

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION**

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

**Call to Order:** By Royal C. Johnson, on February 2, 1995, at  
8:00 AM

#### **ROLL CALL**

##### **Members Present:**

Rep. Royal C. Johnson, Chairman (R)  
Sen. Daryl Toews, Vice Chairman (R)  
Rep. Don Holland (R)  
Sen. Greg Jergeson (D)  
Rep. Mike Kadas (D)  
Sen. Arnie A. Mohl (R)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Sandy Whitney, Legislative Fiscal Analyst  
Amy Carlson, Office of Budget & Program Planning  
Curtis Nichols, Office of Budget & Program  
Planning  
Paula Clawson, Committee Secretary

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

##### **Committee Business Summary:**

Hearing: None  
Executive Action: Fires Services Training School;  
Commissioner of Higher Education Office

#### **EXECUTIVE ACTION ON FIRE SERVICES TRAINING SCHOOL**

*{Tape: 1; Side: A; Approx. Counter: 86}*

**Motion:** SEN. GREG JERGESON moved to accept 1.00 FTE and \$79,528  
for FY96 and 2.00 FTE and \$133,652 for FY97 for the Fire Services  
Training School. **EXHIBIT 1**

**Discussion:** SEN. JERGESON explained that the Fire Services  
Training School did not ask for this additional support, but  
volunteer fire fighters have made this request. This item  
reflects the legislature's role as policy makers with the rights

and responsibilities to make decisions even if they are not addressed in the Governor's budget.

**Vote:** Motion **FAILED** 2-3 with **SEN. JERGESON** and **SEN. ARNIE MOHL** voting yes and **CHAIRMAN ROYAL JOHNSON** abstaining.

**EXECUTIVE ACTION ON COMMISSIONER OF HIGHER EDUCATION**  
**ADMINISTRATION**

*{Tape: 1; Side: A; Approx. Counter: 176}*

**Sandy Whitney** provided an overview of the budget on the Commissioner of Higher Education Office (CHE).

*{Tape: 1; Side: A; Approx. Counter: 265}*

**BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs**

**Motion/Vote:** **REP. MIKE KADAS** moved to approve the Executive for 0.10 FTE and \$98,199 in FY96 and 0.10 FTE and \$101,953 in FY97 for personal services; \$1,509 in FY96 and \$2,606 in FY97 for inflation/deflation; and \$7,043 in FY96 and (\$12,673) for FY97 in fixed costs. Motion **CARRIED** unanimously.

*{Tape: 1; Side: A; Approx. Counter: 308}*

**BUDGET ITEM: Rent, Equipment, Miscellaneous**

**REP. KADAS** asked what is the basis for the rent increase. **Jeff Baker, Ph.D., Commissioner of Higher Education**, explained that the bond was refinanced in 1994 and CHE was able to use reserve account funds to make one month's payment. This made the 1994 base in rent lower. The proposal for the next biennium is to bring the rent back to normal.

**Motion/Vote:** **REP. KADAS** moved to approve the Executive for \$14,043 in FY96 and \$13,255 in FY97 for rent; (\$152) for each year of the biennium in equipment; and \$5,543 in FY96 and \$5,836 in FY97 for miscellaneous. Motion **CARRIED** unanimously.

*{Tape: 1; Side: A; Approx. Counter: 504}*

**BUDGET ITEM: Personal Services Reductions**

**Motion:** **SEN. DARYL TOEWS** moved to approve the Executive for (0.55) FTE and (\$40,248) in FY96 and (0.55) FTE and (\$40,306) in FY97 for personal services reductions.

**Discussion:** **REP. KADAS** asked if the FTE savings were to eliminate positions or leave positions vacant. **Laurie Neils, Director of Budget and Accounting, CHE**, explained that the FTEs are part of two vacant positions in the office. **Sandy Whitney**,

**Legislative Fiscal Analyst**, clarified that the proposal eliminates these FTEs.

**Vote:** Motion **CARRIED** 5-1 with **SEN. JERGESON** voting no.

**EXECUTIVE ACTION ON COMMISSIONER OF HIGHER EDUCATION**  
**STUDENT ASSISTANCE**

*{Tape: 1; Side: A; Approx. Counter: 600}*

**Dr. Baker** explained that the 1993 session, on an appeal from students, allotted veterinary Western Interstate Commission on Higher Education (WICHE) nine slots for FY94 and zero slots for FY95. Initially these had been requested as five slots for FY94 and four slots for FY95. Because of student needs, CHE used vacancies from other WICHE programs to fund three veterinary slots in FY95. For this biennium the request is for a split of five slots in FY96 and five slots in FY97. This will allow more equitable management of the slots.

