

## **MINUTES**

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

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

**Call to Order:** By Royal C. Johnson, on February 15, 1995, at  
10:05 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

**Others Present:** House Minority Leader Rep. Ray Peck

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

**Committee Business Summary:**

Hearing: None  
Executive Action: None  
Other Discussion: Response to Request by **REP. RAY PECK** to  
Explain the Majority Decision for  
Reductions from the Executive For  
Six-Units and Colleges of Technology

#### **RESPONSE TO REQUEST BY REP. RAY PECK**

*{Tape: 1; Side: A was NOT recorded - operator error}*

**CHAIRMAN ROYAL JOHNSON** provided a copy of clarification of  
language for **SEN. DARYL TOEWS'** motion of February 9, 1995.  
**EXHIBIT 1.** By consensus of the subcommittee, without objection,

this language was accepted in the motion. Also presented was an overview for management of lump-sum funding. **EXHIBIT 2**

**CHAIRMAN JOHNSON** asked **REP. RAY PECK** if suggestions for areas to reduce the University System budget should be expressed generally or by specific line-item.

**REP. PECK** said the more specific the better. The subcommittee has spent the past four to five weeks examining the budget and as policy makers should have an idea of where cuts can be made. There is a lot of concern being expressed from individual units regarding the possible areas of reductions.

**CHAIRMAN JOHNSON** said the subcommittee has talked in pretty general terms about the budget except in areas where there have been specific questions. Because the subcommittee has considered the budget as lump-sum funding, there hasn't been much thought as to the specifics of how general fund will be allocated. Since 80% of the budget is instructional, that is generally the area the majority would anticipate reductions, but the majority is trying to stay away from line-item budgeting. The majority thinks the University system is growing faster than the people of Montana can afford. The majority is aware and concerned about limiting access to in-state students.

**REP. PECK** said that when \$18 million is cut from the Executive's budget recommendation there must have been some specifics the majority had in mind for reductions.

**CHAIRMAN JOHNSON** responded that there is concern about the necessity of growth in the system and the question of how much funding to put into post-secondary education weighed against funding needs of other state agencies. Post-secondary education has some revenue flexibility that most state agencies don't have.

**Jeff Baker, Ph.D., Commissioner of Higher Education**, said that the priority areas higher education throughout the country are facing are access, quality, and the cost to students and the state. The majority clearly is concerned about the costs. In the best-of-all scenarios the goal of most higher education institutions would be to address all three priority areas simultaneously.

The Board of Regents and Commissioner of Higher Education (CHE) office has interpreted a clear message from the people of Montana as well as the State of Montana that quality is the number one priority for Montana. This message has come through as parents and students communicate that they cannot afford to spend six or more years getting their education because classes aren't offered frequently enough or student advising is weak. The other priority area is access for the increasing demand of students into the system. CHE presented a budget it felt was a reasonable response to the concerns in the priority areas. CHE had found a way through negotiated salary agreements to build in quality

issues with some additional salary. The salary increases would probably still not pull Montana's ranking above 50th in the country, but it would maintain the level in proportion to the rest of the country. CHE also worked hard with the students to develop a tuition increase plan that they could accept and CHE could present "up front" to the legislature.

This biennium's budget request was for an 8.5% increase over the last biennium. At the inflation rate of 5% per year, this request did not even fully cover inflation. The 8.5% budget increase would have bought the people of Montana:

- 1) More access to the system with no new taxpayer dollars;
- 2) More non-resident students without a growth in the resident to non-resident ratio;
- 3) Absorb pressures from inflation;
- 4) A package of access, quality and productivity. The UTU agreement at the University of Montana-Missoula has been held up as a model nationally by the Governor. The model has been endorsed by the Governor in his budget, including \$8.4 million to replicate the agreement at the other units. With these budget reductions it is not even sure that the University of Montana-Missoula agreement can be completely fulfilled.
- 5) Predictability in the funding model in relation to two year tuition commitments and how general fund is allocated throughout the system. With the allocation model, the lump-sum funding is not open-ended but can be tracked throughout the biennium throughout the system. CHE thought this predictability was very important to the subcommittee.

**Dr. Baker** asked the subcommittee to continue to endorse the Executive budget and reconsider the reductions made in **SEN. TOEWS'** motions on February 9, 1995.

