. **Mr. Nichols** replied that it assumed there were no WUE conversions. **Dr. Dennison** noted that the \$3.6 million would be due to students paying the WUE rate rather than the non-resident rate. He said the difference between what they would have in revenue for spring semester and what the estimate for revenue was, would be due to the lack of revenue from WUE students.

Dr. Dennison commented that it made good sense to base revenue estimates on enrollments and it was quite appropriate to use the current year. He suggested that if 1993 enrollments were used to determine revenue, the student mix for 1993 should also be used in allocating general fund.

Lindsay Norman, President Montana Tech, said it was risky to establish the university system budget on what the Regents might or might not decide to implement in terms of tuition. He agreed with **REP. KADAS'** comment regarding the history of establishing university system budgets through a formula mechanism. He said it was also true that some of the campuses have educated a number of students the last two years using only the tuition revenue for the extra students. To say this stop-gap measure was a normal and acceptable occurrence was perpetuating a bad situation. He concurred with **Dr. Dennison** that "real people numbers" be used for budget purposes and revenue estimates. **REP. PECK** asked **Dr. Norman** why he was concerned with tuition if the OBPP proposal guaranteed the level. **Dr. Norman** explained that tuition revenue did not cover the full cost of education. He said the problem was recognizing tuition on the revenue side but not building in those student numbers for the expenditure side.

Rod Sundsted, Associate Commissioner for Fiscal Affairs, OCHE, said he would be willing to work with the OBPP, but believed that it was a little late to be making a proposal of this magnitude on the last subcommittee hearing day. He said he had some serious concerns with the proposal. He said amendments 1-5 in **Exhibit 1** result in \$23.7 million in revenue, while the increase in allocations on the last sheet of **Exhibit 1** only total \$20.7 million. He questioned if the \$3 million would be coming out of general fund. He also noted that if there was extra tuition revenue it was to go to the general fund under the proposal; however, if there was a shortfall, all that was guaranteed was that the university system could ask for additional funding through a supplemental. He noted that since any tuition generated from students who enroll over expected levels would revert to the general fund, those students would have to be educated without support from the state or from their tuition dollars. Such a policy would encourage units to turn away students.

Mr. Nichols said that there was no tuition recapture provision in the guarantee of the OBPP proposal. If additional students were admitted and tuition was higher, there would not be a recapture and a loss of general fund. He said his calculations of the increased allocations on the last page of **EXHIBIT 1** showed \$24 million.

CHAIRMAN JOHNSON noted that he believed this discussion was all supposition since there was no way of knowing what the Regents would do.

D'Anna Smith, Representative of the MSU Associated Students, said she believed the tuition guarantee was an honest gesture on the part of the OBPP to meet a concern of the Regents expressed at their recent meeting. She said students want to know at this point what the tuition will be for next year.

Dr. Malone said it would be better to go back to LFA current level since one would have a simpler and more predictable system.

Mr. Nichols said it was the intent of the OBPP that if the committee found the calculations in **EXHIBIT 1** valid, motions would be in order to add the language to the appropriations bill.

CHAIRMAN JOHNSON asked what would happen if the committee adopted all the amendments of **EXHIBIT 1** and then the Regents decided to act otherwise. **Mr. Nichols** said in the case of revenue options, if the Regents decided not to take one of them and decided not to increase revenue that was appropriated in the proposal, spending would be reduced as well. If tuition was increased, the authority was already in the bill. On the spending side, if the Regents take any of the reductions they have proposed, then they would not spend to the appropriated level.

CHAIRMAN JOHNSON noted that the committee has already allocated budgets to the units with flexibility to manage them in the best way they saw fit. Although the OBPP proposal added any increase in revenue to the instructional line, the units were not bound to use it there. **Mr. Nichols** said the major item missing from the committee was authority for the revenue options proposed by the Regents such as the graduate differential, a summer fee rate, etc.

SEN. SWYSGOOD summarized the guarantee proposed by OBPP. He asked if the units brought in more money than was guaranteed, could they use the money as they saw fit under the OBPP proposal. **Mr. Nichols** said yes.

CHAIRMAN JOHNSON noted that after a recalculation, **Mr. Nichols** wanted to amend his figures in **EXHIBIT 1**. **Mr. Nichols** said he neglected to include in the last sheet of **EXHIBIT 1** the \$3.2 million added by the subcommittee to the 92-93 actual expenditures. The effect would be to make the 94 and 95 allocations \$154,925,473. He added that it would not change the

effect of the tuitions or the committee's appropriations.

DISCUSSION OF HUMAN SERVICES COMMITTEE ACTION ON OPI

Tape No. 1:B:858

Robert Runkel, Director of Special Education, OPI, updated the committee on the ruling from the Health Care Finance Administration (HCFA) regarding whether some educational costs of children in residential hospitals and residential treatment centers could be covered under Medicaid. **Mr. Runkel** said he interpreted the HCFA ruling as saying the remedial instruction received by the children was a reimbursable cost as long as it was an integral part of the treatment plan. He said he believed that 90% of the educational costs of children, who were eligible for Medicaid and were in these facilities, was reimbursable. He added that about 90% of children in residential facilities were eligible for Medicaid. The proportion of eligible children in hospitals was lower because many of the children were covered by private health insurance.

Mr. Runkel reviewed the action of the Human Services Subcommittee. No longer would psychiatric hospitals be eligible as Medicaid recipients. Approximately 70% of children in hospitals are Medicaid funded. It is difficult to predict the appropriation needed at this time because some hospitals may not survive while others may decide to become residential centers. He said he had developed some possible scenarios for the committee's perusal.