**REP. DON HOLLAND** asked if the \$4,000 increase is for additional slots. **Dr. Baker** said the \$4,000 is for WICHE dues increase.

**Ms. Whitney** explained that the nine veterinary slots allocated in the 1993 session were less than previous allocations and it was unclear if legislative intent was to phase out the slots completely, return to the full slots in 1995, or something in between. The Executive was built on the "something in between" scenario.

*{Tape: 1; Side: A; Approx. Counter: 845}*

**BUDGET ITEM: Local Assistance**

**Motion/Vote:** **REP. HOLLAND** moved to approve the Executive for \$4,000 each year of the biennium for local assistance. Motion **CARRIED** unanimously.

*{Tape: 1; Side: A; Approx. Counter: 862; Comments: Continue on Tape 1; Side B}*

**BUDGET ITEM: Grants**

**REP. JERGESON** asked where the additional three veterinary slots added in FY95 are reflected. **Dr. Baker** explained that these slots were funded from vacant positions in other areas and one student who dropped out of the veterinary program. CHE was careful to not have to request continuing funding for these three slots through the legislature.

**REP. HOLLAND** asked if the legislature appropriates the number of slots or just the total funding. **CHAIRMAN JOHNSON** explained that the total funding is appropriated and in past years the

legislature has given direction for the number of slots of amount of funding in each area. **SEN. MOHL** said it may be best to not give direction on slots so CHE can have better flexibility to meet the demands in various slots.

**REP. KADAS** said that the Board of Regents would be expected to honor the legislative direction on slot distribution to the extent there are applicants for those slots. If there are not enough qualified applicants in particular areas, the Regents then have the flexibility to use those slots in other areas.

**REP. KADAS** asked how much were the funding changes in these WICHE/WAMI between FY95 and FY97. **Ms. Whitney** said there was \$5.2 million in FY95 and \$5.7 million proposed in FY97. The increase is in cost per student, not to add slots. **Mr. Sundsted** clarified that the actual dollars in the slot funding is decreasing while work-study funding is increasing.

**REP. KADAS** asked how much more in federal grants are we receiving as our state matching funds increase. **Ms. Neils** explained that federal dollars are not actually increasing, but that requirements for state match are increasing. For example, Perkins funds have, through the years, increased from a 9:1 match to the current 3:1 match.

**Ms. Whitney** pointed out that an LFA issue questioned why the state match for SSIG grants was 52% when the requirement is for 50% match. **Ms. Neils** explained that the state share is requested before the actual federal fund level is determined. The state request is the Student Assistance Program's best estimate based on past federal awards. SSIG requires the state to spend the full amount appropriated even if it is above the 50% match. The state also must meet a "maintenance of effort" requirement of spending no less than the average of the three previous years, plus any additional to meet the federal match.

*{Tape: 2; Side: A; Approx. Counter: 124}*

**REP. KADAS** asked if the state work study match of 70%-30% is statutorily set, and if not, how would businesses respond if the match was moved back to 50%-50%. **Bill Lannan, Director, GSL**, said he did not know how businesses would react but the current state law is 70%-30% match and student awards are made on a need basis. **George Dennison, President, University of Montana-Missoula**, commented that any changes should be discussed with the businesses and phased in over time. **Mike Malone, President, Montana State University-Bozeman**, said businesses are very enthusiastic about the program and would probably continue even if the match is changed.

**CHAIRMAN JOHNSON** asked if generally the same businesses used work-study students year after year and if the businesses were scattered through the state or primarily centered around the universities. **Dr. Malone** said for MSU-Bozeman the businesses

were primarily in the Bozeman area and many of the same businesses used the program year after year. **CHAIRMAN JOHNSON** commented that through work-study the state was supplying a steady supply of reasonably priced workers to these businesses.

**Motion/Vote:** **REP. KADAS** moved to approve the Executive for \$341,967 in FY96 and \$365,699 in FY97 for grants. Motion **CARRIED** unanimously.