**REP. PECK** asked **Dr. Baker** how necessary is it for the majority to provide specific guidance for the budget reduction. **Dr. Baker** said that the answer is absorbed in the issues of quality, access and costs. If tuition should be used to recoup the reductions, CHE has already committed to students not to revisit the tuition increases already set. Since the priority commitment of the Board of Regents is to quality, CHE will not make cuts to the detriment of that issue. If the University system is growing faster than the majority wants, access has to be addressed. Since state funds are only used for resident access this is the area that will have to be reduced. Resident access will be reduced by 2,000 students per year, which will be a 40% decrease from the FY95 freshman class. This is the public policy direction it appears the majority wants CHE to address.

**REP. PECK** asked if the Board of Regents has addressed the question of how much tuition has to increase to avoid the \$15 million "trap." **Dr. Baker** said the Board of Regents has not considered this because it is committed to hold tuition increases to the level that has already been communicated to the students.

The time has come for the subcommittee to understand that the decisions being made are public policy issues, not just budget issues. These public policy issues are being backed into by setting budget first, then determining what public policy issues guided the budget decisions.

**CHAIRMAN JOHNSON** asked **Dr. Baker** what was being referenced in the \$15 million "trap." **Dr. Baker** said it was the supplemental allowance of \$15 million less excess tuition collection. A funding chart developed by CHE shows the difference in the CHE proposed tuition and the subcommittee proposed tuition.

**EXHIBIT 3**

*{Tape: 1; Side: B}*

**Dr. Baker** said the supplemental is a bet on the future. For every dollar above \$141.7 million in tuition MUS gives up the ability to come in with a supplemental dollar-for-dollar up to \$15 million. Current tuition estimates for the next two years is \$161.7 million. The prudent strategy would be to move forward with this tuition plan and raise the \$161.7 million, since the understanding of students and individuals on campus are to accept these tuition rates. The bottom line is a reduction of \$17 million plus the \$1 million that was taken out of the CHE budget.

**CHAIRMAN JOHNSON** asked on what basis did **Dr. Baker** doubt that MUS would be able to obtain the supplemental. **Dr. Baker** said he is concerned about the unknown of the future. If there is a special session in this biennium it would be more likely for supplemental funding to be cut than funds that have already been appropriated.

**CHAIRMAN JOHNSON** said in essence the majority, with the supplemental, is asking CHE to trust the legislature just as CHE has asked for the legislature's trust.

**Dr. Baker** responded that for the past year and a half CHE has been working closely with the legislature and Governor's budget office in building trust and understanding into this process. The Board of Regents is trying to establish trust and trying to understand where this committee is coming from. CHE was trying to do something that was an agreeable alternative for everyone as opposed to just agreeable from Higher Education's standpoint.

**CHAIRMAN JOHNSON** asked how CHE would react if \$15 million in general fund was added back into the budget without the stipulations of the supplemental. This would raise MUS from \$328 million to \$343,911,778. **Dr. Baker** said this would still be \$22 million below a budget that CHE thinks is reasonable and brought to the legislature with an 8.5% increase.

**CHAIRMAN JOHNSON** asked if the only "comfort level" for CHE on the budget is at \$365.8 million. **Dr. Baker** responded that MUS has made the commitment that any tuition revenue raised above the \$365 million will be returned to general fund or the Board of

Regents for redistribution. That commitment has been made in the enrollment management model by not being able to take additional money if there are additional students; not coming in for a supplemental because of having additional students; and by rebating the money back to the state if there are additional students. These commitment's can be expanded upon if that increases the comfort level of the legislature, but from the standpoint of the budget, CHE has approached this with integrity in presenting the number that permits MUS to balance the access, quality and the price issues.

**CHAIRMAN JOHNSON** asked how funds like the proposed \$8.4 million in negotiated salary agreements would be managed in escrow, as CHE has suggested. **Dr. Baker** said that he would defer to the experts to manage the escrow account, but believes the provision can be accomplished. The Governor's endorsement has been sought in all these negotiations and the Board of Regents would also be willing to work with any legislative committee deemed appropriate to help review and be part of the process.

**REP. PECK** said the central questions of where the majority suggests the budget reductions be taken had not yet been addressed.

