

MINUTES OF THE MEETING  
JOINT SUBCOMMITTEE  
ON EDUCATION APPROPRIATIONS  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

February 21, 1985

Tape 68 Side B

The meeting of the Education Subcommittee was called to order by Chairman Gene Donaldson at 7:10 A.M. on Thursday, February 21, 1985, in Room 104 of the State Capitol.

ROLL CALL: All members were present except Representative Moore, who was excused, and who joined the meeting later on.

The purpose of the meeting was EXECUTIVE ACTION and further discussion of the University System budget.

Chairman Donaldson said the University budget is complex. He said in working on all of the agency budgets, it has been the intent of the Subcommittee to address needs, knowing that down the road it may be necessary to take a different approach. The Subcommittee will attempt to address the University budget in this same way. He said a fair enrollment figure must be set. Not only dollar amounts must be considered, but also what is possible and realistic. The enrollment decline must be reflected, he said.

Chairman Donaldson said he is concerned regarding the General Fund relative to tuition. Both the schools and the students expressed their concern in this area. The feeling seems to be that tuition probably should go up, but that it should not free General Fund monies for other agencies. This is a legitimate argument, he said. There has been a great deal of discussion as to what level of funding should be approved, whether funding should be continued at the 95 percent area for support and 97 percent for instruction; or whether the move to 100 percent funding should be attempted. Chairman Donaldson said he thinks the Executive budget recommendation of funding at the 100 percent level is something that must be considered at this time.

Another area of concern is the Income and Interest money. It appears those are monies that cannot be appropriated, and if this is the case, then discussion of what should be done with those monies is in order, Chairman Donaldson said. He said it may be necessary to appropriate "phase-down" funds for Montana Tech because of the enrollment decline at that school.

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Chairman Donaldson said he and Vice Chairman Jacobson met with the analysts of the Legislative Fiscal Analyst's office and generated some tentative enrollment projections (EXHIBIT 1). The Commissioner's Office has projected a total enrollment of 26,554. The Commissioner's Office and the LFA are relatively close for 1986, and the tentative enrollment figure which was reached is 26,536 for 1986. For 1987, it was felt that some decline must be reflected. Basically, the difference between the LFA's 1987 projections and the Commissioner's 1987 figures was taken, and a figure of 26,251 was reached.

A discussion of the enrollment figures followed between the Subcommittee members and Pam Joehler, Legislative Fiscal Analyst's office (68:B:160).

Chairman Donaldson (68:B:171) further discussed the issue of General Fund versus tuition. Currently, about 65 percent of the budget is General Fund and 20 percent is tuition. In keeping with the philosophy that tuition should move up in relation to the other figures, he said it was decided to see what will happen if General Fund is reduced to 64 percent and tuition is increased to 21 percent. This, in effect, accomplishes what many people seem to think should be done, he said.

A discussion of the General Fund versus tuition issue followed between members of the Subcommittee (68:B:189).

Chairman Donaldson (68:B:227) said that keeping all of these issues and factors in mind, an attempt was made to see what happens if the move from 97 percent funding for instruction and 95 percent for support is made to 100 percent for both areas. He said now is the time to talk about quality. Whether or not it is possible to get to 100 percent funding must be considered. Can it be done in one step? With this in mind, it's possible to develop some figures to see how much it would actually cost. The philosophy is that an effort should be made to reach 100 percent, Chairman Donaldson said.

Chairman Donaldson (68:B:242) said there is \$970,000 in Income and Interest money, which has been discussed previously. Western Montana College (WMC) wants to use its money for the construction of a swimming pool. Eastern Montana Colleges's (EMC) money is committed; the University of Montana (UM) and Montana State University (MSU) both have I and I money available. Maybe the I and I money can be used to purchase computer hardware for these schools, he suggested. This is an issue that should be discussed further, he said.

