

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - 2nd SPECIAL SESSION

#### SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By CHAIR RAY PECK, on July 7, 1992, at 10 a.m.

#### ROLL CALL

##### Members Present:

Rep. Ray Peck, Chairman (D)  
Sen. Greg Jergeson, Vice Chairman (D)  
Sen. Don Bianchi (D)  
Rep. Larry Grinde (R)  
Sen. H.W. Hammond (R)  
Rep. Mike Kadas (D)

Staff Present: Taryn Purdy, Senior Fiscal Analyst (LFA)  
Skip Culver, Associate Fiscal Analyst (LFA)  
Doug Schmitz, Budget Analyst (OBPP)  
Doug Schmitz, Budget Analyst (OBPP)  
Sylvia Kinsey, Secretary

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

Announcements/Discussion: CHAIR PECK said the committee would hear higher education and if possible take action on both days. Leadership has extended the time for subcommittee business to be completed until Wednesday noon but he said they may not need the extra time. He said they would start with the six units, and asked Commissioner Hutchinson to give his presentation.

#### POST SECONDARY EDUCATION

Commissioner Hutchinson gave a handout to the committee, EXHIBIT 1, and discussed the plight of the University System. He said there were four things he wished to bring to the attention of the committee:

1. A brief review of the results of the January special session
2. Review the developments in tuition in Higher Education
3. Review the Governor's recommendations for higher education and the summary of their concerns
4. Current thinking of the Board of Regents

He stressed the need for more flexibility in the system to help handle the financial shortages that were a result of this special session. He urged the committee members to remember that short-

term solutions might mean long-term problems. He said there is no incentive on the part of the Regents to raise the tuition more and cuts now will remain cuts, but wanted to reserve the right to review tuition.

**Dr. Bruce Carpenter, Eastern Montana College, Billings,** said they believed it necessary to assist the committee in the financial problem facing the state of Montana. They have been putting budgets together which was difficult since 74% of their budget is people. He discussed contracts, staff vacancies and cutting back on services such as cleaning etc. in an attempt to continue with quality education.

**Don Kettner, Dawson Community College, Glendive,** said they are working with the telecommunications nursing program. They will be on line with about four or five high schools and are on line with two of them now. He said the 4% cut in funding is drastic in terms of where they will make cuts. 92% of their budget is personnel and contracted services. He said that fortunately they have a little reserve fund remaining and they will continue to deliver services.

**CHAIR PECK** asked if the enrollment was up and **Dr. Kettner** told him it is up about 16% over what they were funded for. He said students are looking at the two year institutions as a highway to getting into the university system. They are up about 80% in their admissions.

**CHAIR PECK** asked at what point they cut off admissions and was told they did not cut them off at any point. He asked at what level they say they cannot handle any more students and **Dr. Kettner** said they would probably vote a special levy rather than deny students access to education. They had approximately 550 FTE and now have about 448.

**Commissioner Hutchinson** said they are taking some new steps, and gave the example of getting a fully transferable curriculum, and passed out a booklet entitled "Guide to the Transfer of Core Curriculum Courses in Montana's Colleges and Universities."

**CHAIR PECK** read an article about teaching loads and **Mr. Hutchinson** said any changes would have to be looked into carefully, since many of the required teacher courses were tied to collective bargaining. He said at Western and Northern they are at 12 credits, 24 per semester, and they did vary at some of the University campuses.

**Mr. Hutchinson** said one of their biggest concerns is in regard to the additional tuition money plus adjustments in half steps. The two year figures in the Executive budget suggest they no longer have a tent around them to apply the tuition, but they would have to remit a like amount to the general fund.

**CHAIR PECK** said it seems to say tuition revenues which are different than general fund revenues in terms of applying cuts. **Mr. Hutchinson** said they appropriate the tuition and their feeling is that they have additional students bringing their tuition dollars. He felt those tuition dollars should be used for the additional education for those students and not be a part of the general fund.

**CHAIR PECK** said the tuition dollars really should be instructional dollars and asked if there was any way to track it so they knew if that tuition money served the people who are buying it. **Commissioner Hutchinson** said it goes into tuition dollars and would be hard to track, except to say that it would be left on the campus where it was generated. **CHAIR PECK** referred to the School of Archeology and Law and said since they don't get a separate amount of money they should be able to track it. **A man** from MSU said they are tracking the use of it. There was discussion on super tuition and that students should be able to pay the same amount they would for other programs. **George Dennison**, President, MSU, said they do track the dollars in law school and the School of Pharmacy and the dollars do go to those schools.

**REP. KADAS** referred to the sheet (in exhibit 1) on a fair and accurate approach and asked if they used the executive methodology to figure it. **Mr. Hutchinson** said if that were used at \$3 million, if tuition should be used as an offset of costs, then it would be zero. **REP. KADAS** asked how the system would look at \$3 million in cuts and was told "relieved, after looking at what we are now. Some of the very severe consequences would not take place." They would have to go after some of their personnel, libraries, instructional equipment, etc. They would not be looking at closure of institutions etc. at this time. Exactly what would be cut he could not say at the present time. **CHAIR PECK** asked about the system-wide view of tuition for fall and **Commissioner Hutchinson** said system-wide they are looking at registrations and applications and they are up system-wide.

**CHAIR PECK** asked if they were seeing any decrease in enrollment. **Commissioner Hutchinson** said they have capped their enrollment at no more than 2% of what they had last fall.

**REP. GRINDE** referred to the first sheet (exhibit 1) under commitments of general fund and asked if they were federal or state legislature mandates. **Mr. Hutchinson** said most of them were the result of state legislation, some were federal adjustments.

**REP. GRINDE** asked if there were any electives on this list. **Mr. Hutchinson** said they were pretty much just obligations they have and there was not much flexibility.

**REP. GRINDE** said he was confused on the interpretation of some of these things. In the last general session they were given a

biennial increase of plus \$45 million. After the January special session the increase was still \$21 million for the biennium. If the sheet analysis of the executive budget at plus \$6 million and subtracted from it the \$21 million increase for the biennium, he would come up with plus \$14 million. Was that figure an increase of what the system received over the biennium? **Mr. Hutchinson** said if you stake the tuition against that, yes. If it is taken out, it would be less. They felt the obligations should be taken out.

**REP. GRINDE** said there are \$7 million to \$8 million in obligations, but there is tuition, half steps etc. If those figures are removed it is \$14 million. **Mr. Hutchinson** said that is the \$21 million.

**REP. GRINDE** said he was trying to understand this to make it possible to tell people in his district that the university is doing something. People are not real happy and feel that even after the special sessions there is still have an increase for this biennium over the last biennium. He was told that the increase is a blanket increase for all the additional obligations arrayed at the bottom of this sheet.

**REP. GRINDE** referred to programs that were specifically oriented toward senior citizens, veterans, etc. where the tuition was lower than for regular students. **Mr. Hutchinson** said they have a number of waiver students as well as senior citizens, Indians, veterans, students in the western undergraduate exchange program, students in WICHI, high school honorees, athletic waivers, etc.

**REP. GRINDE** asked why there are waivers to senior citizens. They might want more knowledge, but it is not used in the job market. He asked if they had looked at anything where there might be some minimal charges per credit. **Mr. Hutchinson** said Montana, unlike other states, does not have a large scholarship program but does offer special waivers. They would compromise their ability to underwrite education for people who are desirous of receiving it. The whole area is something the Board of Regents would be willing to look at. He did not know if senior citizens would be more vulnerable than others.

**REP. GRINDE** said he would like a list of the number of people who are using this waiver system. He said he wished they could give free education to everyone, but in reality, they need to concentrate their efforts. He asked if Higher Education had started any new programs or were any new graduate programs started at any of the facilities. **Commissioner Hutchinson** said they may have some changes, but no additional cost. They have been reluctant to bring on any new programs because they do not have the money for the current programs. He said Dave Toppen had put a graduate program in Great Falls from MSU, but at no additional funding cost.

