

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN ROYAL C. JOHNSON**, on February 10,
1995, at 8:35 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: Office Of Public Instruction - Traffic
Education
Commissioner of Higher Education -
Assumption of Community Colleges

EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION ADMINISTRATION and TRAFFIC EDUCATION

{Tape: 1; Side: A; Comments: First few minutes of meeting not recorded}

Gregg Groepper, Assistant Superintendent, Office of Public Instruction (OPI), presented for the subcommittee's consideration a committee bill proposal to remove from statute the responsibilities of traffic education from OPI. **EXHIBIT 1**
Mr. Groepper also asked for a contingent voidance clause if SB 83 passes.

Mr. Groepper asked the subcommittee to make a motion to formalize the \$1 million OPI cut on an annual basis. This will make the process of making budget documents simpler for OPI and the Governor's Office of Budget and Program Planning. The annualized cuts are as follows, based on \$500,000 annually:

\$ 84,416 - Superintendent's Program

\$ 58,442 - Centralized Services

\$ 32,468 - Teacher Certification

\$324,675 - Basic Education

Motion/Vote: **SEN. DARYL TOEWS** moved to accept the \$1 million biennial reduction to OPI as an annual reduction as **Mr. Groepper** presented (\$84,416 - Superintendent's Program; \$58,442 - Centralized Services; \$32,468 - Teacher Certification; \$324,675 - Basic Education). Motion **CARRIED** unanimously.

Motion/Vote: **SEN. GREG JERGESON** moved to approve the committee bill proposal to remove from statute the responsibilities of traffic education from the duties of OPI with contingency language to restore the duties if SB 83 passes. Motion **CARRIED** unanimously.

COMMISSIONER OF HIGHER EDUCATION
COMMUNITY COLLEGES ASSUMPTION

{Tape: 1; Side: A; Approx. Counter: 140}

Motion: **SEN. ARNIE MOHL** moved to approve the Executive for \$1,705,018 in FY97 for the state assumption of community colleges, contingent on the passage of SB 1182 for the state assumption of community colleges.

Discussion: **Jeff Baker, Ph.D., Commissioner of Higher Education**, said that prior to the budget reductions taken on February 9, 1995, the \$1.7 million budget for assumption was low. With the budget reductions, the Montana University System (MUS) will be concentrating on managing the current system and won't be able to assume new responsibilities and costs. **Dr. Baker** asked the subcommittee to not accept the state assumption of community colleges for this biennium.

Sandy Whitney, Legislative Fiscal Analyst, clarified with **SEN. MOHL** that the motion is to include the \$1.7 million in HB 2 with contingency to take if out of HB 2 if SB 396 does not pass.

SEN. MOHL said that since MUS is now asking to not assume community colleges, he is not sure if SB 396 will pass. If SB 396 does not pass, perhaps the \$1.7 million can be appropriated as tax relief to the three districts with community colleges.

SEN. JERGESON reminded the committee that at the beginning of the session the subcommittees were asked to not include budget items in HB 2 that involved contingencies based on passage of bills.

SEN. JERGESON said that in light of the cuts to the six units and colleges of technology, he cannot support either giving MUS new responsibilities or giving additional money to another entity of higher education. **SEN. JERGESON** will resist any reductions to the community colleges, but will not support increases to the community colleges.

SEN. MOHL said that appropriation of the \$1.7 million to the districts would not be for the community colleges, but for tax relief.

SEN. TOEWS agreed with **SEN. JERGESON** that the subcommittee should not be adding budget items to HB 2 contingent on passage of bills.

Motion Withdrawn: **SEN. MOHL** withdrew the motion.

OTHER DISCUSSION

{Tape: 1; Side: A; Approx. Counter: 140}

Dr. Baker asked the subcommittee to reconsider the action of February 9, 1995, in reducing (MUS) budget by \$18 million general fund. This general fund money basically is used for resident students. The budget reduction coupled with the enrollment figures incorporated in the motion will reduce resident student spending by \$330 per year per student.

The Board of Regents has made a commitment to the students to provide quality education at tuition rates for the biennium which have been agreed upon in cooperation with the students. The Board of Regents is committed to services for today's students which, with this budget reduction, will make it difficult for new students in the near future to access the Montana University System.