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Chairman Donaldson (68:B:267) said that relative to the situation at Montana Tech, it is not unique to have to phase a unit of the University System through an enrollment problem. A figure of \$400,000 for the first year was proposed at one time, he said. Those figures need to be put together so it can be determined if they all fit.

Senator Jacobson noted that every issue is wide open to discussion, but an attempt is being made to lay out all the issues one by one for the Subcommittee.

Ms. Joehler (68:B:307) said the basic premise regarding enrollments is that they are going to go down. She said the general feeling is that NMC is showing a small enrollment increase. WMC is the only unit that met its enrollment level in 1985. MSU and UM will probably decline. At UM, there's a slight shift upward in 1986 and a significant drop in 1987. At Montana Tech enrollment is expected to drop. Ms. Joehler said that largely it is a judgemental decision as to the allocations among the units.

Jeff Morrison (68:B:341), Chairman, Board of Regents, said that enrollment estimating is not a fine art, but that the Commissioner's estimates have been closer than anyone else's. Chairman Donaldson pointed out that the LFA's revised enrollment figures are a compromise, which was driven by the concern that the downward trend in enrollments must be reflected.

Senator Jacobson said she doesn't have any better guess (on enrollments) than anybody else. She said she would like to see enrollments flattened out. As far as Montana Tech is concerned, it has been suggested that Tech's problems should be addressed in the same way as UM's enrollment problems were addressed previously, which is to set the enrollment figure as realistically as possible and then try to "cushion" the adjustment. She said she does not like the compromise enrollment figures, but she does not know a better way to come up with enrollment estimates.

There was further general discussion of the University budget, the enrollment issue and the state's fiscal problems among members of the Subcommittee and Representative Francis Bardanoue, Chairman, Appropriations Committee (68:B:415).

The Subcommittee returned to discussion of the I and I money (68:B:589).

Essentially, the Attorney General has ruled that the Legislature cannot appropriate I and I money, Chairman Donaldson

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said, so at this point there is a suggestion that the money be used to purchase computer hardware for the universities.

In response to questions from Senator Hammond and Representative Bardanouve, Ms. Joehler said the following amounts of I and I money are available: \$420,000 for each year - MSU; \$250,00 each year - UM; EMC and WMC - \$150,000 for each year.

There was discussion of the General Fund versus tuition issue between the Subcommittee members and Mr. Morrison (68:B:636).

Tape 69 Side A

Discussion returned to the I and I money.

Senator Haffey said, in summary, I and I money may be used as a source for UM and MSU to help meet computer needs. Computer requests have been received from the other campuses also, and the rest of the computer requests from MSU, UM and the other campuses would go up or down, depending on what action is taken in the next few days.

Mr. Morrison said at some point during the session it would probably be a good idea for Jack Noble (of the Commissioner's Office) to present a scenario on this situation. Chairman Donaldson said this is a good idea. The Subcommittee would not necessarily want to be involved in how these decisions are reached, but it should see the bottom line, he said.

Senator Haffey asked if \$400,000 will address the problems at Montana Tech adequately. Dr. Fred DeMoney, President, Montana Tech, said right away something will have to be done about 10 faculty members. Other areas also will be severely impacted. Senator Haffey asked if the \$400,000 will allow the school to satisfy its obligations under the faculty members' contracts. Dr. DeMoney said it will be necessary to make those (faculty) adjustments immediately.

Chairman Donaldson said the whole program will be impacted positively if in fact 100 percent funding for instruction is reached. Senator Jacobson said it seems premature to be discussing adjustments at this point. Until different enrollment projections are considered and it's decided what percent of the formula will be used, isn't it impossible to tell what is actually being done to Montana Tech? Dr. DeMoney said this is true and that Tech is also working with lots of different "if's". Senator Jacobson said she would prefer to wait until the numbers start to

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come together and Montana Tech can see what is really happening before any real decisions are made. Chairman Donaldson said the important thing to do right now is to set some directions.