**REP. GRINDE** said they, as Legislators, have started programs that are to be self-sustaining and when federal money is removed the Legislature has to support them. What other programs at the graduate level will be started?

**Commissioner Hutchinson** said they had two programs they would like to start. One is a two year high level program out of Great Falls Tech Center and they would use the facilities at Malmstrom Air Base. They have a number of things they would like to start, but it is not prudent at the moment. The Regents say no more programs unless one is out to free up the money from some other place. It is not a policy but the clear position.

**REP. GRINDE** said one of the things he has been hearing is that there are too many university campuses. While he did not agree, it is what people are saying. We just had a six mill levy for the Vo-Techs and Community Colleges. He asked, "Why did it go down?" **Commissioner Hutchinson** said they had talked about this frequently. Their opinion is that most people think Vo-Techs are held in great respect and think it is part of the Montana and national tax move. He said they have not come to the conclusion that Vo-Techs are not wanted or needed.

**REP. GRINDE** said he hoped in the future this committee looks at funding flexibility. This is going to be a tough move but there will be cuts. In the next January session they don't know where it will go. He hoped the Legislature would give more flexibility rather than micro-managing the university system. **Commissioner Hutchinson** said they have hoped for more flexibility. He said what they would like is to come to the Legislature with their best estimate of what was needed, be given a lump appropriation and then would account to the legislature on how it was spent.

**REP. GRINDE** said he believed in the lump sum and would work for it. **SEN. HAMMOND** asked **Commissioner Hutchinson** when the fee waivers were put in, and was told it was a long time ago, but did not know when. **SEN. HAMMOND** said he was aware of the others, but wondered why they needed to entertain senior citizens with fee waivers. He felt now, when they are reaching capacity in the system, it might be well to look at the fee waivers. **Commissioner Hutchinson** said the genesis behind the fee waivers for senior citizens in this state was like it was in other states, a reward for long terms of service and perhaps residence in the state. There are senior citizen discounts in many different areas. There is now an era of life-long learning. With the rapid technical changes in our society, there is no one particular age to get an education. Everybody should have a chance to have fulfillment of life all through the span of life. Those senior citizens dramatically enrich the higher education experience for faculty members and for traditional age students. He said he did agree that in these tough times they would have to take a look at it along with other fee waivers as well.

**CHAIR PECK** asked if a number of those fee waivers aren't in statute and was told yes. He said then the Regents would be recommending some action to the legislature on those, not trying to override statutes, and was told that was correct.

**SEN. BIANCHI** said the Executive says nearly \$7 million more is needed, but actually his recommendation was to cut more than 8%, it was about \$12.4 million in general fund operation. He asked if that was correct. **Commissioner Hutchinson** said he was not sure where the \$12.4 million came from. **SEN. BIANCHI** asked what kind of a cut the Governor recommended. **Mr. Hutchinson** said the Governor recommended the operational cut of \$6.7 million, now revised, plus the cut of a like amount for additional tuition plus the half steps etc. That comes to \$10 million, originally it was \$12.4 million, but that was back in the original budget book, and there the figure for the operational side was \$7 million plus. It has actually been reduced to \$10 million. **SEN. BIANCHI** asked what percentage cut that would be if the committee went with the Governor's budget and was told it would depend on how it was calculated. The LFA used 16.1% as the full cut. **SEN. BIANCHI** said then the Governor has asked the rest of state government to cut at the rate of 8% and higher ed to cut at the rate of 16%. **Commissioner Hutchinson** said yes, if the total cuts are included and don't net against the tuition.

**CHAIR PECK** said if they add back the tuition they raised, they don't get 16%. **SEN. BIANCHI** said then they are taking dollars out of students pockets and putting it into the general fund budget.

**SEN. BIANCHI** asked if they might agree to another \$5.8 million in cuts? That is putting some tuition money back in there. **Commissioner Hutchinson** said that does include some reductions in their cut as a result of the tuition and using the executive philosophy on that. They have taken the eleven unit cuts and stacked against it the eleven unit tuitions, so yes, the tuition is cut against it. **SEN. BIANCHI** asked if that is the tuition that was gained because of increased enrollment for tuition increases? **Commissioner Hutchinson** said no, there were three components to the Governor's recommendation: (1) an operational cut, and that is what we are talking about here; (2) no additional tuition for the additional students and (3) are the half steps etc. In calculating that first figure, they are looking at the additional tuitions that are the result of the intent language in the last special session, not for the 1561 new students that showed up on campus. It is those 747 tuitions they were talking about.

**REP. KADAS** asked if the fee waivers were statutory? He asked if they would cite whether the fee is statutory or regental in nature. He seemed to remember considering a bill **Sen. Regan** had in at one time that tried to consolidate all the fee waivers and put them under Regent's authority. He could not remember what happened to the bill and would like to know. The second issue

regards the half steps. In the last special session the legislature did provide some legislative intent direction to the Regents for what we thought was appropriate in regard to tuition increases. He said it appeared to him that the Regents abided by that in general, but took the half step question outside of that intent. He thought tuition had been increased beyond what legislative intent was in that circumstance. **Mr. Hutchinson** said he thought they had made an error in the way and extent in which they communicated that. For a long time, they have talked about the use of the half step, even during the last session as one possible way of curing that pay plan problem. He said he felt they had not communicated well with the Legislature, that it was something they were thinking about even prior to the January session. He pointed out that the Regents were upset with him as to whether they had gone beyond the Legislative intent. The Regent's position was that they had a severely underfunded pay plan, at that time they knew they were likely facing another short-fall, it was a revenue source he thought they had felt they had to legitimately look at. It is the position of the Regents that tuitions are under the aegis of the Regents, the tuitions, how much they charge and so on. They have to respect and obey Legislative intent, but in the final analysis they called the shot on that, and that was the position they took.

**REP. KADAS** pointed out that he felt this was clearly beyond the Legislative intent.

**CHAIR PECK** said in most states the Legislature is most active in setting tuition. He asked if there was any statutory authority for the Regents to set tuition, or was it just precedent? **Mr. Hutchinson** said he would have to do some examination of how it came to be and only knew it had been the practice for a long time.

**CHAIR PECK** said in regard to constitutional authority, to him it meant both the raising of the revenue and the budgeting of that revenue, and yet the University System has an independent way of getting revenue, via tuition. He suggested they think about it and they could get together and talk about it some time.

**Cordell Johnson, Board of Regents**, said he could not answer that specifically but thought the Regents felt it was within the purview of the constitutional provision, and did not know of any statute that gives the Regents the authority to set the tuition.

**Mr. Johnson** said he would like to speak about the half steps since he had made the motion that led to that decision. That was done apparently out of some ignorance at the time because it is a shared responsibility. They do have a great deal of power which was given to them by the constitution, but cannot do anything without Legislative appropriation. The half step raises \$1.6, and when they reconsidered it they said they would leave it as is because they were so short of funds from other sources.

**SEN. BIANCHI** said in the regular session they apparently underfunded the pay plan, and felt the general intent was for the University System to get the additional money through tuition increases. **Commissioner Hutchinson** said it was what they had been viewing all along, but felt they had not done a good job of communicating it widely enough. **SEN. BIANCHI** asked if it was in House Bill 2 to fund the underfunding of the pay plan through higher tuition and **Commissioner Hutchinson** said no. **SEN. BIANCHI** said he might be wrong, but that is how it was communicated to him, that the pay plan would be funded that way. **Commissioner Hutchinson** said he thought it was brought up in this committee and did not feel this committee was blind to that possibility.

**Rod Sunsted, Associate Commissioner**, said the \$5.7 million in tuition was intended to be an offset to the \$8.7 million of cuts. The issue of the underfunded pay plan recognized the shortage of the pay plan. That was a separate issue and had to be funded through tuition. The University System has historically had to fund the pay plan through tuition. If they need to do it next biennium, that is how they will have to do it.  
**EXHIBIT 2**

**CHAIR PECK** said he felt there was room for differences of opinion on the intent of the Legislature in regards to how the Regents would fund the pay plan.