Mr. Runkel distributed **EXHIBIT 2** and explained that its figures described what would have happened if the other subcommittee had not taken its action. He reviewed the data for the committee. He said \$1.3 million in state matching funds would have been needed by SRS to obtain the \$4.4 million total Medicaid fundable education costs. If the action of the Human Services Subcommittee stands, the only facilities in the state Medicaid eligible would be Yellowstone Treatment Center (YTC) and Shodair Residential Center.

Mr. Runkel pointed out that the second two sheets of **EXHIBIT 2** indicated the money needed by DFS and OPI to fund the educational costs of children at YTC and Shodair Residential Center. The state match for Medicaid funding for YTC would be \$527,165 and for Shodair Residential Center it would be \$159,433.

Tape No. 2:A:000

Mr. Runkel distributed **EXHIBIT 3** which listed several possible scenarios. He noted that the most probable scenario was that YTC and Shodair Residential Center would remain Medicaid fundable. In addition, Intermountain Childrens Home would continue to have educational costs but would not be Medicaid fundable, while Shodair Hospital survives because 30% of its clients would be

carried by private insurers. The educational costs of children in these last two institutions would be all general fund obligations.

Mr. Runkel noted that children normally served by psychiatric hospitals will still be in need of services. **Line 7 in EXHIBIT 3** described money which would be needed to fund day treatment centers for these children. Initially, four centers would be established at \$50,000 each. The total appropriation from the subcommittee for this area under this scenario would be \$2.5 million. **Mr. Runkel** described the details of the scenario if all three hospitals including Shodair failed. **EXHIBIT 3** With six day treatment centers, the appropriation by the committee would be \$2.1 million.

Mr. Runkel noted that the other scenarios in the exhibit were composed on the assumption that the recommendation by the Human Services Subcommittee to eliminate the Family of One Rule stands.

Mr. Runkel reminded the committee that OPI had asked the committee for the opportunity to leverage Medicaid for schools and set aside 1% of the special education appropriation for schools in language in HB 2 to provide a Medicaid match allowing them to leverage up to that much. Something similar might be accomplished for children placed out-of-state for residential care. Similar language would be needed in HB 2. He distributed **EXHIBIT 4** explaining the issue. He explained he was not asking for additional money and was not asking for it under the present appropriation. This was a request for a flexible option under the special education allowable costs portion of the OPI appropriation.

SEN. SWYSGOOD asked if any of the actions of the Human Services Subcommittee relied on waivers from the federal government. **Hank Hudson, Director of the Department of Family Services**, replied that none of the actions were relying on waivers. He added that some of the providers would contend that some of the actions were challengeable under the current regulations. **SEN. SWYSGOOD** noted that there was not much of a savings to be realized in the OPI budget as a result of Human Services Subcommittee action. **Mr. Runkel** agreed and said **EXHIBIT 3** was designed assuming the passage of SB 278.

REP. KADAS asked why the consequences of the elimination of the Family of One Rule was not included in the most probable scenario. **Mr. Runkel** explained that over 90% of the children in residential facilities are Medicaid fundable and therefore the elimination of the Family of One Rule would not have a significant impact. **REP. KADAS** noted that the Human Services Subcommittee recommended elimination of Medicaid for children under 21 at free standing psychiatric hospitals. He asked if that stand was defensible under current Medicaid regulations. **Mr. Hudson** said current regulations require that youth be

provided appropriate medical services and it was possible to do so without the hospital option. Whether it was possible to do it in Montana with the present resources is now being examined.

REP. KADAS asked **Mr. Runkel** for his recommendation on the current \$2.6 million appropriated by the committee for this area. **Mr. Runkel** answered that because of the number of variables involved, it was hard to predict anything except to say which was the most probable scenario. If the appropriation were left alone, expenditures would be covered.

REP. PECK asked if any further definition of the situation was expected between now and April 15. **Mr. Runkel** said he was not anticipating any additional information.

SEN. SWYSGOOD asked why the Intermountain Children's Home was not able to obtain Medicaid funding. **Mr. Runkel** explained the facility does not qualify as a children's psychiatric facility for residential care for children under 21, so the educational costs at that facility are fully general fund dependent. **Mr. Hudson** added that the facility chose to pursue licensure as a therapeutic group home because that is the treatment they wish to provide.

Mr. Runkel reiterated the need to fund day treatment centers.

EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION

Tape No. 2:A:610

Motion/Vote: **SEN. BIANCHI** moved the adoption of language which the staff was directed to prepare for inclusion in HB 2 which would allow leverage of special education dollars for children who have been placed out of state into Medicaid fundable facilities and which would allow flexibility for residential care. The motion **CARRIED** unanimously.

SEN. SWYSGOOD distributed **EXHIBIT 5**.

EXECUTIVE ACTION ON BUTTE VO-TECH CENTER BUDGET

Tape No. 2:A:700

Motion: **SEN. SWYSGOOD** moved the addition to the Butte Vo-Tech Center budget of \$102,000 to be paid for from the savings to be realized from the refinancing of long term debt presently in the OCHE budget.

Discussion: **SEN. SWYSGOOD** explained he was making this motion because the Long-Range Planning Subcommittee just passed a recommendation to buy the bonds off so that there would be a savings in this biennium of \$104,000. **REP. KADAS** asked if the money in the motion was for a supplemental or for the general fund budget. **SEN. SWYSGOOD** said that if the motion passes, there

would be no need for the supplemental, because not all of programs scheduled for elimination at the Butte Vo-Tech would need to be terminated. He noted that every time a reduction in program was implemented, it added to the problem because of the expense involved with the severance of employees. He added that if the motion passes, the Butte Vo-Tech budget would be \$281,000 over the LFA current level.