Turning to the area of student/faculty ratios, Ms. Joehler said the LFA's office used a three-year average in the development of current level (69:A:158). Discussion of student/faculty ratios continued between Ms. Joehler and members of the Subcommittee.

The Critical Area Adjustment issue was discussed (69:A:180).

Chairman Donaldson said when the formula was adopted, in order to bring equity into the faculty, a substantial dollar increase was required. Therefore, in certain extremely critical areas--where it was especially difficult to hire qualified faculty because salaries were not competitive--a sum of money was folded into the budgets in order to relieve these particular problems. In other words, there was no across-the-board salary upgrade, but there was an increase in those areas where problems in hiring were pinpointed. That critical area adjustment money has been set aside each biennium and then put back in, but it hasn't ever been put in the base. One issue that should be addressed is whether or not this money should go back into the base, he said.

In response to a question from Representative Moore, Ms. Joehler said the amount of money actually involved in the critical area adjustment issue is \$894,000 per year. Senator Haffey said he thinks the only logical thing to do is to make the critical area adjustment money part of the base.

Discussion of the issue continued.

Senator Haffey (69:A:248) moved that the base, as discussed during the day's meeting be accepted, and that figures be developed from the base, and that the Subcommittee then work from those figures. The motion passed unanimously.

Following a short break, the Subcommittee turned its attention to the incremental budgets (69:A:303). The first area discussed was base adjustments for the physical plants.

Ms. Joehler called the Subcommittee's attention to EXHIBIT 2, "University-Proposed Base Adjustments to the Physical Plant Program". She said in fiscal 1984, Montana State University moved money out of the physical

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plant program and put it into other programs. By doing that the school lowered its expenditures in the physical plant program below the appropriated level. MSU is requesting that its base be restored to the FY 84 appropriated level \$264,465 for FY 86 and \$282,977 for FY 87 are the amounts that would be required in order to do this. The LFA's position is that this was a conscious decision on the part of MSU, and they should have known the ramifications of their actions, she said.

Generally speaking, the University of Montana, has a problem in the utilities area of plant operations, Ms. Joehler said. The major concern is that the inflation rates used for electricity by the LFA's office are not going to be sufficient to meet the actual cost. UM has provided additional information on this problem, and the problem is being considered by the LFA's office.

There are two areas of concern at Eastern Montana College. The first is an accounting error, and Ms. Joehler said this is probably a legitimate request that should be considered by the Subcommittee. The second concern is the inflation rate that is being used for natural gas. The adjustment from current level would be an increase of \$19,061 for FY 86 and a decrease of \$1,436 for FY 87.

For Northern Montana College, Refuse Disposal and Elevator Maintenance are modified requests. The school indicated that its water rates are being increased 100 percent, Ms. Joehler said.

Sib Clack, Office of the Budget and Program Planning, noted that the Executive budget allowed utility adjustments for MSU in the amount of \$27,267 per year at the Central Animal Laboratory only; there were no other adjustments allowed.

Dr. Tietz (69:A:513, President, MSU), said MSU transferred \$249,495 from its physical plant budget to its instruction budget.

There was further discussion of this issue between Dr. Tietz, Dr. Pickett, MSU, Mr. Nopper, MSU, Ms. Joehler, Ms. Clack, and members of the Subcommittee.

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Discussion of MSU's physical plant request continued.

Representative Moore (69:B:040) made a motion that \$264,465 for FY 86 and \$282,977 for FY 87 be added to MSU's physical plant base.

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Discussion of the motion followed.

Chairman Donaldson noted that his concern is whether or not the base was correct in the first place.

The motion to add \$264,465 for FY 86 and \$282,977 for FY 87 to MSU's physical plant base passed 6 - 1 with Representative Donaldson dissenting (69:B:110).

Regarding UM, Ms. Joehler (69:B:115) said the inflation rates are being re-considered by the LFA's office, and if there are changes, they will be across-the-board and will affect all of the schools. Chairman Donaldson said at this point it would be best to pass over UM's physical plant request.