**REP. BARDANOUE** said perhaps he had not listened too well during the session, but the 1/2 step decision came as a complete surprise to him. He felt if it ever went to court it would be completely illegal. It was clearly an appropriation of money beyond Legislative intent. **Commissioner Hutchinson** said they have looked at the legality of this. If what Mr. Sunsted said was true, there have been tuition dollars applied to the pay plan in the past and there is nothing illegal about it. All the policies required by the University System for any change, addition or adjustment in tuition were followed. The students had a chance to comment on it, there was an open public hearing on it before the Board of Regents and he felt they had satisfied their legal obligation. They do have the question going back and forth as to whether the Regents do have the authority to raise tuition, and feel there is no legal impediment to what they did. In regard to the half steps, the Legislature has changed that tuition structure repeatedly over the course of history. The Legislature has narrowed the flat spots, introduced half steps, etc.

**CHAIR PECK** suggested leaving this discussion until later and taking the presidents that **Commissioner Hutchinson** needed this afternoon in the Long Range Planning meeting.

**Dr. George Dennison, President, University of Montana, Missoula**, handed out **EXHIBIT 3**. He said the context for them is that they were funded for 8,282 students but have 9,514 FTE students on the campus. This has created some difficulties for them. He said he

would try to review briefly what they would have to do to accommodate the recommendations of the Executive budget. When he put this together he did not have the advantage of the change that was made recently reducing the \$12.4 million to \$10 million. His numbers will still relate to the \$12.4 million. He said for U of M this was about a \$800,000 difference. He discussed the charts in Exhibit 3 explaining his figures, and said it was a traumatic impact they have on the campus.

**CHAIR PECK** said recently the Board of Regents either froze or said there would be no administrative salary increases. He asked for clarification and **President Dennison** said they were deferred until after this session. In the event that it is actually continued, it would mean about \$200,000 that they can be put in here because the increases for the faculty has already been approved. They are under collective bargaining agreement and have been in place. If all the salary increases they have recommended for the contracted professionals and administrators were not provided, that would save \$200,000. He reminded the committee that the majority of the increases go to people who only make between \$17,000 and \$25,000, they are not paid a high salary.

**REP. KADAS** pointed out that President Dennison said the fair and accurate approach would only affect them by \$3.5 million as opposed to the \$4.5 million. His understanding is that the fair and accurate approach was the \$3.5 was a system-wide number. **President Dennison** said yes, but only in the operation. The fair and accurate approach deals only with the \$7 million so it cuts it in half, but then there is still have tuition.

**REP. KADAS** asked if the \$3.8 million affects the University of Montana more because of growth in FTE? **Dr. Dennison** said that was correct. The other two institutions affected by it are MSU and Tech. Dillon is affected, so it also affects small schools.

**REP. BARDANOUE** asked if the 2% cap was for the whole system or for each unit. He was told it is for the whole system, but it is applied to each campus. The cap is on each institution.

Some discussion was held on time schedules with Wednesday noon the deadline for subcommittee reports, Saturday to hear HB 2 on the floor and full committee on Thursday. It was decided to wait until 1 p.m. to hear Dr. Malone.

**Dr. Michael Easton, Western Montana College, Dillon,** said in the fall of 1987 they enrolled 270 freshmen, last fall they enrolled 479. Their FTE since 1987 has gone up 21.8%. In the fall of '87 they had a general fund appropriation of \$3,084,000 and this fall with the recommended appropriation reductions from the executive there would be a general fund appropriation of \$3,137,000. That is a \$52,000 increase in four years. He told of the measures they would have to take to handle the proposed cuts. He said the reduction for them is 8.48% from their total current unrestricted

general fund reduction. He gave examples of how many areas would have to be cut to meet this proposed reduction.

**CHAIR PECK** asked how many were on the faculty and was told 61.66 FTE. He asked for the dollar expenditure for the athletic program and was told \$475,000 last year. About \$80,000 is donated money and the general fund would be about \$400,000.

**SEN. JERGESON** asked if he had said they were butting up against the 2% cap the Regents have established with the anticipated enrollment increase? He was told yes. **SEN. JERGESON** said he had not yet had an institution in this round of legislative action that he has heard suggest they have declines in enrollment. Is the Legislature facing a big collision between the demand for the people in the state of Montana to access higher education and some program to deny or limit access? **Dr. Easton** said they have the capacity to handle another 150 students and would encourage their enrollment to go to that level, but with the system moving in the direction it is, they will have to have limits. If the funding does not increase, they can't accommodate any more students, nor be able to meet the needs of the current students as well.

**SEN. JERGESON** said it seems the more they talk about limiting enrollment, the more people apply to get in.

**SEN. BIANCHI** asked what kind of contractual agreement there is with the athletic program? Could the \$400,000 just be cut off and saved, or do you have contractual agreements making it impossible to do it this year? **Dr. Easton** said all the coaches are on contract for this year, all the fee waivers that are allocated to athletes are signed, all the schedules are set. They would either pay or forfeit. This could be done a year from now, but it is not something that could be done this year.

**CHAIR PECK** asked if they had any coaches that do not teach any classes. **Dr. Easton** said they had one, in basketball, but he actually teaches one physical education class. The woman's coach teaches both volleyball and basketball.

**Dr. Lindsay Norman, President, Montana Tech, Butte** said many of the concerns mentioned by his colleagues apply also to Montana Tech. They are currently dealing with about 12% unbudgeted students. They are serving those students, adding sections and part-time adjunct faculty to deal with and furnish the courses for those students. They are looking at about a 22% increase in application and admissions for this coming fall. He said they are seeing a broader spectrum of students, which happens in hard economic times when older students come back for more education, perhaps a second degree which is more marketable to get a job. He said they are not at this time, identifying any program eliminations, and especially at the smaller units, this becomes a very serious decision.

**Dr. Norman** passed out **EXHIBIT 4**. He said he had identified the areas in which they would take the cuts, and identified the three levels of cuts. He explained the exhibit to the committee and said the 20% reduction would affect ten to fifteen people and about 340 students. It would probably eliminate night courses and evening courses. They would have to defer repairs and maintenance and hope nothing breaks down.

**CHAIR PECK** said he noticed in the LFA book that Tech is sort of at the bottom in terms of percent of tuition as compared to their peers among the six units. **Dr. Norman** said there is an explanation for that--with Tech's very specialized program, almost 80% of the students are in a professional degree program, their students are in relatively high-cost programs. He felt if they were to go to the universities and pull out their professional programs such as architecture and engineering, chemistry etc. and relate on a one-on-one basis there would be about the same tuition covering about the same total cost. He said they suffer in comparison with those degree programs because they are so much a part of the total, and Tech does not have low cost programs.

**CHAIR PECK** said this statistic is showing in comparison with other peer institutions they are collecting a lower percent of tuition compared to those peers. **Dr. Norman** said this says two things, on the revenue side and the expenditure side. It says, since they only have three peers they are compared to, it is easy for some distortion to get into those comparisons. Colorado School of Mines on almost every level not only get more, but spend more. They have so much more tuition received, but also spend more. In looking at the tuition in New Mexico Tech and South Dakota Technicians, MT Tech suffers a little there on the percentage side, and the reason is that the state pays so much more cost per student. Compared to those two institutions, MT Tech compares favorably. Colorado is the one where we do not.

**CHAIR PECK** said your graduates will normally go out at a higher starting salary than most other graduates, won't they? **Dr. Norman** said the engineering graduates are among the highest salaries.

**Dr. Edward Ruppel, Director, Bureau of Mines and Geology**, gave a handout, **EXHIBIT 5**. He said this did not show the effect of inflation, and when they are added in, it would wind up at almost a 35% budget reduction. He discussed the seriousness of the cuts in jeopardizing the contracts they have and will have a major effect on the operation of the bureau.