REP. KADAS asked **Skip Culver, LFA**, how the current level budget for the Butte Vo-Tech Center would be driven for the next biennium since a new base was being set without an adjustment for student enrollment etc. **Mr. Culver** responded that he assumed the current level would continue to be driven off student FTE, but if student enrollment were still down, the committee would need to consider mitigating circumstances as it has this biennium.

CHAIRMAN JOHNSON asked how many dollars have been added back into the Butte Vo-Tech Center. **Mr. Culver** said it was approximately \$178,000. **SEN. SWYSGOOD** pointed out to the committee that it would take \$54,000 to honor the supplemental for the Butte Vo-Tech if this motion did not pass. If the motion carries, the supplemental will not be necessary and as a consequence the motion only represents an increase of about \$48,000.

REP. PECK voiced concern that the Butte delegation would be involved in further efforts to increase this budget. **SEN. SWYSGOOD** said he did not solicit any commitment from the Butte Vo-Tech Center. **Jane Baker, Director of the Butte Vo-Tech Center**, said she had conversed with the delegation from Butte and they had agreed that with this motion the budget for Butte was a realistic one.

CHAIRMAN JOHNSON asked if the bonds mentioned in the motion had been refinanced. **Mr. Sundsted** replied they had not. The Long-Range Planning Subcommittee had approved this general obligation issue in HB 5. **CHAIRMAN JOHNSON** asked if the underwriters were locked in at \$104,000. **Mr. Sundsted** replied that the estimate at this time based on current rates was \$104,000 net.

REP. KADAS asked if the payment of the Butte bonds will now go through the DofA rather than through the OCHE. **Mr. Sundsted** said yes. **REP. KADAS** noted that the committee would have to make changes to the OCHE budget since bond payments of about \$900,000 had been eliminated from their budget. **Mr. Sundsted** agreed.

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

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

Tape No. 2:A:1225

Motion: **SEN. SWYSGOOD** moved the adoption of language which the staff was directed to draw up which would remove the Butte Vo-

Tech Center bond payment appropriation from the OCHE budget.

Discussion: Ms. Purdy asked for clarification on what the committee wished to do in reference to the bond issue. Did the committee wish to take out the entire amount for the Butte Vo-Tech Center bond payment from the OCHE appropriation at this time? **REP. KADAS** remarked that since this issue was contingent upon the passage of HB 5, if HB 5 did not pass, the committee would have to put the appropriation back in.

Vote: The motion **CARRIED** unanimously.

DISCUSSION OF LANGUAGE OPTIONS FOR VO-TECH CENTERS

Mr. Culver distributed **EXHIBIT 6** and noted that it was the same language as was in HB 2 of the present biennium except that the figures had been updated. He asked if it were the wishes of the committee to add it to the present appropriations bill. **Mr. Sundsted** commented that he found the language acceptable.

Mr. Nichols noted that the language had been taken from a previous act where there were line item reductions that could be offset when additional millage came in. Line item reductions were not in the present appropriation. **Mr. Culver** posed the following question for the committee: Because the vo-techs have been reduced by the formula driven reduction in FTE, would the committee want to treat them in the same manner if the revenue was higher than the estimates?

REP. KADAS commented that this was entirely different from what the committee was doing in the six units where any extra money over what was appropriated for the six mill levy was being used to back out general funds. **Ms. Purdy** noted **REP. KADAS** was correct in his interpretation.

REP. PECK asked if the language in **EXHIBIT 6** was redundant since the Regents have budget amendment authority now. **Mr. Nichols** said if the intent is that they spend any additional revenue then the language is not needed. He noted that the millage goes through the OCHE and is then distributed to the units. **REP. KADAS** agreed that if the money was to revert to offset the general fund, then language would be required.

REP. PECK requested more information on the six mill funding of the vo-tech centers. **Mr. Sundsted** said that in 1992 the millage account was \$40,000 short. OCHE was hoping to remain even for 1993. He voiced concern that if HB 23 passes, it would limit budget amendments to tuition, federal revenue and new sources of revenue, but would not include millage. Therefore, this language addition would be necessary if HB 23 passes.

REP. KADAS said he believed this issue should be treated the same way as the six mill levy and that any additional revenue be used to displace general fund. He said there was a need to be

consistent. **Ms. Purdy** noted that if HB 23 passes and does not allow this, it did not matter what language the committee adopted, because language becomes invalid if it conflicts with the law.

EXECUTIVE ACTION ON LANGUAGE ITEM FOR VO-TECH CENTERS

Tape No. 2:B:150

Motion/Vote: **REP. KADAS** moved the adoption of language similar to the six mill levy included with the six university units for the vo-tech centers. The motion **CARRIED** unanimously.

Ms. Purdy distributed **EXHIBIT 7**, a language addition for the community colleges.

EXECUTIVE ACTION ON LANGUAGE ITEM FOR COMMUNITY COLLEGES BUDGET

Tape No. 2:A:170

Motion/Vote: **SEN. SWYSGOOD** moved the adoption of the language as written in **EXHIBIT 7**. The motion **CARRIED** unanimously.

Mr. Culver requested guidance from the committee regarding distribution to the schools in the OPI budget. Was the intent for the funds in the Distribution to Schools budget to restrict them to use within each area, so that funds could not be transferred from adult ed to special ed?

EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION

Tape No. 2:B:211

Motion/Vote: **SEN. SWYSGOOD** moved the retention of language that would restrict funds in the Distribution to Schools area of the OPI budget. The motion **CARRIED** unanimously.

DISCUSSION ON UNIVERSITY SYSTEM ALLOCATIONS

REP. KADAS distributed **EXHIBITS 8 and 9**. He began by reviewing **EXHIBIT 8** which described several options for allocating the budgets of the six university units. **Table 2** listed the reductions from current level for each option. He noted that the shaded areas of **Table 2** indicated the amount of state support per student exclusive of tuition.

REP. KADAS noted that **EXHIBIT 9** was much like **EXHIBIT 8** except **Table 2** contained shaded columns indicating total dollars expended per student and columns indicating the percentage of the peers for these amounts.

REP. KADAS maintained that option 2 in **EXHIBIT 8** was probably the

most reasonable way to approach the allocations.

CHAIRMAN JOHNSON commended **REP. KADAS** for his efforts. He said action would be taken at another meeting when all members of the committee were present.

ADJOURNMENT

Adjournment: 11:45



REP. ROYAL JOHNSON, Chair



JACQUELINE BREHE, Secretary

jb/

HOUSE OF REPRESENTATIVES

EDUCATION

SUB-COMMITTEE

ROLL CALL

DATE

2-19-93

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	✓		

Amendments to House Bill 2
For the Education Subcommittee

1. Increase the subcommittee's current appropriations for the six colleges and universities by \$3,630,000 each year of the 1995 biennium to recognize revenue which will be realized from current tuition rates.
2. Increase the subcommittee's current appropriations for the six colleges and universities by \$716,081 each year of the 1995 biennium to include authority for the graduate student tuition differential should it be implemented by the Board of Regents.
3. Increase the subcommittee's current appropriations for the six colleges and universities by \$309,480 each year of the 1995 biennium to include authority for the nonresident summer tuition increase should it be implemented by the Board of Regents.
4. Increase the subcommittee's current appropriations for the six colleges and universities by \$490,000 in FY94 and \$770,000 in FY95 to include authority for increased nonresident tuition which would result from placing a cap on WUE enrollments should such a cap be implemented by the Board of Regents.
5. Increase the subcommittee's current appropriations for the six colleges and universities by \$4,530,000 in FY94 and \$8,900,000 in FY95 to include authority for increased resident and nonresident tuition which would result from increasing tuition rates to the levels cited in the tuition plan presented to the regents in December of 1992 and listed below should such tuition increases be implemented by the Board of Regents.

TUITION RATES FOR FULL TIME ACADEMIC YEAR STUDENT						
	Resident Student			Nonresident Student		
<u>UNIT</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
UM	\$1288	\$1394	\$1499	\$4928	\$5442	\$5956
MSU	1288	1394	1499	4928	5442	5956
MCMST	1288	1394	1499	4928	5442	5956
EMC	1288	1394	1499	4508	4919	5330
NMC	1288	1394	1499	4508	4919	5330
WMCUM	1288	1394	1499	4508	4919	5330

6. Add language which provides a guarantee of revenue to match above estimates if the Board of Regents implement the policies. The language would be in the form of the following example.

"	<u>UNIT</u>	<u>FY94 REVENUES</u>	<u>FY95 REVENUES</u>
	UM	\$23,135,799	\$25,006,068
	MSU	20,957,043	22,789,472
	MCMST	3,269,466	3,528,957
	EMC	5,555,505	5,983,737
	NMC	2,770,274	2,921,538
	WMC	1,629,653	1,737,967

EXHIBIT 1A
DATE 2-19-93

The above listed tuition and fee revenues are anticipated for each of the respective colleges and universities based upon implementation of: (1) a graduate student tuition at a rate of 150% of resident tuition; (2) an increase in summer school tuition rates for non resident students to the equivalent rate charged nonresident students during the academic year; and (3) increases in resident and nonresident academic year student tuition rates to those listed in the following table. <<insert tuition rate table>>

If these above cited policies are implemented, to the extent actual revenues received in either year are less than those estimated above for the respective college or university any excess millage which would under <item#> cause a reversion of general fund may be expended without reversion to replace the revenue shortfall. If the amount of shortfall exceeds excess millage the governor shall request a supplemental appropriation from the general fund to replace the revenue shortfall."