**EXECUTIVE ACTION ON COMMISSIONER OF HIGHER EDUCATION**  
**DWIGHT D. EISENHOWER MATH & SCIENCE EDUCATION ACT**

*{Tape: 2; Side: A; Approx. Counter: 302}*

**BUDGET ITEM: Personal Services**

**Motion/Vote** **REP. HOLLAND** moved to approve the Executive for (\$13,198) each year of the biennium for personal services. Motion **CARRIED** 5-0 with **REP. KADAS** not present during the vote.

*{Tape: 2; Side: A; Approx. Counter: 329}*

**BUDGET ITEM: Grants**

**Motion/Vote:** **SEN. JERGESON** moved to approve the Executive for \$33,103 in FY96 and \$41,057 for FY97 for grants. Motion **CARRIED** 5-0 with **REP. KADAS** not present during the vote.

**EXECUTIVE ACTION ON COMMISSIONER OF HIGHER EDUCATION**  
**MONTANA UNIVERSITY SYSTEM GROUP INSURANCE PROGRAM**

*{Tape: 2; Side: A; Approx. Counter: 340}*

**Ms. Whitney** explained that the adjustments are all present law adjustments. There are no new proposals.

**REP. HOLLAND** asked why there is a 0.15 increase in FTE. **Ms. Neils** explained that this was an FTE transfer from administration, which had FTE's reduced in the subcommittee's approval for the administration personal services. The transfer was made to reflect in what areas that staff person actually works.

*{Tape: 2; Side: A; Approx. Counter: 426}*

**BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs**

**Motion/Vote:** **SEN. MOHL** moved to approve the Executive for 0.15 FTE and \$12,253 in FY96 and 0.15 FTE and \$12,697 in FY97 for personal services; \$12,266 in FY96 and \$19,882 in FY97 for

inflation/deflation; and \$2,783 in FY96 and \$2,889 in FY97 for fixed costs. Motion **CARRIED** 5-0 with REP. KADAS not present during the vote.

*{Tape: 2; Side: A; Approx. Counter: 450}*

**BUDGET ITEM: Consulting and Professional Services; Equipment**

Ms. Neils explained that a 2.5% increase is being projected in the cost to hire contractors to evaluate actuarial work.

**Motion/Vote:** REP. KADAS moved to approve the Executive for \$24,586 each year in the biennium for consulting and professional services; and (\$1,474) each year in the biennium for equipment. Motion **CARRIED** unanimously.

*{Tape: 2; Side: A; Approx. Counter: 491}*

**BUDGET ITEM: Benefits**

REP. KADAS asked if there is statutory authority on benefits. Ms. Neils replied that there is no choice in making these payments and if the estimates are low, a budget amendment will be required. It is believed that the estimates for this year should be adequate.

**Motion/Vote:** SEN. TOEWS moved to approve the Executive for \$1,822,235 in FY96 and \$2,642,651 in FY97 for benefits. Motion **CARRIED** unanimously.

**EXECUTIVE ACTION ON COMMISSIONER OF HIGHER EDUCATION**  
**COMMUNITY COLLEGE ASSISTANCE PROGRAM**

*{Tape: 2; Side: A; Approx. Counter: 545}*

Ms. Whitney explained that the Executive Budget New Proposal for the Community College Assistance Program is a proposal to move the community colleges in the Montana University System in FY97.

SEN. TOEWS said it is estimated that 10,000 more students in the next five to ten years will be requesting post-secondary education. If these students are to be encouraged to attend community colleges, the state needs to fund the community colleges so they can absorb this growth. Another option would be to provide vouchers equal to the state support per student at community colleges (approximately \$2,500) for students to attend out-of-state schools. Currently about 30% of Montana's students do go out of state. SEN. TOEWS is not convinced that bringing community colleges into the Montana University System is appropriate. An in-depth discussion should take place about the entire issue of increasing needs for higher education before action is taken.

**REP. KADAS** commented that it would probably be best to move towards merger of community colleges on an incremental basis rather than the full-blown assumption by the Montana University System in FY97.

**CHAIRMAN JOHNSON** stated that he would not be comfortable funding less for the community colleges in this biennium regardless of changes being made.

**SEN. JERGESON** said the subcommittee has the obligation to at least establish the present law base, then go into the debate about major policy decisions.

**SEN. TOEWS** believes the base adjustment may be too low, but is willing to go ahead and vote on the base.

**SEN. JERGESON** said he is not yet ready to vote on state enhancement.

**REP. KADAS** agreed that it is important to accept the present law adjustment before considering other community college issues.