**CHAIR PECK** asked if the staff people get additional salary from those contracts and was told generally no. Some are on a soft contract and can collect extra dollars for extra work.

**Dr. William Daehling, President, Northern Montana College, Havre** gave **EXHIBIT 6**, as a handout to the committee. He said it is an

analysis similar to the one President Dennison handed out earlier. He explained the exhibit to the committee. He said on the top line there is a variance, it shows the FTE they were budgeted for and the amount of money generated by an excess FTE from 1637 up to 1672. That figure was \$218,579 which they got permission to spend. Originally the Legislature set their appropriated FTE at 1565. In the closing hours of the Legislature, a modified was approved for about \$613,000 for the biennium that recognized the FTE they were currently generating in their off campus program in Great Falls. They were actually funded at a level of 1637 but the revenue generated by those additional FTE was not recognized and that is why that figure is \$218,000 in excess revenue and is not shown in the budget book.

**CHAIR PECK** asked when they arrived at these percentages for FY '93 in comparison with peers, are they comparing reduced figures to appropriated figures of peers?

**Laurie Neils, Director of Accounting and Budget** said that was based on the most recent study they did which was an '89 expenditure and the inflation appears to be 5% per year, so it is off the '89 comparison.

**CHAIR PECK** said these percentages for FY 93 are taking the reduced recision amount for our units and comparing them to appropriated amounts of their peers? **Ms. Neils** said they are comparing them with actual expenditure amounts of their peers based on the '89 expenditures and inflated up to the current year.

**CHAIR PECK** said he did not feel the figure was as accurate as it could be since it was a very difficult figure to get. Many other states are in serious financial straits at this time, and these are talking about FY '93 comparisons. California has an \$11 billion deficit on a \$60 billion budget and have hiked up their tuition and fees. Other states that Montana does peer comparisons with are in the process of doing this. He would suggest all the figures they have looked at may not be very valid figures. **Dr. Daehling** pointed out one of the peer states is Idaho and they have received more money in their base budgets, increased money for programs etc. Colorado he has not heard much about, New Mexico had some increase in their general fund budget and Oregon Institute of Technology and he believed they had just received about a 10% roll back in their appropriated funds.

**CHAIR PECK** asked what happened to your vice president and was told that she had taken a job as provost in the Oregon Institute of Technology.

**SEN. JERGSON** asked what happened to the Director of Nursing and was told she had taken a job as associate dean in an institution in Chicago. Both positions have considerable more money than they were making at Northern--up to \$18,000 difference.

**CHAIR PECK** asked the OBPP and LFA to go through their report now since the procedure was reversed to accommodate the University System.

**Ilo Jones-Delo**, OBPP thanked Ms. Purdy for keeping up with the tables as changes occur. She said figures change rapidly and they appear to have a moving target. They have had some changes, and believed they had received an amended-for-subcommittee, item E-5, **EXHIBIT 7**. This incorporated some of the changes on **Ms. Purdy's** spread sheet (**EXHIBIT 8**, handed out later). She commented that they had been striving to arrive at parity across all agencies for all cuts over the total biennium. In looking at the education cuts made to the University System and other educational institutions, she reminded the committee the cuts had to be considered over both years of the biennium as a total 8% cut against both years. Many of the cuts are lumped into the second year because that is the way they came into this situation. She said with these cuts for the University System and the other educational agencies, they would like to encourage the subcommittee and the finance committee as a whole to allow maximum flexibility to the University System to apply these cuts where they will cost the least amount of pain. She said they are not recommending specific cuts for the specific units. They would like to see the Regents given the opportunity to use their discretion in applying these budget reductions.

**SEN. BIANCHI** said he did not understand the 8% per year and asked if Ms. Jones-Delo was saying they are cutting the University System 8% per year or 8% for the biennium? He was told they were aiming at an over-all cut of 8% for the biennium. They did not get many cuts in the first year of the biennium in the special session, and they are trying to average the 8% over the biennium.

**SEN. BIANCHI** asked if they had cut more than that. **Ms. Jones-Delo** said because of the tuition replacement, yes. **SEN. BIANCHI** asked if the administration is willing to take tuition dollars and put them into the general fund to help balance the general fund budget. **Ms. Jones-Delo** said that is exactly what is taking place.

**CHAIR PECK** pointed out this was not a new policy, it has always happened, and was a matter of degree.

**REP. KADAS** said he had a question on methodology. The intent seems to go back to the base line of something that was originally in HB 2, then amended in HB 2 via vacancy savings requirements, then amended again in HB 509 because of the underfunding aspects of 509, then was amended again in special session actions. He asked what is so sacred about the original base in HB 2. **Ms. Jones-Delo** said she did not know.

**REP. KADAS** said his concern is that OBPP is going back to that point, then offsetting all the adjustments that have happened. Essentially the offsetting says none of those decisions made in

the past were made in any kind of rational context and that the base they should be cutting is the original way the bill looked rather than how it looks now. He felt it was much more appropriate to cut what the base is now rather than the base in March 1991 and making all these adjustments. The adjustments seem to be motivated to protect certain areas and to get at certain other areas. He said he did not see the rational justification for the methodology used in the executive's across the board cutting. **Ms. Jones-Delo** said she was not here in the last general session, and could not respond to that.

**SEN. BIANCHI** said it bothered him when the Legislature cuts and requests the region to raise tuition to cover some of the cuts they made and then turn around and take those same tuition increases and take that away and put it in the general fund. **Ms. Jones-Delo** agreed this was very difficult. **SEN. BIANCHI** said he felt this was a breach of faith.

**CHAIR PECK** said the staff from OBPP is not here to defend the recommendation of the Governor, they are here to tell us what the Executive branch is recommending. He felt they should not be put on the spot in terms of defending the action of the Governor.

**REP. KADAS** said in regard to the E 5 amended for subcommittee **EXHIBIT 7**, there are two areas of concern to him. The first is the \$3.8 million that shows up as the '92 tuition budget amendment and how the budget office recommends that some of that be mitigated. The \$500,000 that is supposed to be applied to pay plan underfunding. He was curious why it was applied against the \$3.8 million as opposed to putting that over into the amended page 11 general fund operating budgets under the column "underfunding pay plan".

**Mr. Schmitz** said after discussion with Commissioner Hutchinson and Rod Sundsted from the Commissioner's office concerning the underfunding of the pay plan and the use of the tuitions for the operational portion of the increased student loans at the various campuses, etc., it was agreed there was a portion of the underfunding of the pay plan and they plugged in \$500,000 at that point in time and made the changes for this item versus changing the charts in the executive budget that would have affected the percentages for all the other state agencies on page 11 of the executive budget.

**REP. KADAS** asked how that would have affected the percentages? **Mr. Schmitz** said the bottom line total. **REP. KADAS** said to keep their former chart neat, they didn't want to put the U system in there? **Mr. Schmitz** said not to change that one, but the effect it would have on all the other items that were also on that chart. **REP. KADAS** said he could see how it would change the numbers in the column total. **Mr. Schmitz** said it would also affect the amount of reductions in the U system versus what other agencies would be picking up in lieu of. They tried to maintain the same bottom line. If they reduce the U system then someone

else will have to pick up the difference. **REP. KADAS** asked if they felt they had to maintain the total of a negative \$1.8 million in underfunding pay plan. **Mr. Schmitz** said it was a total of \$8.861 million in total reductions. They were changed to that and it is a combination. **REP. KADAS** asked how changing the \$8.861 affect all the other numbers? **Mr. Schmitz** said whatever amount is lowered the \$6.766 is going to increase the rest of them to maintain the same bottom line, assuming the bottom line is the target line they hope to achieve in the reduction process. **REP. KADAS** said the bottom line is \$8.861. He was told yes. He then asked how they arrived at that number as the bottom line for target reductions. **Mr. Schmitz** said they were given that figure.