**CHAIRMAN JOHNSON** said in general it would be suggested that the reduction be taken out of the base personal services budget in the same proportion as the budget reflects it's in use, about 80%. The proportion in the operating budget would be roughly 20%. The majority does not want to identify those numbers unless the Board of Regents specifically requests this type of micromanagement information. The reductions are about \$10 million from the Governor's recommendation before the amendments, which include the \$4.2 million for MSU-Bozeman non-resident students and the \$8.3 million for the negotiated salary agreements.

**REP. KADAS** asked for MUS's response on the suggestion that the reductions be taken out of personal services. **Dr. Baker** said this would have to be addressed through a decrease in the size of the system. If the number of students in the system is reduced, there would have to be corresponding reductions in staff and faculty. The initial estimate is about 375 people a year. This would be problematic at first because most faculty contracts, even without tenure, require a notification of a year, which means most layoffs would only become effective in FY97. In staff there is more flexibility in terms of notification procedures. The difficulty in this kind of revision is that it's not a direct ratio. If you have three people staffing a particular function on campus, reducing the number of students by a certain percentage does not necessarily allow you to reduce certain functions by that percentage. There's certain economies of scale that spreads cost and makes the numbers of people more efficient in providing the service.

**REP. KADAS** asked for the Executive's position regarding the \$4.2 million for MSU non-residents and the \$8.4 million for faculty salary increases in the campuses other than the Missoula campus. **Amy Carlson, Office of Budget and Program Planning (OBPP)**, said that the \$4.2 million for MSU non-resident tuition would have been included in the executive and in principle OBPP agrees with the \$8.4 million for faculty salary increases. OBPP can't agree to specific numbers for the salary increases until the agreements have been made and would recommend a budget amendment be allowed as the contracts are signed. \$8.4 million seems to be a reasonable estimate of the funds needed.

**REP. KADAS** asked if the \$141 million for tuition made sense given that the Governor's original recommendation was clearly a qualified recommendation. The number that the Governor's office is now recommending would be in the neighborhood of \$161 million, not \$141 million. **CHAIRMAN JOHNSON** responded that it would depend on whether the \$161 million were the number that was truly needed in the University system.

**REP. KADAS** said the University system has laid out the rational for \$161 million. What is the majority's rational for a number less than \$161 million. **CHAIRMAN JOHNSON** answered that the rational is, as was discussed in the last legislative session, that by basing funding on a formula, all that is needed to raise the funding is to have more students and a higher cost of education. Comments from constituents are not that the University system should be increased substantially, but that the University system is larger than Montana needs. MUS has more campuses and units than needed and a pay schedule that is not in line with other Montana pay scales. Based on those comments, there has to be a decision to rein it in. Since the legislature doesn't run the University system, the only way the state can reflect its concerns to the University system is through the budget.

**REP. KADAS** asked if **CHAIRMAN JOHNSON** wants to send the message to the University system that some campuses should be eliminated or programs reduced. **CHAIRMAN JOHNSON** said that he is trying to mirror concerns expressed by Montana taxpayers who seem to be saying that the University system has grown at a much faster rate than the economy that's trying to support the system. There are some things that can be done in the system that do not create major catastrophes but allow it to operate within the constraints of available assets and finances to support the system.

*{Tape: 1; Side: B; Approx. Counter: 960; Comments; Continue on Tape A; Side 1}*

**REP. KADAS** asked what specific areas of University system reductions were being suggested by constituents. **CHAIRMAN JOHNSON** responded that there has been concern expressed about the increase in the Law School faculty salaries at UM-M as well as some small discomfort when the regents raised the Commissioner of Higher Education's salary.

**REP. KADAS** asked which component that drives total tuition dollars are the majority trying to limit. The three areas are increased tuition for resident students; the number of resident students enrolled; and the increase in non-resident students.

**CHAIRMAN JOHNSON** answered that the majority is looking at the increases in the expense side of the budget of the University system since 1990. If these expenses have been made up in tuition, then it's a situation where the University system is able to say "we've got revenue in addition to what we currently have and we know how to make that revenue grow and therefore we are unwilling to address what ought to be addressed". What needs to be addressed is expenses.