In its presentations to the subcommittee this session, MUS has presented programs and the budgets attached to these programs. MUS is asking the subcommittee to provide dialogue and direction in which specific programs MUS should consider cutting or changing. The blanket cut from the subcommittee, without direction for which programs to make cuts, makes it difficult for the Board of Regents to follow legislative priorities.

Dr. Baker also explained that the \$1 million cut specifically to the Commissioner of Higher Education office will force significant cuts in the WICHE/WAMI student assistance programs. It was not clear from earlier discussions that the subcommittee intended drastic cuts in this area.

{Tape: 1; Side: A; Approx. Counter: 870; Comments: Tape malfunction at approx. counter 900}

CHAIRMAN ROYAL JOHNSON asked **Dr. Baker** how he determined the reduction figure at \$18 million and did that include the \$15 million supplemental grant available less tuition above the cap. **Dr. Baker** explained the \$18 million was derived subtracting the general fund FY94 base of \$155.8 million from the Governor's Budget proposal of \$172 million (approximately). This is \$17 million plus the \$1 million reduction on the Commissioner of Higher Education office.

The supplemental for tuition was not considered because MUS would actually have to give up more than \$15 million in tuition to access the supplemental. Also the supplemental is a "bet on the future," not something concrete.

{Tape: 1; Side: B; Comments: Tape recorder malfunction, missed beginning of Mr. Nichols comments}

Curtis Nichols, Office of Budget and Program Planning, agreed that the reductions equaled approximately \$18 million.

SEN. TOEWS said it sounds contradictory for the Board of Regents to now be asking for specific micromanagement while at the same time asking for lump-sum funding.

Dr. Baker said that as a public policy making body, the legislature needs to give the Board of Regents direction of what areas in a public policy framework are important to the people of Montana. Over the years the Board of Regents has been criticized for not listening to what the legislature has to say and acting independently. It is ironic that at the same time there is a bill being proposed to eliminate the Board of Regents this subcommittee is adding to the Board's responsibilities to manage these budget reductions. The Board of Regents is not asking the legislature to micromanage, but neither is it asking the legislature to say "here's the money" and walk away from it. The public policy issues of the people of Montana have a great deal of impact on what is done within the system and what the Regents do in making policy. If the subcommittee action stands, the Board of Regents does not have any direction from the elected representatives of the people of Montana about how to respond best to the things that are important to the people. The Board of Regents doesn't want to be accused any more of not listening to what the people say. The budget reduction approved by the subcommittee came as a surprise and undermines the relationship of trust the Board of Regents has been building with the legislature over the past year and a half. The Board of Regents cannot tell how the \$18 million reduction was derived or in what specific areas the subcommittee sees inefficiencies or feels there should be program cuts. The Board of Regents is asking the subcommittee to provide the criteria under which these cuts were derived.

CHAIRMAN JOHNSON asked if the Board of Regents understood lump-sum funding allows the Regents to make allocation determinations. **Dr. Baker** responded that the Board of Regents does understand the flexibility of lump-sum funding, but chose to present the legislature with allocation decisions up front, as an important ingredient of accountability. The allocation process did not leave much room to move funds around, which is important during the restructuring process to build trust so in the future the Board can exercise flexibility more comfortably. Fluctuation in funding, higher or lower than the allocations process projected, would be addressed across the system in line with the original allocations funding method.

CHAIRMAN JOHNSON asked what concerns the Board of Regents heard from its constituencies across the state. **Dr. Baker** said the biggest concern is with increasing tuition. The Board of Regents have tried to address the concern by moderating tuition and presenting the FY96 and FY97 tuition two years in advance. The Board of Regents also hears complaints about increases in the MUS budget. It often isn't made clear to Montana taxpayers that increases in university funds are not necessarily increases from the state. The most recent budget increase of almost 13% was primarily from grants and bonds. There is not much concern expressed about taxes, taxpayers don't seem to relate increased taxes directly to the University System.