**REP. KADAS** said it makes a considerable difference, the impact on the institutions as to which way it is done. The original \$3.8 million is allocated to the institutions based on the number of additional FTE; the across-the-board cuts are based on the number of budgeted FTE and there will be totally different numbers when they intermix them. Methodology changes the impact on individual institutions. **Mr. Schmitz** said none of their considerations were centered around individual specific campuses. It is an aggravate dollar amount put into HB 2 in the Commissioner's office with the Commissioner and the Board of Regents allocating to the various campuses as they deem necessary for them to continue their operations.

**REP. KADAS** asked how they arrived at the \$.5 million as the amount the pay plan was underfunded. **Mr. Schmitz** said in talking to Commissioner Hutchinson and Mr. Sundsted it was agreed there was an underfunding amount of the pay plan between \$.5 million to \$1.5 million. That \$.5 million is a figure that is arbitrarily pulled out of the air at this time because there was no definitive amount of underfunding in the pay plan. Coming out of the '91 session HB 509 did not contain monies for the Commissioner's office nor the Vo-Tech centers. The monies that were allocated to OBPP that were for distribution to the other executive branch agencies, a portion of that money was taken out to pay the Vo-Techs and the Commissioner's office part of their pay plan.

**REP. KADAS** asked if there was a line in HB 509 that allowed for other funds to make up the difference in the unfunded pay plan and **Mr. Schmitz** said he was not sure. **CHAIR PECK** said he thought **SEN. BIANCHI** had checked that and said it was in 509. **Mr. Schmitz** said 509 has a line item for the University System. A part of the problem is that it did not address what the identity of the University System was to include the Vo-Tech centers and the Commissioner's office.

**REP. KADAS** said he had spent about three weeks trying to figure out the 8% methodology and the conclusion he had come to is that it is not a methodology, it is an attempt to focus cuts in particular areas and not focus cuts in other areas. He could not

find a rational justification for the methodology. **CHAIR PECK** asked what he meant by areas. **REP. KADAS** said he thought the administration tried to focus the majority of the cuts on the University System and exempt agencies, primarily the legislative branch. He thought they may have managed to get the Judiciary in here but felt they had to remain somewhat consistent to do that. He also felt the administration wanted to protect certain executive branch offices, particularly the Governor's office.

In answer to a question from the chair, **REP. KADAS** said it was the University system as a whole and did not think there was any thought to get at the differences between the institutions, it was to get the whole bundle. If that is what the administration wanted to do in the first place, he felt they should have done that rather than to create that end by a "so-called" objective methodology meeting their 8% mechanism. He said in both the subcommittee and the full committee he would resist any attempts to use the 8% methodology, and thought we were much better off in making an across the board cut of any kind, to start with existing budgets as they are now after all the actions that have taken place. In looking at an across-the-board cut, if there are exceptions to be made in particular departments, then they can do that.

**CHAIR PECK** said if **REP. KADAS** had a difference with the University System and other agencies because the cuts put on earlier session they recovered to some extent with tuition and other agencies could not recover. **REP. KADAS** said he agreed and was not counting tuition as cuts. **CHAIR PECK** said he felt the committee was getting into the issue of appropriation and revenue, and trying to bring the two together when they are really two distinct things in the budget operation.

**REP. KADAS** said he felt if the administration wanted to cut the University System they should have been up front and done so, and if they didn't want to cut someone they should have said they have been cut too much and would leave them alone. **CHAIR PECK** said he agreed with what he was saying and wanted him to have the opportunity to express himself.

**Taryn Purdy, LFA**, handed out **EXHIBIT 8** entitled Table 15, revised impact of budget reductions on Montana University System Appropriations and explained the tables.

**REP. KADAS** said he would prefer to start where the budgets are now after all the actions from the regular and special session and do across the board reductions from that point. He asked if **Ms. Purdy** could work out some sheets for some different percentage level cuts on that base.

**CHAIR PECK** suggested if they received \$100 million for the year and cut that 10%, restored 8% with tuition which would leave them with a \$2 million cut which is 2%. 2% would be a pure cut and only that 2%. **REP. KADAS** said this would make the base \$98

million. The subcommittee working from that \$98 million base would have a variety of proposed cuts, could have the numbers and see the impact by campus and by institution. They could decide what percentage could be taken.

**CHAIR PECK** said the fact that where that money comes from is irrelevant if you are looking at cuts.

**REP. GRINDE** asked if agencies didn't take the same cut, did he intend to carry this over to agencies also? **REP. KADAS** said he was not going to abide by the revised 8% "hit list" recommended by the budget office. He felt the methodology is wrong. If across-the-board cuts in agencies would take place, then they ought to do it on something like they are doing here. He said his preference is to do program cuts in agencies. He knew it was difficult, but felt at some point they would get into some kind of across the board cuts to achieve a particular level of cuts.

**REP. GRINDE** said there was quite a difference in what was done to universities and agencies in the last special session. After the last special session there was an actual increase for the biennium. If you take K-12 or use the Governor's office, those people did not get any kind of increase over the biennium to start with, whereas with the University System they had an increase and they took a decrease. He did not know how this could be compared. **REP. KADAS** said he felt if **REP. GRINDE** wanted to make the case that the University system should be a cut approximately the same as the agencies. Since the University System didn't get cut as much as the agencies in the last special session, then he argued for a higher cut in the University System now and a lower cut in the agencies now, using the base he was talking about.

**REP. GRINDE** said if there is to be fairness in this budget, that should be the approach as far as agencies go. Determining who got the cuts last time and who didn't and try to do that proportionally. He felt that would determine whether they took a 2% cut or a 4% cut out of an agency, but it was reasonable to start from where they left off, rather than last January.

There was further discussion on which base was to be used and **CHAIR PECK** suggested this was a debate for executive session.

**SEN. JERGESON** asked if **Ms. Purdy** would calculate from 1% to 10% using the general fund amount and not cutting tuition as the base. He explained his position by giving an example. **Ms. Purdy** asked for some procedural information which was discussed.

#### MONTANA STATE UNIVERSITY

**Dr. Michael Malone, President, Montana State University, Bozeman** said he would spend less time on tuition since it affected them the same as the other agencies, and would focus more on the Agricultural Experiment Station and the Extension Service. He

would explain how they were currently impacted and how they would adjust to the executive branch's proposed cuts. The institution is doing reasonably well, even though it is existing on something of a financial margin. Students are being well placed, MSU now ranks second with 800 employees, the faculty now ranks about 90th out of about 2500 research universities in America, mainly with federal grant activities of about \$22 million. They have been in a fairly consistent cutting mode since 1986. If the focus is narrowed to just 1993 for MSU proper, not the agencies, they have already cut \$1.2 million from the 1993 budget. They have returned \$2.9 million to the general fund for 1993 and as they look at their constraints as a university, it would appear that about 60% of their budget is locked in, primarily in long-term contracts with at least a one year notice required. He said they face cuts to \$4.5 million on MSU which is not including the \$1 million plus for the building.

**Dr. Malone** said the total cuts including those that have now to be made in this context in the Agricultural Experiment Station would be \$642,000 and Extension Service \$252,000. He pointed out with the locked in contracts it would mean cutting the three areas they have been cutting in 1993. One is the classified hourly personnel pool, a pool of about \$8.4 million. The groups of employees there range from custodians to secretaries, technicians, etc. This range of classified employees vary in how much notice they legally have to be given which is from 30 days to about 90 days. The second area they would have to cut would be in non-tenure faculty, and that pool of dollars is about \$1 million. He said the largest and most complex of the three, is operations and capital. At MSU this is a \$12.4 million budget. A breakdown of that budget is \$3 million for utilities, \$250,000 for insurance, \$1.4 million in the area of scholarships with about \$.4 million of those mandatory, and the amount they spend on senior citizens and fee waivers is \$4,000. A large part is graduate scholarships etc., and when you carve on them the students are being carved out. \$1.5 million is in library capital and we now rank 50th in the states in public funding for its libraries. There is \$2 million in computing, \$4 million is supplies, communications, professional travel etc.