EXHIBIT 1B
DATE 2-19-93

	FY92 ACT	FY93 APR	FY92-3 AVG	FY93 W/CUR BAs	----- ALLOCATION ----- FY94	FY95
5103 UM						
INSTRUCTION	23,865,682	26,371,162	25,118,422	27,480,130	31,643,664	31,643,664
RESEARCH	775,206	667,711	721,459	682,649	721,459	721,459
PUBLIC SERVICE	336,627	437,868	387,248	437,868	387,248	387,248
SUPPORT	13,774,828	13,493,011	13,633,920	13,704,362	13,633,920	13,633,920
PLANT	5,841,552	5,785,840	5,813,696	5,785,840	5,813,696	5,813,696
WAIVERS	933,105	1,228,074	1,080,590	1,649,818	1,080,590	1,080,590
TOTAL	45,527,000	47,983,666	46,755,333	49,740,667	53,280,575	53,280,575
5104 MSU						
INSTRUCTION	29,917,573	31,120,111	30,518,842	31,803,227	33,440,923	33,440,923
RESEARCH	615,405	617,982	616,694	617,982	616,694	616,694
PUBLIC SERVICE	303,621	416,127	359,874	416,127	359,874	359,874
SUPPORT	15,196,720	14,680,420	14,938,570	15,363,308	14,938,570	14,938,570
PLANT	6,010,206	6,230,590	6,120,398	6,230,590	6,120,398	6,120,398
WAIVERS	1,271,066	1,327,730	1,299,398	1,782,485	1,299,398	1,299,398
TOTAL	53,314,591	54,392,960	53,853,776	56,213,719	56,775,856	56,775,856
5105 MCMST						
INSTRUCTION	5,236,162	5,515,532	5,375,847	5,670,815	5,893,845	5,893,845
RESEARCH	48,364	41,378	44,871	42,709	44,871	44,871
SUPPORT	3,077,754	2,893,518	2,985,636	2,998,828	2,985,636	2,985,636
PLANT	1,709,900	1,627,453	1,668,677	1,637,264	1,668,677	1,668,677
WAIVERS	202,536	257,561	230,049	366,302	230,049	230,049
TOTAL	10,274,716	10,335,442	10,305,079	10,715,918	10,823,077	10,823,077
5106 EMC						
INSTRUCTION	7,769,703	8,392,764	8,081,234	8,704,433	9,385,339	9,385,339
PUBLIC SERVICE	327,876	271,286	299,581	278,089	299,581	299,581
SUPPORT	6,003,280	5,099,629	5,551,455	5,233,009	5,551,455	5,551,455
PLANT	2,065,517	2,174,587	2,120,052	2,175,424	2,120,052	2,120,052
WAIVERS	388,386	382,715	385,551	487,276	385,551	385,551
TOTAL	16,554,762	16,320,981	16,437,872	16,878,231	17,741,977	17,741,977
5107 NMC						
INSTRUCTION	4,239,389	4,668,398	4,453,894	4,831,006	4,867,174	4,867,174
PUBLIC SERVICE	6,770	8,891	7,831	8,891	7,831	7,831
SUPPORT	3,016,644	2,827,167	2,921,906	2,804,544	2,921,906	2,921,906
PLANT	1,231,345	1,155,208	1,193,277	1,150,222	1,193,277	1,193,277
WAIVERS	276,699	278,375	277,537	381,301	277,537	277,537
TOTAL	8,770,847	8,938,039	8,854,443	9,175,964	9,267,724	9,267,724
5108 WMCUM						
INSTRUCTION	2,521,789	2,660,142	2,590,966	2,720,910	2,908,820	2,908,820
SUPPORT	1,745,760	1,669,719	1,707,740	1,784,207	1,707,740	1,707,740
PLANT	738,118	711,156	724,637	711,156	724,637	724,637
WAIVERS	86,273	89,683	87,978	159,147	87,978	87,978
TOTAL	5,091,940	5,130,700	5,111,320	5,375,420	5,429,174	5,429,174
	139,533,856	143,101,788	141,317,822	148,099,919	153,318,383 154,925,973	153,318,383 154,925,973

UNIT ALLOCATIONS BASIS:

- ALL TUITION AND FEES ALLOCATED TO CAMPUS ON WHICH EARNED.
- ALL RESEARCH, PUBLIC SERVICE, SUPPORT, AND PLANT PROGRAMS FUNDED WITH STATE FUNDS (MILLAGE AND GENERAL FUND).
- REMAINING STATE FUNDS ALLOCATED TO UNITS BASED ON RESIDENT ENROLLMENT.
- UNIT ALLOCATION ADJUSTED TO PROVIDE MINIMUM 1% INCREASE FROM FY93 WITH CURRENTLY APPROVED BUDGET AMENDMENTS

PROGRAM ALLOCATIONS BASIS:

- ALL PROGRAMS EXCEPT INSTRUCTION FUNDED AT SUBCOMMITTEE BASE LEVEL (FY92 & FY93 FROM HB2 AND HB509).
- INSTRUCTION PROGRAM IS ALLOCATED ALL REVENUE INCREASES ABOVE SUBCOMMITTEE BASE LEVEL.

GRAND TOTAL ALL PROGRAMS

		FY94 Request		FY95 Request	Biennium Request
Total Budget Request for Educational Costs		2,611,638		2,757,512	5,369,150
Percent of students not fundable under Medic:	30%	783,491	30%	827,254	1,610,745
Net for students who qualify		1,828,147		1,930,258	3,758,405
Percent of academics not fundable	10%	182,815	10%	193,026	375,841
Net Medicaid fundable education costs		1,645,332		1,737,233	3,382,565
Medicaid allowable cost increase	30%	493,600	30%	521,170	1,014,769
Total Medicaid fundable education costs		2,138,932		2,258,402	4,397,334
Percent State match for Medicaid funding	28.98%	619,862	29.50%	666,229	1,286,091
Net Federal (Medicaid) funding		1,519,069		1,592,174	3,111,243

Calculation of State General Fund responsibility

-- for non-Medicaid students	783,491	827,254	1,610,745
-- for non-allowable Medicaid costs	182,815	193,026	375,841
-- state match for Medicaid funding	619,862	666,229	1,286,091
State General Fund Responsibility WITH Medicaid	1,586,168	1,686,508	3,272,677
State General Fund Responsibility WITHOUT Medicaid	2,611,638	2,757,512	5,369,150