**CHAIRMAN JOHNSON** asked if **REP. KADAS** was comfortable with the \$161 million budget, which is a \$29 million increase over the budget and the supplemental in 1995. The budget in 1995 was \$115 million plus a supplemental in 1995 of \$18 million. This shows a trend that MUS projects will continue through the turn of the century. **REP. KADAS** replied that given the make-up of the budget he is comfortable with the \$161 million. This budget is based on the general fund and six-mill levy staying about the same; the increase in resident students and the percentage increase that is being projected for resident tuition; the non-resident mix changing very little in terms of the proportion of in-state to out-of-state students.

**CHAIRMAN JOHNSON** commented that Bozeman and Missoula are the campuses that attract non-resident students, with UM-M having approximately 37% non-resident. In theory this should open movement of general fund dollars to the smaller campuses in a greater proportion, but these campuses indicate that has not been happening.

**REP. KADAS** asked if **CHAIRMAN JOHNSON** would want to put specific limits on the number or proportion of non-resident students on particular campuses. **CHAIRMAN JOHNSON** answered that while those types of limitations might ease some concerns, the danger is that it might jeopardize the University system and their ability to manage enrollment and tuition. If non-resident students are primarily attracted to the Bozeman and Missoula campuses, then the number of resident students who can attend these campuses are capped. A solution may be to set a solid proportion of non-resident to resident students that cannot change.

**SEN. TOEWS** said he struggles with how to communicate to MUS that the growth inside the system is faster than it needs to be and there are economies that must be done within the system without going through tuition increases. From the 1995 biennium of the \$113 million tuition budget, the majority proposal increases tuition by about 24%; the MUS proposal increases by about 46%. Either increase is substantial and makes it difficult to tell students and taxpayers that MUS is doing its best to economize. The University system has plenty of qualified, intelligent people who can develop these economies. The only way these issues will

be addressed is when the University system is forced to address them.

**REP. KADAS** asked if the majority is willing to address the growth in enrollment as it has addressed the growth in dollars. **SEN. TOEWS** responded that enrollment increases were addressed in the \$10 million increase in the tuition budget from FY95 of \$132 million to the proposal for this biennium of \$141.7 million.

**SEN. JERGESON** commented that the majority has hidden behind the "veil of lump-sum funding" to refuse to acknowledge that the few minor suggestions that have been made for budget reductions don't add up to the magnitude of the budget cut. If the highest salaries among the University system administrators were capped to \$50,000 the savings would probably only fall between \$500,000 and \$1 million. That doesn't add up to the \$18 million reduction. "It appears to me that under the guise of lump-sum funding the majority is doing much like Pontius Pilot did, trying to wash their hands of responsibility for the consequences of their action and I think that's unfortunate." The majority could give a clearer indication of how they think the money ought to be allocated and spent in University system without getting into what is characterized as micromanagement. While the majority indicates they don't intend to micromanage the University system, it is terribly ironic that the number of resident students is specifically listed while there is reluctance to identify either a ratio or exact number of non-resident students.

**CHAIRMAN JOHNSON** responded that the resident enrollment numbers came from the budget which was constructed by the University system.

**SEN. JERGESON** said it is amazing that the majority is willing to rely on enrollment numbers provided by the University system but have serious questions about all the other numbers that have come from the system and from OBPP.

**REP. KADAS** commented that the tenor of the session is to do a considerable amount of property tax relief which is why the MUS cuts are being considered now. Given that most of the property tax relief proposals phase in over at least three years, isn't there concern about the ability of the legislature to obligate itself to a \$15 million supplemental for MUS when the legislature is already being obligated to additional costs to local governments because of the phase in of the property tax.

**SEN. TOEWS** responded that property tax relief is not the issue where MUS reductions are concerned. "I've told you repeatedly that I don't think there's going to be money, period. I think the revenue estimates are going to end up short."

**REP. DON HOLLAND** said he would like to revisit the community colleges issues at an appropriate time.



**CHAIRMAN JOHNSON** said **SEN. MOHL's** bill concerning state assumption of community colleges will be heard on February 17, 1995, and it would be appropriate to revisit the issue after that.