**Dr. Malone** said the cut already made for the Extension Service is \$82,500 which is 2.7% of the general fund and the next target would be another \$170,000, another 6.4% so the total extension cut if these proposals stand would be about 9.9%.

**SEN. HAMMOND** asked how many area supervisors they have in extension and was told four. He said they have received federal funding with telecommunications technology that should let them consolidate, and thought the middle tier of management could be increasingly handled from the Bozeman campus. He said if they have to cut the county offices the field supervisors will be cut accordingly. He felt telecommunications will bring reorganization and closing the county offices would be a very heavy dose.

**SEN. HAMMOND** said as far as the off-site block there was a good deal of effort on the part of some county agents to get the farmers and agribusiness to take care of the test plots and felt it could be pushed much further. **Dr. Malone** said when they went around the state last summer regionalized research plots were a high priority. Some discussion was held on the economic value of the research plots, and the variation in soil, moisture, etc. over the state.

**Pat McCleary, President of Associated Students, University of Montana, Missoula** introduced other members of the Associated students and said they did not accept the Governor's proposals. He said this is a tax on the students, it is a user fee, and thinks the proposed use of this as a backfill is unconstitutional.

**Laurie DeRosier** discussed how this proposal affects students across the state. She is a non-traditional student, and said while tuition is increasing dramatically federal aid and grants are not. The amount of loans students are taking have also increased dramatically. She said at Eastern they had a decline in enrollment at campus, yet the annualized amount of loans in 1990 would have been about \$450,000 and 1991 it was over \$2 million. Those are close estimates, but it shows the loans are up by four times and much of the money is at higher interest rates. She said at the present time about 80% of their graduates are staying in the state.

**REP. GRINDE** mentioned the "peer thing" and said it was not only confusing but he considered it a "boon doggle". One of the students stated they are equal to peers in regard to tuition, and said if he remembered correctly in the last special session there was testimony that they were way under peers on tuition. **Mr. Hutchinson** said he felt it was a fair statement that they were under our peers in the last special session. The most recent data they have is '89 data and are now in the process of collecting the '91 peer data. **Dr. Dennison** gave interesting information this morning that indicated, at least in the case of U of M, which would also be true of MSU, our tuitions are now exceeding our peers. Legislative intent in the special session was to increase by 7 and 47 in an effort to get us to the level of their peers, they always knew that was an estimate and now they are roughly at or slightly ahead of peers on tuition.

**REP. GRINDE** asked a hypothetical question on peer averaging. He said he knew they had to have comparisons, but they put in money to bring them up to a peer position, and both again have to climb to meet them. He asked if this peer level is a never ending process? **Commissioner Hutchinson** said he was correct, it is a sort of never ending process in the sense that the costs of higher education have been historically rising as have tuitions. The situation in the region is beginning to get wobbly because there are many peer states that are under going some severe funding problems along with Montana, so the target may still be

moving, but might be slowing down a little. He confessed that he was not entirely enamored with the peer approach himself, he felt it was a "sinister" event entered into in partnership with the Legislature. He thought there was a great sentiment in both camps to consider moving away from a rigid attachment to the peers in terms of funding. He said he thought the point was well taken and he would be open to that consideration. He said while there were always bench marks, it may be time to break away from the peer concept.

**REP. GRINDE** said he would like a breakdown of the placement of students in the state by the six units, and an overall statement of how we are doing with placements as far as jobs go. He said he had been asked how we treat out-of-state tuition and how they can come into Montana and get Montana citizenship and then go on Montana tuition rates as opposed to some states where you are locked into an out-of-state status for the four year period.

**Commissioner Hutchinson** said that is an accurate characterization. Montana, in looking at national standards, has liberal procedures for gaining Montana residency. If the student is no longer a dependent of his or her parents and comes to Montana and does the appropriate things to start the process moving such as drivers license, registers a car in Montana, pays Montana income tax, etc., after a year's period of time that student can gain Montana residency. He said they are looking at examining the residency problem with an eye toward making it more difficult to gain Montana residency. They have not decided what the final outcome will be, but the most severe case would probably be no residency while enrolled as a student.

**REP. GRINDE** asked if any numbers had been run on this as to cost and **Commissioner Hutchinson** said he was not aware of any particular data on that.

#### COMMUNITY COLLEGES

**Dr. Judson Flower, President Miles City Community College** said he felt the committee was aware of the fact that they benefit from local sharing of their budgets. He said the local share has been a burden over the past few years, but in times like these it becomes a blessing. The 8% cut in effect, will amount to about 4% for them because they don't take the recision on the local side as well. In the last session the state's share tried to move up to 51% and then 55%, because of the recisions, this past year was at 49% and he did not know where it would shake out this next year. Even though the recision is moderated by the local share, they are still taking a hit on the state's share in regard to the state pay plan. He said they have seen substantial increases in enrollment over the past few years. Last year their increase was about 19% and felt some of it was attributed to all the talk about capping enrollment and the more restrictive enrollment requirements, in addition to the fact that their tuition is at a lower level. He said they are receiving fewer actual dollars per student than they were budgeted for under the

funding formula five years ago. If the inflation factor is included there is another erosion of 15% to 20% at the same time. He said there are many things they are required to do today that was not the case a few years ago such as handicapped access, federal financial aid requirements on reporting and follow up, much of which has to do with GSL which are bank granted loans for which they have nothing to say about except for all the paper work that goes with the follow up. He said such things as recycling was meritorious in their own realm, but they add to the cost of operations without adding to the quality of education. He referred to the telecommunications project they have undertaken with Dawson Community College to have nursing which is an exemplary program which they launched themselves out on, and have an obligation to keep up with it. He said their contracts and benefits in their operation are about 82% and operate under school district laws which means those have to be in place as of April 1. Their ability to benefit by having the local share is diminishing as they came into conflict with I 105. He said they had slipped through the cracks and were the only proponent of education K through graduate school that is still impacted by I 105 and it hinders their ability to keep pace.

**CHAIR PECK** asked what their mill levy was doing? **Dr. Flower** said it is up to the maximum now. They were slightly below it last year and will be at it this next year. Their millage for that levy is about 44 mills on the county tax payers. **CHAIR PECK** asked what the projection for enrollment looked like for next year and was told the signs are that it would go up a little but hoped it would not be a major thing. They are nearly out of physical space and are nearly bogged down on what they can handle.

**Dr. Howard Fryett, Flathead Valley Community College, Kalispell** said they operate in Kalispell with a branch campus at Libby. They were granted 987 FTE by the Legislature this last biennium, are operating at about 20% above that at about 1200 FTE, increasing that rate at about 8% per year. Tuition has increased by a little over 30% in the last two years. One of the reasons for doing so is because of the 20% student loan in excess of 987 FTE appropriated by the Legislature. Another reason is that they have been impacted by I 105 since 1987 and are backfilling that with tuition for a number of additions. This means that they are operating at a fund level of about 1987. If the cut of \$125,000 which the executive budget seems to indicate will be taken, they will have to put something into effect on the campus. About 87% of their budget is personnel costs and benefits.

**SEN. HAMMOND** asked what the Legislature had done last time because of being up against I 105. **Dr. Flower** said the legislature had made an attempt to help but it didn't work out.

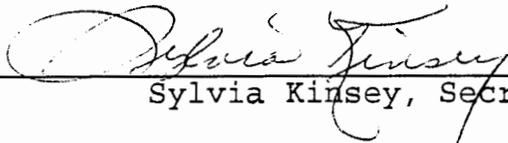
**REP. KADAS** said we tried to raise the state's share instead of increasing the dollar amount per student because they thought it would be more beneficial to them because of I 105.

**CHAIR PECK** said they would take the Vo-Techs tomorrow since they could not finish the hearing today with only half the committee and the Senators had to leave. He announced the committee would meet again at 9 a.m. the next day.