2A

2-14-93

YELLOWSTONE TREATM'T CTR @ 90% ELIGIBILITY

		FY94 Request		FY95 Request	Biennium Request
Total Budget Request for Educational Costs		819,872		891,637	1,711,509
Percent of students not fundable under Medicaid	10%	81,987	10%	89,164	171,151
Net for students who qualify		737,885		802,473	1,540,358
Percent of academics not fundable	10%	73,788	10%	80,247	154,036
Net Medicaid fundable education costs		664,096		722,226	1,386,322
Medicaid allowable cost increase	30%	199,229	30%	216,668	415,897
Total Medicaid fundable education costs		863,325		938,894	1,802,219
Percent State match for Medicaid funding	28.98%	250,192	29.50%	276,974	527,165
Net Federal (Medicaid) funding		613,134		661,920	1,275,054

Calculation of State General Fund responsibility

-- for non-Medicaid students	81,987	89,164	171,151
-- for non-allowable Medicaid costs	73,788	80,247	154,036
-- state match for Medicaid funding	250,192	276,974	527,165 ✓
State General Fund Responsibility WITH Medicaid	405,967	446,385	852,352
State General Fund Responsibility WITHOUT Medicaid	819,872	891,637	1,711,509

EXHIBIT 2A
DATE 2-19-93

SHODAIR RESIDENTIAL @ 90% ELIGIBILITY

		FY94 Request		FY95 Request	Biennium Request
Total Budget Request for Educational Costs					
		253,785		263,936	517,721
Percent of students not fundable under Medicaid	10%	25,379	10%	26,394	51,772
Net for students who qualify		228,407		237,542	465,949
Percent of academics not fundable	10%	22,841	10%	23,754	46,595
Net Medicaid fundable education costs		205,566		213,788	419,354
Medicaid allowable cost increase	30%	61,670	30%	64,136	125,806
Total Medicaid fundable education costs		267,236		277,925	545,160
Percent State match for Medicaid funding	28.98%	77,445	29.50%	81,988	159,433
Net Federal (Medicaid) funding					
		189,791		195,937	385,728

Calculation of State General Fund responsibility

-- for non-Medicaid students		25,379		26,394	51,772
-- for non-allowable Medicaid costs		22,841		23,754	46,595
-- state match for Medicaid funding		77,445		81,988	159,433 ✓
State General Fund Responsibility WITH Medicaid					
		125,664		132,136	257,800
State General Fund Responsibility WITHOUT Medicaid					
		253,785		263,936	517,721

EXHIBIT 20

2-19-93

Bob Runkel

**Biennium costs for residential care if status quo maintained as bills
have been passed out of committee**

Most probable scenario for in-state.
Shodair survives.

1) YTC Match	527,165
2) YTC General Fund	325,187
3) Shodair Residential Match	159,433
4) Shodair Residential General Fun	98,367
5) Intermountain General Fund	711,741
6) Shodair Hospital General Fund	465,979
7) Public schools for Day Treatment Four placements @ \$50,000	200,000
* Subtotal Match	686,598
* Subtotal General Fund	1,801,274
** Total	2,487,872

Next most probable scenario.
No children at psychiatric hospitals.

1) YTC Match	527,165
2) YTC General Fund	325,187
3) Shodair Residential Match	159,433
4) Shodair Residential General Fund	98,367
5) Intermountain General Fund	711,741
6) Public schools for Day Treatment Six placements @ \$50,000	300,000
* Subtotal Match	686,598
* Subtotal General Fund	1,435,295
** Total	2,121,893

**Family Rule of 1 stands as no longer an option, but
one hospital is back in as a Medicaid provider**

Most probable scenario for in-state.
Lose one hospital.

1) YTC Match	527,165
2) YTC General Fund	325,187
3) Shodair Residential Match	159,433
4) Shodair Residential General Fun	98,367
5) Intermountain General Fund	711,741
6) Shodair Residential (2) Match	111,610
7) Shodair Residential (2) Genl Fun	172,403
8) Rivendell Butte Match	234,276
9) Rivendell Butte General Fund	361,897
10) Public schools for Day Treatment Two placements @ \$50,000	100,000
* Subtotal Match	1,032,484
* Subtotal General Fund	1,769,595
** Total	2,802,079

Next most probable scenario.
Lose no one, but one
hospital turns in a residential facility.

1) YTC Match	527,165
2) YTC General Fund	325,187
3) Shodair Residential Match	159,433
4) Shodair Residential General Fund	98,367
5) Intermountain General Fund	711,741
6) Shodair Residential (2) Match	111,610
7) Shodair Residential (2) Genl Fund	172,403
8) Rivendell Butte Match	0
9) Rivendell Butte General Fund	978,100
10) Rivendell Billings Match	235,713
11) Rivendell Billings General Fund	364,117
* Subtotal Match	1,033,921
* Subtotal General Fund	2,649,915
** Total	3,683,836

3
2-19-93



OFFICE OF PUBLIC INSTRUCTION

**STATE CAPITOL
HELENA, MONTANA 59620
(406) 444-3095**

**Nancy Keenan
Superintendent**

**Costs for Out-of-State Education Placements
of Children with Disabilities
Made by Department of Family Services**

Medicaid Leverage

About $\frac{1}{3}$ of the out-of-state facilities that are used by the Department of Family Services, Youth Court, and Tribal Court for residential placement of children are facilities that are Medicaid reimbursable under the Montana Medicaid plan.

To leverage some of our special education dollars for children who have been placed out of state into Medicaid fundable facilities, language should be inserted into House Bill 2 to allow payments from special education to be made to DFS from the special education appropriation. This would leverage state general fund dollars with Medicaid dollars and it is possible that we could see some savings that could help make available more special education dollars for public schools.