*{Tape: 2; Side: B; Approx. Counter: 18}*

**BUDGET ITEM: Local Assistance to Community Colleges**

**Motion/Vote:** **SEN. JERGESON** moved to approve the Executive present law adjustments of \$221,105 in FY96 and \$189,745 in FY97 for local assistance to community colleges. Motion **CARRIED** 5-0 with **REP. HOLLAND** abstaining.

**EXECUTIVE ACTION ON COMMISSIONER OF HIGHER EDUCATION**  
**TALENT SEARCH**

*{Tape: 2; Side: B; Approx. Counter: 39}*

**Ms. Whitney** explained that the executive budget new proposals are based on estimates of grant increases at 3% and can only be spent if the increases happen.

*{Tape: 2; Side: B; Approx. Counter: 64}*

**BUDGET ITEM: Personal Services; Inflation/Deflation & Fixed Costs**

**Motion/Vote:** **REP. KADAS** moved to approve the Executive for (\$13,276) in FY96 and (\$12,763) in FY97 in personal services; and \$322 in FY96 and \$624 in FY97 for inflation/deflation & fixed costs. Motion **CARRIED** unanimously.

*{Tape: 2; Side: B; Approx. Counter: 72}*

**BUDGET ITEM: Equipment**

**Motion/Vote:** REP. KADAS moved to approve the Executive for (\$2,126) each year of the biennium for equipment. Motion **CARRIED** unanimously.

**EXECUTIVE ACTION ON COMMISSIONER OF HIGHER EDUCATION**

**CARL D. PERKINS ADMINISTRATION**

*{Tape: 2; Side: B; Approx. Counter: 90}*

Ms. Whitney cautioned the subcommittee to be careful that the \$250,000 administration money is not double budgeted with the Office of Public Instruction's Perkins Act administration money.

*{Tape: 2; Side: B; Approx. Counter: 104}*

**BUDGET ITEM: Personal Services; Inflation/Deflation & Fixed Costs**

**Motion/Vote:** REP. KADAS moved to approve the Executive for (42,342) in FY96 and (\$2,207) in FY97 for personal services; and \$2,501 in FY96 and \$3,404 in FY97 for inflation/deflation & fixed costs. Motion **CARRIED** unanimously.

*{Tape: 2; Side: B; Approx. Counter: 120}*

**BUDGET ITEM: GRANTS & TRANSFERS**

REP. KADAS asked why the present law adjustment for grants and transfers is high. Ms. Whitney said that CHE is estimating that they will receive more in FY96 and FY97 than in the past biennium. The LFA issue is that the fund balance is small and there are no guarantees of the amount of federal funding. Ms. Neils said that only the \$250,000 administration funds require a 1:1 match. Carry-over funds are funds that have been awarded to sub-recipients who then couldn't or chose not to spend the funds. In FY95 \$5.6 to \$5.7 million in federal funds will be awarded, even though the grant is \$5.1 million, because carry-over funds will be applied.

REP. KADAS asked if the CHE and OPI administration funds are double counted. Curt Nichols, Office of Budget and Program Planning (OBPP), said that OPI has \$179,000 budget, which then has vacancy savings applied. To the extent of vacancy savings, there is no over appropriation.

Ms. Sundsted said that last year the \$250,000 was split as \$170,000 OPI and \$80,000 CHE. CHE does not want to hold OPI's money, which is why only \$80,000 has been requested. Out of the \$80,000, CHE is required to use \$60,000 for gender equity, so a total of \$20,000 is available for administration.



**Mr. Nichols** explained that OPI requests more than \$170,000 but then applies vacancy savings, so the net is actually less than the request. The state match is taken out of vacancy savings so no actual general fund dollars are used in the match.

**Motion/Vote:** REP. KADAS moved to approve the Executive for \$764,950 in FY96 and \$948,715 in FY97 for grants & transfers. Motion **CARRIED** unanimously.

*{Tape: 2; Side: B; Approx. Counter: 761}*

**BUDGET ITEM: Personal Services Reductions**

**Motion/Vote:** REP. KADAS moved to approve the Executive for (0.20) FTE and (\$16,988) in FY96 and (0.20) FTE and (\$17,027) in FY97 for personal services reductions. Motion **CARRIED** 5-1 with SEN. JERGESON voting no.

**EXECUTIVE ACTION ON COMMISSIONER OF HIGHER EDUCATION**  
**GUARANTEED STUDENT LOAN PROGRAM**

*{Tape: 2; Side: B; Approx. Counter: 790}*

**Ms. Whitney** explained that the Guaranteed Student Loan (GSL) operation is being phased down. Therefore, the FTE reductions in the new proposal are not actually dollar savings since these FTE's are not currently funded.