ADJOURNMENT

Adjournment: 4:30 p.m.

  
\_\_\_\_\_  
REP. RAY PECK, Chair

  
\_\_\_\_\_  
Sylvia Kinsey, Secretary

RP/sk



**SUMMARY OF  
TUITION ADJUSTMENTS DURING  
THE 1993 BIENNIUM**

- 1. By Legislative intent in HB 2, for FY 93, resident tuitions were increased \$7/credit hour and non-resident tuitions were increased \$47/credit hour.**

**\$5, 178,760**

- 2. The Montana Higher Education Systems experienced an FTE increase of 1561 students over the budgeted FTE. These students cost the State nothing but yielded additional tuitions in the amount of:**

**\$3,819,653**

- 3. In order to fully fund the pay plan, the Regents authorized removal of the "half steps" in the tuition structure and a narrowing of the "flat spot" for the vo-tech centers, which provided:**

**\$1,598,175**

EX. 1  
4-4-90

**ANALYSIS OF EXECUTIVE BUDGET RECOMMENDATIONS**

**Original Budget Book (p. 11)**

<b>Higher Education General Fund</b>	<b>\$132,375,048</b>
<b>8% Hit (The Target)</b>	<b>\$ 10,590,004</b>
<b>What Executive Thinks We Cut</b>	<b>\$ 3,563,114</b>
<b>HB2 Vacancy Savings = \$1,194,697</b>	
<b>January Special Session = \$2,368,417 (6-unit cuts minus 11-unit tuition)</b>	
<b>What Executive Thinks We Owe</b>	<b>\$ 7,026,890</b>

**Revised Budget Book (p. 11)**

<b>Higher Education General Fund (Student Assistance Removed)</b>	<b>\$127,316,129</b>
<b>8% Hit (The Target)</b>	<b>\$ 10,185,290</b>
<b>What Executive Thinks We Cut</b>	<b>\$ 4,739,888</b>
<b>HB2 Vacancy Savings = \$1,194,697</b>	
<b>January Special Session = \$3,545,191 (11-unit cuts minus 11-unit tuition)</b>	
<b>What Executive Thinks We Added (FY92 Fee Increase, so-called Misc. Funding Shift)</b>	<b>\$ 1,321,114</b>
<b>What Executive Thinks We Owe</b>	<b>\$ 6,766,516</b>

## THE PROBLEMS WE SEE WITH THE REVISED BUDGET BOOK

1. The Miscellaneous Funding Shift (\$1,321,114) is an FY 92 figure on an FY 93 schedule
2. There are other troublesome things about the way the Miscellaneous Funding Shift has been handled:
  - a. The Executive seems to admit that it shouldn't have been added and seeks a way to subtract it
  - b. Selected the \$3,819,653 in additional tuitions against which to subtract it (the rationale is not clear)
3. The Executive has agreed that our Pay Plan is underfunded and seeks to credit our cuts \$500,000. (Other agencies receive full credit for underfunded Pay Plan)

The calculations so far:

	\$3,819,653
-	<u>\$1,321,114</u>
	\$2,498,539
-	<u>500,000</u>
	<u>\$1,998,539</u>

4. The \$3,819,653 is absolutely needed to educate 1561 additional students. This is a fraction of the cost to educate these additional FTE and therefore should remain untouched.
5. \$500,000 doesn't even begin to touch our underfunded Pay Plan:

3604 employees x \$3,157 = \$11,376,912 (full funding)

Pay Plan appropriation = \$ 9,324,526

Amount of underfunding = \$ 2,052,386

## THE PROBLEMS WE SEE WITH THE REVISED BUDGET BOOK

1. The Miscellaneous Funding Shift (\$1,321,114) is an FY 92 figure on an FY 93 schedule
2. There are other troublesome things about the way the Miscellaneous Funding Shift has been handled:
  - a. The Executive seems to admit that it shouldn't have been added and seeks a way to subtract it
  - b. Selected the \$3,819,653 in additional tuitions against which to subtract it (the rationale is not clear)
3. The Executive has agreed that our Pay Plan is underfunded and seeks to credit our cuts \$500,000. (Other agencies receive full credit for underfunded Pay Plan)

The calculations so far:	\$3,819,653
	- <u>\$1,321,114</u>
	\$2,498,539
	- <u>500,000</u>
	<u>\$1,998,539</u>

4. The \$3,819,653 is absolutely needed to educate 1561 additional students. This is a fraction of the cost to educate these additional FTE and therefore should remain untouched.
5. \$500,000 doesn't even begin to touch our underfunded Pay Plan:

3604 employees x \$3,157 = \$11,376,912 (full funding)

Pay Plan appropriation = \$ 9,324,526

Amount of underfunding = \$ 2,052,386

### AN ACCURATE AND FAIR APPROACH

Higher Education General Fund	\$127,316,129
8% Expected Hit (The Target)	\$10,185,290
What We Think We Cut (If we buy the argument that tuitions should be counted against our cut)	\$ 6,792,275
HB2 Vacancy Savings = \$1,194,697	
January Special Session = \$3,545,191 (11-unit cuts minus 11-unit tuition)	
Underfunded Pay Plan = \$2,052,386	
True Miscellaneous Fund Shift	\$ 124,396
What We Might Agree That We Owe	\$ 3,517,411

### BUT

If one looks strictly at the General Fund reductions, higher education has cut roughly \$11,971,034 which is 9.3% - well above the 8% target.

### FURTHER

According to the LFA analysis, the aforementioned cut plus elimination of additional tuitions from 1561 additional students plus elimination of change in tuition structure (half-steps and flat spot) brings the total higher education General Fund cut to 16.1%.

EX. 1  
7-7-92

MONTANA UNIVERSITY SYSTEM  
PROPOSED REDUCTIONS  
GOVERNOR'S EXECUTIVE BUDGET  
JULY 1992 SPECIAL SESSION

ALLOCATION OF \$6,766,516 GF REDUCTION

	FY93 GF	% of GF	FY93 GF REDUCTION	BA TUITION REDUCTION	OBPP ADJ	OBPP ADJ	1/2 STEP/FS REDUCTION	TOTAL REDUCTION
msu	35,483,104	30.19%	2,042,706	894,000	(410,233)	(150,942)	513,439	2,888,968
um	27,975,099	23.80%	1,610,482	2,435,674	(413,203)	(119,004)	489,143	4,003,092
emc	10,478,264	8.91%	603,217		(107,981)	(44,574)	157,801	608,463
nmc	6,097,122	5.19%	351,002	218,579	(68,151)	(25,937)	67,417	542,910
wmcum	3,474,899	2.96%	200,044	96,400	(50,468)	(14,782)	42,884	274,078
tech	7,308,793	6.22%	420,756	175,000	(114,495)	(31,091)	81,147	531,317
blvtc	1,228,066	1.04%	70,698		(20,144)	(5,224)	48,469	83,799
buvtc	1,487,273	1.27%	85,620		(17,838)	(6,327)	25,947	87,402
gfvtc	1,610,434	1.37%	92,710		(29,770)	(6,851)	51,953	108,042
hvtc	1,964,938	1.67%	113,118		(28,235)	(8,359)	56,625	133,150
mvtc	2,018,058	1.72%	116,176		(26,349)	(8,585)	63,350	144,593
aes	99,126,050	84.33%	5,706,528	3,819,653	(1,286,867)	(421,674)	1,598,175	9,415,815
es	7,784,797	6.62%	448,158		(33,116)	(33,116)		380,795
fces	2,986,365	2.54%	171,920		(12,704)	(12,704)		159,217
bureau	1,731,029	0.62%	42,084		(3,110)	(3,110)		38,974
fsts	1,324,039	1.13%	76,223		(5,632)	(5,632)		70,590
che	233,460	0.20%	13,440		(993)	(993)		12,447
cc	1,290,362	1.10%	74,284		(5,489)	(5,489)		68,795
	4,062,612	3.46%	233,878		(17,282)	(17,282)		216,596
	117,538,714	100.00%	6,766,516	3,819,653	(1,321,114)	(500,000)	1,598,175	10,363,230