Currently, placements of children with disabilities made by state agencies are funded out of the appropriation for distribution to schools for special education. To accomplish a Medicaid leverage, one percent of the special education appropriation would need to be made available for the Medicaid state match requirement. To accomplish this, language could be inserted into House Bill 2 that is similar to the language used in our special education appropriation concerning the Medicaid match transfer to SRS. Under the SRS language public schools are able to access Medicaid to fund Medicaid reimbursable related services. The same option should exist for out-of-state placements of students with disabilities made by DFS.

4
2-14-93

IMPACT OF EDSUBCOM DECISIONS ON BuVTC

Subcommittee action, per Skip Culver, as of 2/12/93:

		FY94	FY95	
Appropriation Authority	\$1,642,265		\$1,614,906	Supplemental of \$22,637 approved for FY93 (Freebourn severance)
Revenue				
	GF	\$1,220,869	\$1,192,160	
	Millage	81,383	82,733	
	T/F	334,545	334,545	
	Other	5,468	5,468	
		<u>\$1,642,265</u>	<u>\$1,614,906</u>	

IMPACT

In FY94, BuVTC needs \$1,890,965 to pay approximately \$30,000 for state audit costs and to maintain all current programs except Machine Tool Operation, which will be closed at the end of Spring semester, 1993, due to inadequate enrollment. This amount also reflects the retirement and non-replacement of 1.0 FTE (Small Engines/Recreational Equipment). The closing of the program and the non-replacement of the retiree has reduced the FY94 budget by a total of \$86,991 of personal services costs.

IF THE EDSUBCOM ACTION OF 2/12/93 REPRESENTS THE FINAL APPROPRIATION AUTHORITY AND ALL SEVERANCE COSTS OF FY93 MUST BE PAID FROM THAT AMOUNT, THE BuVTC'S SURVIVAL AS A VIABLE ENTITY IS IN SERIOUS JEOPARDY. The following detail shows why.

\$1,890,965	Need in FY94
<u>-1,642,265</u>	EDSUBCOM decision 2/12/93
\$ 248,700	SHORTFALL
+ 36,582	Severance costs for 2.0 FTE closure Electrical/Electronics program
<u>285,282</u>	SHORTFALL
+ 17,429	Severance costs for 1.0 FTE closure Small Engines/Recreational Equipment
<u>\$ 302,711</u>	SHORTFALL

Administrative Decisions to address shortfall:

\$ 302,711	SHORTFALL
- 62,120	Leave Assistant Director/Academic Affairs 1.0 FTE vacant
<u>240,591</u>	SHORTFALL
- 11,611	Eliminate increase in Computer Mgr salary
<u>228,980</u>	SHORTFALL
- 85,075	Cut 2.0 FTE by closing Electrical/Electronics program
<u>143,905</u>	SHORTFALL
- 43,054	Cut 1.0 FTE by closing Small Engine/Recreational Equipment
<u>\$ 100,851</u>	SHORTFALL

EXHIBIT

5

DATE 2-19-93

IMPACT (continued)

At this point, the remaining shortfall cannot viably be addressed without putting the agency into a downward spiral of program closures and increased severance obligations.

\$	100,851	SHORTFALL
-	45,794	Cut 1.0 FTE by closing Combination Welding program
\$	55,057	SHORTFALL
+	32,011	Severance costs of closing Combination Welding program
\$	87,068	SHORTFALL
-	82,011	Cut 2.0 FTE by closing Automotive Technology program
\$	5,057	SHORTFALL
+	39,960	Severance costs of closing Automotive Technology program
\$	45,017	SHORTFALL

At this point, 7.0 FTE faculty (54% of faculty FTE), all of the Trades and Industry department programs and one Technology department program would be cut (36% of agency's programs). This would represent a loss of 120 FTE students (based on Spring semester 1993 enrollments). Unless the entire number of FTE students could be served in the agency's remaining programs, this would represent a REVENUE LOSS of \$150,000 in tuition and fees. Regardless of the appropriation authority granted to BuVTC, without that budgeted revenue, further cuts would have to be made in the remaining programs. The agency could not survive.

WHAT'S THE BOTTOM LINE?

The administration of the BuVTC believes that it can survive and move constructively forward with the following minimum appropriation authority for the 1995 biennium:

FY94	\$1,689,105	(Close Electrical/Electronics and Small Engine/Rec. Equipment
	+ 54,011	FY93 Severance obligations (3.0 FTE cut by program closures)
	\$1,743,116	
	-1,642,265	EDSUBCOM 2/12/93
	\$ 100,851	Additional authority needed, with proportionate increase in GF
FY95	\$1,659,105	(NOTE: Audit costs occur in FY94)
	-1,614,906	EDSUBCOM 2/12/93
	\$ 44,199	Additional authority needed, with proportionate increase in GF

Language Options for Vo-Tech Centers

1) The commissioner of higher education may transfer county millage collections among the centers. Total revenue received from the 1.5-mill levy that exceeds \$892,000 in fiscal 1994 and \$908,000 in fiscal 1995 is appropriated to the office of the commissioner of higher education for distribution to the vocational-technical centers and must be added by budget amendment by the board of regents in a manner so as to offset reductions in vocational-technical center appropriations in [this act] from the levels contained in the General Appropriations Act of 1993 and acts supplementary thereto.

I:\rmc\lo2-19.rpt

EXHIBIT

6

DATE

2-19-93

Joint Education Subcommittee
February 19, 1993

ADDITIONAL LANGUAGE ITEM

Community Colleges

"The general fund appropriation for each community college provides 49% of the total unrestricted budgets for the community colleges in fiscal 1994 and 1995. The total unrestricted budgets for the community colleges must be approved by the Board of Regents."