*{Tape: 2; Side: B; Approx. Counter: 830}*

**BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs**

**Motion/Vote:** REP. KADAS moved to approve the Executive for 2.75 FTE and \$297,469 in FY96 and 2.75 FTE and \$303,432 in FY97 for personal services; \$1,257 in FY96 and \$1,638 in FY97 for inflation/deflation; and (\$114,030) in FY96 and (\$130,314) in FY97 for fixed costs. Motion **CARRIED** unanimously.

*{Tape: 2; Side: B; Approx. Counter: 840; Comments: Continue on Tape 3; Side A}*

**BUDGET ITEM: Consulting Services; Rent; Maintenance; Debts; Collection Expenses; Equipment**

**Ms. Neils** explained that the reduction in consulting services was because GSL used to pay 0.25% of all loans as a guarantee to the federal government. That payment is no longer required. The "debts" are also because of a federal change - the federal government now reinsures only 98% of loans and the state is required to reinsure the other 2%. The federal government used to reinsure 100%. GSL has sufficient funds to reinsure this 2%.

**Dr. Baker** said that as the GSL program is phased out and the direct student loan program is brought on line, the transition will probably require the use of some reserve funds.

**SEN. JERGESON** asked if Montana has no choice but to change to the new direct student loan program in light of the fact that the GSL program has been tremendously successful in Montana. **Dr. Baker** explained that it is not "mandated" to adopt the new loan program, but it is clearly the federal intent to emphasize the new program. The federal government is adding fees, taking away reinsurance, etc. as a clear message for states to move away from the GSL.

**SEN. JERGESON** asked which program, GSL or the direct student loans, were better for Montanan's. **Dr. Baker** said it is too early to determine, but the direct student loans are clearly advantageous for students. In the area of debt servicing, it is not yet clear where the advantage lies.

**Motion/Vote:** **SEN. JERGESON** moved to approve the Executive for (\$78,126) in FY96 and (\$170,706) in FY97 for consulting services; \$36,996 in FY96 and \$35,740 in FY97 for rent; (\$2,796) each year of the biennium for maintenance; \$75,000 in FY96 and \$160,000 in FY97 for debts; \$170,756 in FY96 and \$275,103 in FY97 for collection expenses; and \$14 in FY96 and (\$4,986) in FY97 for equipment. Motion **CARRIED** unanimously.

*{Tape: 3; Side: A; Approx. Counter: 343}*

**BUDGET ITEM: Personal Services Reductions**

**Motion/Vote:** **SEN. TOEWS** moved to approve the Executive for (9.00) FTE and (\$210,822) in FY96 and (9.00) FTE and (\$211,538) in FY97 for personal services reductions. Motion **CARRIED** 5-1 with **SEN. JERGESON** voting no.

**DISCUSSION ON COMMUNITY COLLEGES ISSUES**

*{Tape: 3; Side: A; Approx. Counter: 412}*

**CHAIRMAN JOHNSON** said there are several thought processes that can take place in considering the Executive Budget New Proposal for the Commissioner of Higher Education to assume community colleges in FY97. 1) What is the long term effect as far as assumption is concerned; 2) Is the \$1.7 million proposed sufficient and does it do what we want it to do; 3) If we don't do anything with the assumption, what happens; 4) If we accept the new proposal and it is part of the lump-sum for MUS, will MUS consider, as they have indicated, the community colleges as one of the first areas to be cut to meet budget reductions.

**SEN. MOHL** asked to hear CHE's opinion about the pro's and con's of merging the community colleges into MUS and how, in general, CHE is planning to handle the estimated increase of 10,000 students in the next decade.

**Dr. Baker** said that the entire restructuring concept has been in response to the estimated increase in students. Between 1994 and 2000 it is estimated there will be a 13% increase in demand for post-secondary education. Through 1997 there is estimated to be a 58% increase in enrollment of resident students at two-year institutions and a 42% resident increase at four-year institutions. The enrollment management model is based on the fact that there will be no additional state dollars beyond these projections. CHE sees bringing in the community colleges to "complete the picture" of the Montana University System. It is anticipated that the largest enrollment increases in the near future will be in community colleges and two-year programs of the technical colleges.