Mr. Nichols said the committee had been asked to consider some authority for negotiated salary agreements that will be settled at different campuses during the biennium. **Mr. Nichols** asked if budget caps will be raised for these agreements or negotiated under the cap. **CHAIRMAN JOHNSON** answered that the salary agreements should be negotiated under the budget cap.

REP. MIKE KADAS said that he sympathized with the concerns expressed by **Dr. Baker**. The University System has been talking to the subcommittee for four weeks and it seems none of it has "sunk in." This proposal doesn't make sense in that it is going to force the institutions to reduce tuition if they're going to have access to the supplemental, yet the legislature tries hard to avoid having supplementals requested. The message sent by the majority is clear, MUS is to maintain access and quality for less general fund and less tuition and "oh, by the way, we'll give you a little flexibility."

REP. RAY PECK spoke as an ex-officio member of the Appropriations Subcommittee on Education and Cultural Resources. "I think the University System got themselves impaled on a drive for power and I cautioned them about it, at least two years ago, that lump-sum funding was not the desirable way to go. Having said that in a negative, let me say this in a negative to this committee. I think they're making a request of you that is valid ... you as a committee have a responsibility to give some direction now that you've adopted the lump-sum funding. The request is 'what do you want us to cut?' That's policy, in my mind. Money is policy in

public affairs. ... I think the commissioner is absolutely right in requesting of you a specific response. ... I suggest to you, the majority who voted for this, that you have a responsibility to the university, to the public (most importantly) and you have a responsibility to the minority to let us share in your thinking. It is not enough to just say 'we're going to whack your budget \$18 million'. That is not responsible behavior on the part of this committee. ... You have a responsibility to the public, most importantly, but to us in the minority also, to say we cut this budget based on these type of considerations. You can't just say "We don't like the University System; we don't like what they're doing." Let's tell them what you don't like and what you want them to reduce in terms of their program. That's only fair. I think the legislature always tries to be fair in that respect."

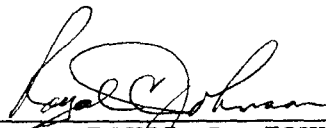
CHAIRMAN JOHNSON asked if **REP. PECK** has suggested the subcommittee should line-item budget for MUS rather than lump-sum fund. **REP. PECK** responded that he has never supported lump-sum funding because it does allow the legislature to escape responsibility. The subcommittee on education has always made judgements about what was important unit-by-unit including areas for cuts, then allowed the Board of Regents some flexibility. The Board of Regents does need some flexibility in transferring funding as needed.

SEN. JERGESON said the majority does not need to use line-items to tell the University System where they're interested in making cuts. The Board of Regents will make every effort to addresses priorities as laid out by this subcommittee, if they are given those priorities. The subcommittee should provide some documentation, if only in the transcripts of these meetings, the Board of Regents may reference in making priority decisions. A lack of direction from this subcommittee will open the Board of Regents to shoulder all blame for program reductions and eliminations and allow the legislature to escape responsibility.

SEN. TOEWS said that the legislature agreed in the 1993 regular and special sessions to not talk about "cuts" but to talk about "where we're going." Starting from FY94, the action of the subcommittee has increased spending authority for the University System.

ADJOURNMENT

Adjournment: This meeting adjourned 9:40 AM.



ROYAL C. JOHNSON, CHAIRMAN



PAULA CLAWSON, SECRETARY

RCJ/pc

EDUCATION

Joint Appropriations Subcommittee

ROLL CALL

DATE Feb 16, 1995

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

Appropriations Education Subcommittee

February 8, 1995

Committee Bill Proposal:

1) Remove from statute the responsibilities of traffic education (except those of motorcycle safety) from the duties of the Office of Public Instruction. This is necessary as a result of the subcommittee not adopting the Executive Budget Proposal of \$260,000 general fund for the 1997 biennium for traffic education (see page E-8 in the LFA Budget Analysis).

Statutes Impacted: Sections: 10-13-3; 20-3-106, 20-7-501, 20-7-502, 20-7-503, 61-5-106.

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

EDUCATION SUB-COMMITTEE DATE 10 Feb. 1995
BILL NO. HB2 SPONSOR(S) Higher Education Issues

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Rw Smith	NSU - Dulles		

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

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