7
2-19-93

Five Options for Allocating the Total Six Units Reduction

Option 1: Current subcommittee allocation

Option 2: Initial allocation based upon share of LFA current level

Option 3: 25 percent of difference between option 1 and option 2

Option 4: 50 percent of difference between option 1 and option 2

Option 5: 75 percent of difference between option 1 and option 2

8
2-19-93

TABLE 1
Change from Current Subcommittee Allocation
Five Allocation Options
Six Units

Unit	LFA Current Level	Option 1 Current Subcommittee 93 Bienn	Option 2 Feb 9 Allocation Change	Option 3 25% Allocation Change	Option 4 50% Allocation Change	Option 5 75% Allocation Change
MSU	115,657,261	6,560,364	(1,962,060)	(1,471,545)	(981,030)	(490,515)
UM	105,293,507	12,107,094	4,348,343	3,261,257	2,174,172	1,087,086
EMC	34,538,841	606,888	(1,938,172)	(1,453,629)	(969,086)	(484,543)
NMC	18,471,363	422,751	(938,346)	(703,760)	(469,173)	(234,587)
WMCUM	11,059,382	557,655	(257,276)	(192,957)	(128,638)	(64,319)
MCMST	23,568,418	2,484,195	747,512	560,634	373,756	186,878
TOTAL	308,588,772	22,738,947	1	0	1	0

TABLE 2
Reductions from Current Level, by Unit
Five Allocation Options

Unit	LFA Current Level	Option 1 Current Subcommittee 93 Bienn	Option 2 Feb 9 Allocation Change	Option 3 25% Allocation Change	Option 4 50% Allocation Change	Option 5 75% Allocation Change
MSU	115,657,261	6,560,364	8,522,424	8,031,909	7,541,394	7,050,879
UM	105,293,507	12,107,094	7,758,751	8,845,837	9,932,923	11,020,008
EMC	34,538,841	606,888	2,545,060	2,060,517	1,575,974	1,091,431
NMC	18,471,363	422,751	1,361,097	1,126,511	891,924	657,338
WMCUM	11,059,382	557,655	814,931	750,612	686,293	621,974
MCMST	23,568,418	2,484,195	1,736,683	1,923,561	2,110,439	2,297,317
TOTAL	308,588,772	22,738,947	22,738,946	22,738,947	22,738,947	22,738,947

Five Options for Allocating the Total Six Units Reduction

- Option 1: Current subcommittee allocation*
Option 2: Initial allocation based upon share of LFA current level
Option 3: 25 percent of difference between option 1 and option 2
Option 4: 50 percent of difference between option 1 and option 2
Option 5: 75 percent of difference between option 1 and option 2

TABLE 1
Change from Current Subcommittee Allocation
Five Allocation Options
Six Units

Unit	LFA Current Level	Option 1 Current Subcommittee 93 Bienn	Option 2 Feb 9 Allocation Change	Option 3 25% Allocation Change	Option 4 50% Allocation Change	Option 5 75% Allocation Change
MSU	115,657,261	6,560,364	(1,962,060)	(1,471,545)	(981,030)	(490,515)
UM	105,293,507	12,107,094	4,348,343	3,261,257	2,174,172	1,087,086
EMC	34,538,841	606,888	(1,938,172)	(1,453,629)	(969,086)	(484,543)
NMC	18,471,363	422,751	(938,346)	(703,760)	(469,173)	(234,587)
WMCUM	11,059,382	557,655	(257,276)	(192,957)	(128,638)	(64,319)
MCMST	23,568,418	2,484,195	747,512	560,634	373,756	186,878
TOTAL	308,588,772	22,738,947	1	0	1	0

TABLE 2
Reductions from Current Level, by Unit
Five Allocation Options

Unit	LFA Current Level	Option 1 Current Subcommittee 93 Bienn	Option 2 Feb 9 Allocation Change	% of Peers	Per Budg Std	Option 3 25% Allocation Change	% of Peers	Per Budg Std	Option 4 50% Allocation Change	% of Peers	Per Budg Std	Option 5 75% Allocation Change	% of Peers	Per Budg Std
MSU	115,657,261	6,560,364	8,522,424	86.9%	5,698	8,031,909	85.4%	5,621	7,541,394	85.8%	5,646	7,050,879	86.2%	5,672
UM	105,293,507	12,107,094	7,758,751	77.6%	5,086	8,845,837	81.2%	5,264	9,932,923	80.3%	5,205	11,020,008	79.4%	5,145
EMC	34,538,841	606,888	2,545,060	91.1%	5,182	2,060,517	85.9%	4,886	1,575,974	87.2%	5,034	1,091,431	88.5%	5,108
NMC	18,471,363	422,751	1,361,097	96.7%	5,564	1,126,511	91.7%	5,347	891,924	93.0%	5,419	657,338	94.2%	5,491
WMCUM	11,059,382	557,655	814,931	96.9%	5,556	750,612	94.5%	5,454	686,293	95.1%	5,488	621,974	95.7%	5,522
MCMST	23,568,418	2,484,195	1,736,683	85.8%	6,378	1,923,561	88.8%	6,547	2,110,439	88.1%	6,491	2,297,317	87.3%	6,434
TOTAL	308,588,772	22,738,947	22,738,946			22,738,947			22,738,947			22,738,947		

EDUCATION SUBCOMMITTEE DATE 2-19-93

DEPARTMENT(S) DIVISION

PLEASE PRINT

[illegible]

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