**REP. KADAS** said he agrees that two-year colleges and programs need to be expanded, but is not sure forcing these programs to be a "feeder" to four-year institutions is right. **REP. KADAS** supports local control of the community colleges; it builds local support in fundraising and program development. He would also like to see other cities encouraged to create community colleges, but with the current mill levy there are no incentives for this. **REP. KADAS** suggests that rather than using the \$1.7 million for CHE to assume the current community colleges, that money could be used as incentives for other cities to create community colleges. With the current systems it looks as though the College of Technology at Great Falls is becoming a new four-year institution where, with state incentives, it could become a community college.

**REP. KADAS** said "my big picture is to increase the funding base for community colleges ... which is a long process."

*{Tape: 3; Side: B; Approx. Counter: 20}*

**SEN. TOEWS** agrees that community colleges should be supported and may not need to be assumed by MUS. Regardless of what happens with a merger, the legislature still needs to explore how it can give direction to schools on how to be efficient. **SEN. TOEWS** suggests consideration of a voucher system based on Montana's support per resident student (approximately \$2,500) which student's could use at any institution, in-state or out-of-state. Since 30% of our students are already going out-of-state for school, the vouchers may assist other students who prefer out-of-state. If there are fewer students at in-state institutions, that decreases building maintenance and replacement needs among other fixed costs. If this isn't the direction to put funding, then funding should be used to stimulate community colleges.

**SEN. MOHL** agreed that there is going to be a problem with increased demand and a greater problem if state support to community colleges is not increased. The current community college districts are not going to continue increasing the mill levies, which will force raises in tuition and some students will be forced out of the system.

**CHAIRMAN JOHNSON** asked if the proposed \$1.7 million for CHE assumption of community colleges is sufficient. **Mr. Sundsted** said that the cost of assumption also includes the cost to operate. Because assumption would eliminate the local mill levy, the subcommittee action to fund community colleges at 49% of \$3,970 per student, rather than at the previous \$4,163 per student, makes \$1.7 million insufficient. Just replacing local levy is about \$3.2 million for debt service and local operations; replacing tuition offsets and the 1.5 local mill would add another \$2.1 million. If MUS assumes the community colleges there will only be allowed a 1.5 mill levy to hold down in-district students' tuition.

**SEN. TOEWS** asked if the community colleges are assumed, will their faculty salaries change. **Mr. Sundsted** said some of the classified employee salaries might change, but faculty salaries would depend on negotiated salary agreements such as are being conducted now in the university system.

**SEN. TOEWS** questioned the losses community colleges might take in community support if they are assumed by MUS. Paid staff may replace some of the in-kind services currently contributed by community residents.

**SEN. JERGESON** said that the community colleges are going to play an integral role in managing increased enrollment demands. In previous sessions \$30 million has been cut from MUS budgets and if MUS assumes the community colleges, tuition back fill will be needed for this new expense and students will be asked to pay increased tuition. **SEN. JERGESON** feels the high level of fee waivers at Dawson and Miles Community Colleges need to be addressed and resolved before assumption occurs. For this biennium **SEN. JERGESON** supports additional appropriations under the current funding scheme for the community colleges, to relieve the burden on local taxpayers. The legislature's committee on post-secondary education should put attention and effort into the whole concept of what are the roles of community colleges and make recommendations for the future. The Board of Regents plan for assumption may be the best response, but there is not enough information to make that determination. In order to make the transition while this study is being conducted, the state contribution to community colleges should increase.

**REP. KADAS** said that the current method of funding community colleges is flawed in that the "cost per student" no longer means anything. Over time, a cost of education model should be developed. A proposal for the subcommittee's discussion would be to fund community colleges for FY97 using actual cost per student (\$4,350 according to Mr. Sundsted) multiplied by projected enrollment (2,291) then supported at a factor of 60% instead of the current 49%. This would be an increase of \$1.8 million over FY94.

For FY97:     \$4,350 x 2291 x 60%     = \$5.979 million

FY94 Funding Level: = \$4.2 million

The community colleges will still have local control and district tax millage, although this proposal should reduce local millage. The proposal does not assume the bonded indebtedness; that remains at the local level.

**REP. KADAS** said a funding scheme like this may be incentive for other cities to create community colleges. It is necessary for larger cities, such as Great Falls and Helena, to be in the community college system if community colleges ever intend to have a political base with the legislature.