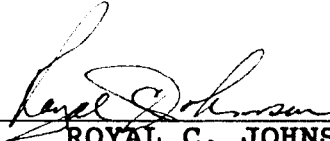
*{Tape: 2; Side: B; Approx. Counter: 60}*

**SEN. JERGESON** asked if the subcommittee needed to take action on a radon issue. **CHAIRMAN JOHNSON** explained that \$25,000 general fund for radon testing was intended to be matched with federal funds that were removed from the budget in the Department of Health. Since the Bureau of Mines does the actual testing, they have requested the \$25,000. However both the Department of Health and the Bureau of Mines agree that for this small amount of money they don't want to wage a major battle. The Department of Health would like to recover the entire \$58,000 that was taken out of the program, which will be considered in another committee. It is not anticipated that this subcommittee will have to take any action on the issue.

**George Dennison, President, University of Montana-Missoula,** referred back to questions about non-resident enrollment at UM-M. At the baccalaureate level non-resident enrollment has risen while resident enrollment has remained flat. At the College of Technology resident enrollment has almost doubled. The flat rate for undergraduate resident enrollment has been done in the context of planning access to the system and moving general fund so as to accommodate as many residents as possible. If there were general fund support for full resident enrollment at UM-M, that would be happily accommodated. UM-M is not seeking non-resident students as a profit making enterprise, but rather to fill out the enrollments to enhance the campuses and enhance the general fund dollars to make them go as far as possible.

ADJOURNMENT

**Adjournment:** This meeting adjourned at 11:40 AM.

  
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ROYAL C. JOHNSON, CHAIRMAN

  
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PAULA CLAWSON, SECRETARY

RCJ/pc

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

## EDUCATION

### Joint Appropriations Subcommittee

ROLL CALL

DATE 2/15/95

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 2-15-95  
SB \_\_\_\_\_

The board of regents may request a supplemental general fund appropriation for the biennium of up to \$15,000,000 for the biennium, less any tuition collected in excess of \$141,758,309. The Montana university system shall accept 24,759 resident students in fiscal year 1996 and 25,418 resident students in fiscal year 1997 in the six units and the colleges of technology, if qualified resident students apply.

Included in state special revenue appropriations in item [Board of Regents] is \$990,000 in fiscal year 1996 and \$1,024,000 in fiscal year 1997 from revenue generated under the provisions of 20-16-202, which requires each county in which a college of technology is located to levy an annual tax of 1.5 mills on all taxable property within the county. Revenue received by the university system under the provisions of 20-16-202 that exceeds \$990,000 in fiscal year 1996 and \$1,024,000 in fiscal year 1997 is appropriated to the board of regents and requires a reversion of a like amount to the general fund. If revenue received under the provisions of 20-16-202 is less than \$990,000 in fiscal year 1996 and \$1,024,000 in fiscal year 1997, the commissioner of higher education may request a supplemental appropriation under the procedures contained in 17-7-301 for distribution to the university system. The supplemental request for the biennium may total no more than the difference between actual revenue and the appropriation.

Included in state special revenue appropriations in item [Board of Regents] is \$13,497,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997 from revenue generated under the provisions of 20-25-423. Revenue received by the university system under the provisions of 20-25-423 that exceeds \$13,497,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997 is appropriated to the board of regents and requires a reversion of a like amount to the general fund. If revenue received under the provisions of 20-25-423 is less than \$13,497,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997, the commissioner of higher education may request a supplemental appropriation under the procedures contained in 17-7-301 for distribution to the university system. The supplemental request for the biennium may total no more than the difference between actual revenue and the appropriation.

Item [Board of Regents] includes \$114,000 in each year of the biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvement through the state building energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$73,500; Montana state university-northern, \$36,900; and Montana state university-Billings, \$3,600.

Montana University System

The general fund appropriation for the community colleges is the state share of the total unrestricted budgets for the community colleges in fiscal year 1996 and fiscal year 1997. The total unrestricted budgets for the community colleges must be approved by the board of regents.

Any indirect cost reimbursements received by the office of the commissioner of higher education in excess of \$22,204 in each year of the biennium as a result of an increase in the federal talent search grant requires a reversion of a like amount to the general fund.