Representative Hand (69:B:143) moved that the fiscal year-end accounting error be accepted and that \$35,113 for each year be added to the physical plant budget for EMC.  
The motion passed unanimously.

Representative Moore (69:B:176) moved that \$19,061 for FY 86 be added to EMC's physical plant base and that a reduction of \$1,436 for FY 87 be approved. The motion passed 6 - 0.

Senator Haffey (69:B:196) moved approval of addition of \$1,700 for FY 86 and \$1,800 for FY 87 for refuse disposal at NMC and an increase to the physical plant base of \$12,500 for each year. The motion passed unanimously.

NOTE: Due to recorder malfunction, there will be no more tape references.

Senator Haffey moved approval of \$6,100 for FY 86 and \$6,250 for FY 87 for elevator maintenance at NMC. The motion passed 6 - 0.

A discussion of WMC's physical plant request followed.

The Subcommittee next turned to the issue of New Space Adjustments (EXHIBIT 3). There was a discussion of MSU's Controlled Environment Facility.

Dr. Tietz noted that construction on the facility will begin soon and said MSU agrees with the LFA's time estimate on the construction.

Representative Moore moved approval of \$238,414 for FY 87 for the Controlled Environment Facility at MSU. The motion passed 6 - 0.

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A discussion of the Performing Arts/Radio-TV facility at UM followed. Ms. Joehler noted that the LFA's office made an accounting error and said UM's request for \$14,865 for each year for the facility is a reasonable request.

Senator Haffey moved acceptance of \$14,865 for each year for the Performing Arts/Radio-TV facility at UM. The motion passed unanimously.

Senator Haffey moved approval of \$180,000 for 1987 for the MCMST-Engineering Lab/Classroom facility at UM. The motion passed unanimously.

A discussion of public service expenditures followed (EXHIBIT 4).

Senator Haffey moved approval of the LFA's public service amounts for each unit, as set forth in Exhibit 4. The motion passed unanimously.

The meeting adjourned at 9:45 A.M.

  
Gene Donaldson, Chairman



VISITORS' REGISTER

Education Sub COMMITTEE

BILL NO. \_\_\_\_\_

DATE Feb. 21, 1985

SPONSOR \_\_\_\_\_

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Ken Heikes	EMC	✓	
Roy Turley	Tech - Butte	✓	
Nic Burt	Tech - Butte	✓	
Fred DeMoney	Tech - Butte	✓	
Neil Becklew	U of M	✓	
Steve Bennett	Com of Higher Ed	✓	
Jim Erickson	NMC	✓	
Bill Byars	NMC	✓	
Bruce H Carpenter	EMC	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

UNIVERSITY ENROLLMENTS

	CHEER.	PROPOSED	
	FY85	FY86	FY87
MSU	10,397	10,337	10,211
UM	8,174	8,213	8,099
EMC	3,515	3,531	3,494
NMR	1,710	1,737	1,737
WMC	879	875	873
MCNST	<u>1,879</u>	<u>1,843</u>	<u>1,837</u>
SYSTEM	<u>26,554</u>	<u>26,536</u>	<u>26,251</u>

UNIVERSITY - PROPOSED BASE ADJUSTMENTS  
PHYSICAL PLANT PROGRAM

-- Adjustment from LFI Current Level --

FY86

FY87

MSU

Natural Gas (MPC)	\$ 264,465	\$ 282,977
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UM

Utilities	187,166	249,386
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EMC

FYE Accounting Error	35,113	35,113
Natural Gas (MDU)	19,061	(1436) <sup>***</sup>

NMC

Refuse Disposal	1700	1800
Water	12,500	12,500
Elevator Maintenance	6100	6250

foot in fiscal 1987 is in line with the rent charged state agencies in the capitol complex. Therefore, no adjustment to Montana Tech's new space request is proposed.