**SEN. JERGESON** commented that **REP. KADAS** ideas are the type of consideration that would be studied by the post-secondary education committee, but for now the subcommittee needs to make some decisions for transition during this biennium. In reference to considering a voucher system, it is better to support our universities and keep Montana students in the state.

*{Tape: 4; Side: A; Approx. Counter: 25}*

**REP. KADAS** said that the advantage of using the \$1.7 million directly for the community colleges is that it retains local control and continues leveraging local tax dollars. The disadvantage for the districts is that without assumption the state will not assume the debt service. **REP. KADAS** would like to see community colleges remain autonomous with some economic tie-ins with MUS in such areas as library sharing and bond refinancing.

**REP. JERGESON** said lump-sum funding would allow the regents necessary flexibility to address the diverse issues among the community colleges, such as different mill levies, tuition rates and fee waivers.

**REP. KADAS** said fee waivers should be dealt with locally, so the district mill levy payers can determine if they want to support these waivers.

**Dr. Baker** commented that it makes sense to move slowly in the assumption of community colleges. CHE does not want to destroy local control of community colleges, but wants to nurture local support while integrating the community colleges with MUS for economy.

**Donald Kettner, President, Dawson Community College**, agrees with **REP. KADAS'** suggestion of giving the community colleges the financial support that has been proposed for the assumption and if it passes, it would significantly lower the mill levy. He is concerned that the funding as proposed for the first year is less than current funding.

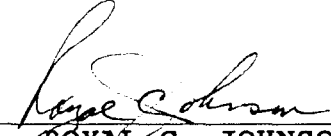
**Dave Beyer, President, Flathead Valley Community College,** said **REP. KADAS** suggestion merits consideration and would gain community support if it does reduce local millage. Any enhancement in community colleges is beneficial to the state as well as local taxpayers.

**Dr. Malone** said he believes full integration of the community colleges into MUS is best, but supports partial integration. Currently Montana State University-Bozeman has invited Dawson Community College and Miles Community College into an articulation and transferability agreement and will continue working cooperatively with the community colleges in appropriate areas.

**Dr. Dennison** said full integration would be needed for bond indebtedness issues. The Board of Regents considered partial integration with the community colleges in areas such as articulation, but chose to move towards full integration. **Dr. Dennison** personally favors full integration but wishes to see an increased level of support for community colleges no matter what system is used.

ADJOURNMENT

**Adjournment:** This meeting adjourned at 11:45 AM.



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ROYAL C. JOHNSON, CHAIRMAN



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PAULA CLAWSON, SECRETARY

RJC/pc

[THIS MEETING WAS RECORDED ON FOUR 60-MINUTE TAPES]

## EDUCATION

### Joint Appropriations Subcommittee

ROLL CALL

DATE 2/2/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Royal Johnson, Chairman	✓		
Rep. Mike Kadas	✓		
Rep. Don Holland	✓		
Sen. Daryl Toews	✓		
Sen. Greg Jergeson	✓		
Sen. Arnie Mohl	✓		



EXHIBIT

1

DATE

2-2-95

SB

Projected Costs for Fire Services Trainers  
Fiscal 1996 and 1997

	<u>FY 96</u>	<u>FY97</u>
FTE	1.00	2.00
<u>Personal Services</u>		
Salaries	\$31,500	\$63,000
Health Insurance	2,760	5,520
Benefits – Machine Computed	5,083	10,112
Recharge Fee	<u>1,036</u>	<u>2,072</u>
Total Personal Services	\$40,379	\$80,704
<u>Operating Costs</u>		
Supplies	\$3,000	\$6,000
Communications	4,670	9,340
Travel	4,670	9,340
Maintenance	1,159	2,318
Recharge Fee	<u>300</u>	<u>600</u>
Total Operating costs	\$13,799	\$27,598
<u>Equipment</u>		
Protective Equipment	\$1,350	\$1,350
Office Equipment	2,250	2,250
Communications	1,750	1,750
4 – Door Utility Vehicle	<u>20,000</u>	<u>20,000</u>
Total Equipment	\$25,350	\$25,350
Total Budget	\$79,528	\$133,652

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HOUSE OF REPRESENTATIVES  
VISITORS REGISTER

Amatori SUB-COMMITTEE DATE 2/2/92  
BILL NO. \_\_\_\_\_ SPONSOR(S) \_\_\_\_\_

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Jason Noyes	HIS #2 WICHE Veterinary		
Pete Joseph	MFT		
Don Kellum	DCC		

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

HR:1993

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