University system units are defined in 17-7-102(16). For all university system units except the community colleges, the agricultural experiment station, the forest and conservation experiment station, the cooperative extension service, the bureau of mines and geology, and the fire services training school, all funds, other than funds appropriated in House Bill No. 5 for long-range building programs, are appropriated as a lump sum for the biennium, contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. The board of regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditures and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval of the board of regents. Requests for transfer and related justification must be submitted to the office of budget and program planning and to the legislative fiscal analyst prior to approval by the board of regents. All movement of funds between the current unrestricted subfund and the designated subfund accounts must be clearly identified in the state budgeting and accounting system.

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

The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide electronically to the office of budget and program planning and to the legislative fiscal analyst: (1) on January 1 and at fiscal yearend, the actual personal services data, which must tie to the actual expenditures as recorded on SBAS; and (2) by November 1 and at fiscal yearend, the budgeted personal services data, which must tie to the operating plan for expenditure of funds appropriated in [this act] and in the pay plan as approved by the regents. The personal services data described in subsections (1) and (2) must include but is not limited to the following for each position number: program number, responsibility center, budgeted and actual salary and benefits, fund type, and FTE position title and position type.

FUNDING FOR MONTANA STATE UNIVERSITY AND THE UNIVERSITY OF MONTANA  
ALL CAMPUSES

	95 BIENNIUM	GOVERNOR'S RECOMMEND	CHE PROPOSED	ED SUBCOMM RECOMMEND
SIX MILL LEVY	\$30,855,631	\$27,687,000	\$27,687,000	\$27,337,000
1.5 MILL	1,800,000	2,014,000	2,014,000	2,014,000
TOTAL MILLAGE	\$32,655,631	\$29,701,000	\$29,701,000	\$29,351,000
GENERAL FUND	\$170,720,473	\$172,777,001	\$172,777,001	\$156,127,001 1)
<b>TOTAL STATE SUPPORT</b>	<b>\$203,376,104</b>	<b>\$202,478,001</b>	<b>\$202,478,001</b>	<b>\$185,478,001 2)</b>
TUITION BASE	\$132,009,022	\$145,148,637	\$145,148,637	\$141,758,309
FACULTY SALARY INCREASES-UTU		3,929,345	3,929,345	
FACULTY SALARY INCREASES-MUS			8,388,105	
ADDITIONAL MSU NON-RESIDENTS			4,230,906	
<b>TOTAL TUITION</b>	<b>\$132,009,022</b>	<b>\$149,077,982</b>	<b>\$161,696,993</b>	<b>\$141,758,309</b>
OTHER INCOME	\$1,655,526	\$1,675,468	\$1,675,468	\$1,675,468
<b>TOTAL ALL CAMPUSES</b>	<b>\$337,040,652</b>	<b>\$353,231,451</b>	<b>\$365,850,462</b>	<b>\$328,911,778</b>

- 1) Language in the 02/09/95 Subcommittee action allows the Regents to request a supplemental general fund appropriation of up to \$15.0 million for the biennium, less any tuition collected in excess of \$141,758,309.
- 2) General fund and tuition numbers presented on this schedule do not include funding for payplan.

The 8.5% increase from \$337.0 million to \$365.85 million covers a number of items:

1. The Montana University System will educate more resident students with no increase in state tax support--2,192 more resident FTE students in the 1997 biennium than in the 1995 biennium.
2. The Montana University System will educate an additional 443 non-resident FTE students in the 1997 biennium than in the 1995 biennium. Non-resident students do not receive state tax dollar support.
3. The increase is not expected to cover inflation during FY96 and FY97 but will help to offset the expected inflationary increases. The Higher Education Price Index has been averaging nearly 5% per year over the past 10 years.
4. Access, quality, and productivity enhancements such as those in the UTU agreement are included with corresponding salary increases. \$8.4 million will be held in escrow pending successful agreements at other MUS campuses.
5. Predictability in funding and a two-year tuition schedule are included in the budgeting process.

EXHIBIT 3  
DATE 2-15-95  
SB \_\_\_\_\_

HOUSE OF REPRESENTATIVES  
VISITORS REGISTER

Education SUB-COMMITTEE DATE 15 Feb. 1992  
BILL NO. H.B. 2 SPONSOR(S) Higher Education Issues

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Pete Joseph	MFT		

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

HR:1993

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CS-14