The estimated completion dates on MSU's controlled environment facility have been delayed because the bid solicited in the fall of 1984 came in over the estimate. The LFA proposed adjustment in Table 12 anticipates a six-month delay for completion.

Finally, we propose the base adjustment for the Performing Arts and Radio/Television Building at the University of Montana be equal to one-eleventh of the adjustment provided for 1985, plus inflation. This adjustment is reflected on Table 12.

Table 12  
New Space Adjustments  
Agency Request and LFA Proposed

Unit/Facility	----- Agency Request -----		----- LFA Proposed -----	
	<u>Fiscal 1986</u>	<u>Fiscal 1987</u>	<u>Fiscal 1986</u>	<u>Fiscal 1987</u>
MSU-Controlled Environment	\$173,142	\$315,337	-0-	\$238,414
UM - Performing Arts/Radio/TV	14,865	14,865	8,075	8,559
MCMST-Engineering Lab/Classroom <sup>1</sup>	-0-	180,000	-0-	180,000
Total	<u>\$188,007</u>	<u>\$510,202</u>	<u>\$8,075</u>	<u>\$426,973</u>

<sup>1</sup> Includes a \$15,000 one-time moving cost allowance.

#### Issue 5: Computer Equipment Acquisition

Four university units have submitted requests for computer hardware acquisitions totaling \$2,706,774 in the 1987 biennium. The equipment will be used for academic and administrative purposes.

The requests are summarized in Table 13. MSU's total request of \$1,062,274 would provide \$767,136 for upgrading existing equipment, \$171,400 to complete a campus-wide computer network plan, and \$123,738 for additional maintenance costs. UM's \$1,000,000 request is for replacement of its DECSYSTEM-20 computer and to provide funds for capacity expansion. EMC's request for \$335,000 includes \$290,000 for the purchase of new equipment to supplement its existing

Table 1  
Program Expenditures by Unit  
1987 Biennium

Program	MSU	UM	EMC	NMC	WMC	MCHST	Total
<u>Fiscal 1986</u>							
Instruction	\$25,461,078	\$18,411,039	\$ 6,757,063	\$4,051,969	\$2,028,117	\$ 5,264,127	\$ 61,973,393
Support	13,947,626	10,847,802	4,727,207	2,127,491	1,119,727	3,668,115	36,437,968
Plant Operations and Maintenance	5,036,211	5,155,434	1,876,335	909,448	610,314	1,196,334	14,784,076
Research	570,756	430,489	-0-	-0-	-0-	42,060	1,043,305
Public Service	10,140	198,514	213,286	9,151	-0-	-0-	431,091
Scholarships and Fellowships	1,113,103	911,954	288,232	182,813	61,586	246,077	2,803,765
<b>Total</b>	<u>\$46,138,914</u>	<u>\$39,955,232</u>	<u>\$13,862,123</u>	<u>\$7,280,872</u>	<u>\$3,819,744</u>	<u>\$10,416,713</u>	<u>\$117,473,598</u>
<u>Fiscal 1987</u>							
Instruction	\$25,629,937	\$18,516,612	\$ 6,791,535	\$4,071,675	\$2,218,645	\$ 5,289,700	\$ 62,518,104
Support	14,181,268	11,028,786	4,805,801	2,163,347	1,138,605	3,728,983	37,046,790
Plant Operations and Maintenance	5,223,430	5,374,551	1,949,126	939,324	628,052	1,224,778	15,339,261
Research	572,430	437,211	-0-	-0-	-0-	42,980	1,052,621
Public Service	10,278	200,795	215,044	9,304	-0-	-0-	435,421
Scholarships and Fellowships	1,179,604	966,249	307,122	193,758	65,944	260,932	2,973,609
<b>Total</b>	<u>\$46,796,947</u>	<u>\$36,524,204</u>	<u>\$14,068,628</u>	<u>\$7,377,408</u>	<u>\$4,051,246</u>	<u>\$10,547,373</u>	<u>\$119,365,806</u>