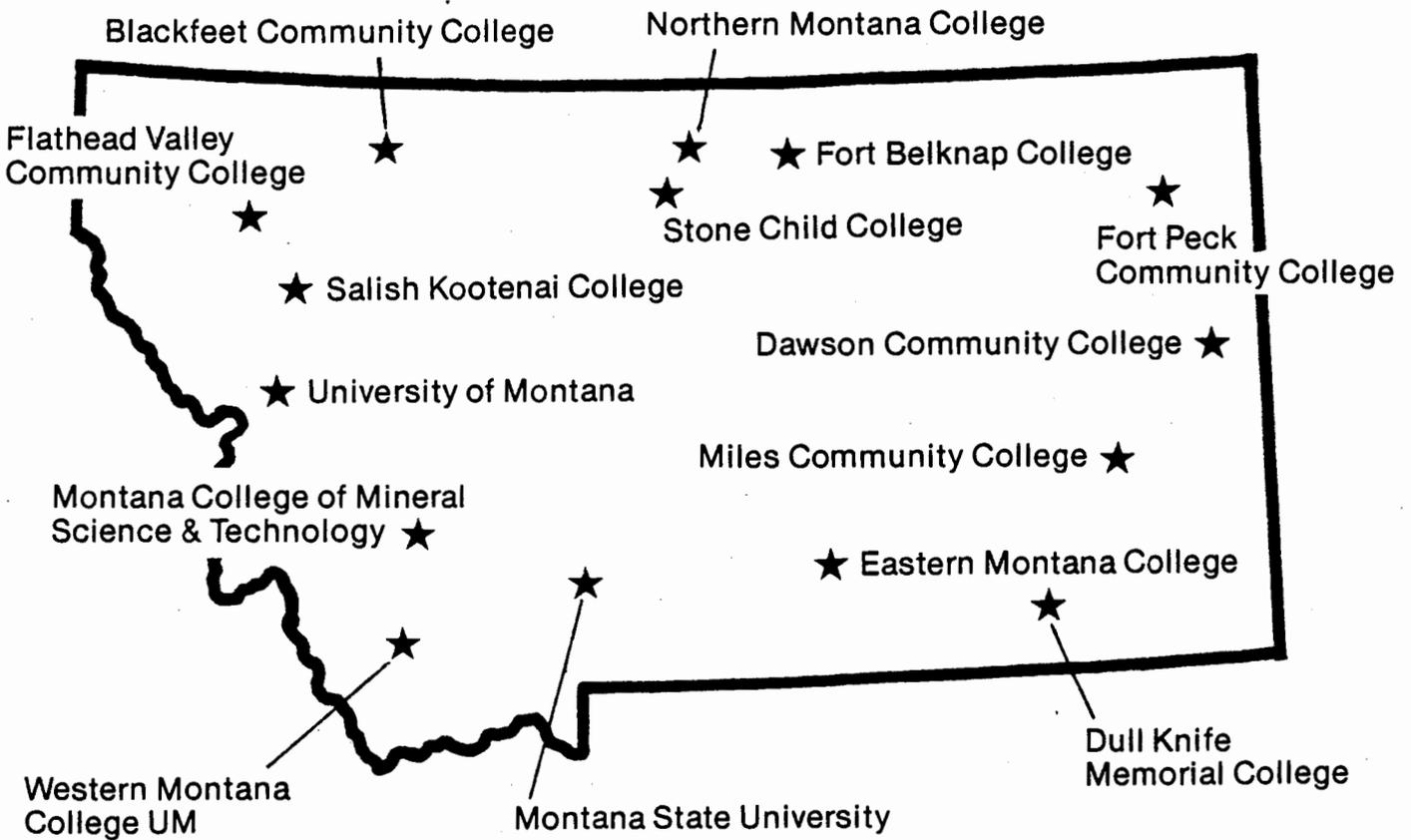
MONTANA UNIVERSITY SYSTEM  
 PROPOSED REDUCTIONS  
 GOVERNOR'S EXECUTIVE BUDGET  
 JULY 1992 SPECIAL SESSION

ALLOCATION OF \$3,517,411 GF REDUCTION

	FY93 GF	% of GF	FY93 GF REDUCTION	BA TUITION REDUCTION	1/2 STEP/FS REDUCTION	TOTAL REDUCTION
msu	35,483,104	30.19%	1,061,852	894,000	513,439	2,469,291
um	27,975,099	23.80%	837,170	2,435,674	489,143	3,761,987
emc	10,478,264	8.91%	313,568		157,801	471,369
nmc	6,097,122	5.19%	182,460	218,579	67,417	468,456
wmcum	3,474,899	2.96%	103,988	96,400	42,884	243,272
tech	7,308,793	6.22%	218,720	175,000	81,147	474,867
bivtc	1,228,066	1.04%	36,751		48,469	85,220
buvtc	1,487,273	1.27%	44,507		25,947	70,454
gfvtc	1,610,434	1.37%	48,193		51,953	100,146
hvtc	1,964,938	1.67%	58,802		56,625	115,427
mvtc	2,018,058	1.72%	60,392		63,350	123,742
	99,126,050	84.33%	2,966,402	3,819,653	1,598,175	8,384,230
aes	7,784,797	6.62%	232,964			232,964
es	2,986,365	2.54%	89,369			89,369
faces	731,029	0.62%	21,876			21,876
bureau	1,324,039	1.13%	39,623			39,623
fstcs	233,460	0.20%	6,986			6,986
che	1,290,362	1.10%	38,615			38,615
cc	4,062,612	3.46%	121,576			121,576
	117,538,714	100.00%	3,517,411	3,819,653	1,598,175	8,935,239

*Placed  
add 2  
7/1/92*

**GUIDE TO  
THE TRANSFER OF  
CORE CURRICULUM COURSES  
IN MONTANA'S COLLEGES AND UNIVERSITIES  
Academic Year 1992-93**



**Distributed July, 1992  
by the Office of the Commissioner of Higher Education  
State of Montana**

THE UNIVERSITY OF MONTANA  
 ANALYSIS OF FY 92 & 93  
 GENERAL FUND RECISSION

CHART 1

*lyk 3  
 E. J. Scott Com*

<u>FY 92</u>	
General Fund Appropriation	\$30,098,370
FY 92 Recission (Operational reduction)	<u>(\$451,183)</u>
Revised General Fund	<u><u>\$29,647,187</u></u>

<u>FY 93</u>	
General Fund Appropriation	\$30,647,110
1st Session Recission	(\$2,672,011) 1

Executive Budget Recommendation:

Tuition from Enrollment increase	(\$2,435,674)	
FY 93 1/2 Step Tuition	(\$489,143) 2	
UM Allocation of \$7,026,890	<u>(\$1,596,184)</u>	
Sub Total 2nd Session Proposed	<u>(\$4,521,001)</u>	
Total Proposed Recission:		<u>(\$7,193,012)</u>

Proposed General Fund Appropriation: \$23,454,098

- 1 \$7/\$47 Tuition Increase offset the recission by \$1,849,024 resulting in a operational reduction of \$822,987.
- 2 Elimination of 1/2 step tuition rate will generate \$489,143 in tuition dollars in FY 93.

The University of Montana  
 Analysis of  
 General Fund Recissions  
 7/2/92

	FY 92		FY 92		1st Session		FY 93		Proposed	
	Appropriation	Actual	FY 92	Recission	FY 93	Recission	FY 93	Estimated	FY 93	Estimated
FTE	8,282	9,514	9,514	9,514	8,282	9,514	9,514	9,514	9,514	9,514
General Fund HB 2 & HB 509	\$30,098,370	\$30,098,370	\$29,647,187	\$29,647,187	\$27,975,099	\$27,975,099	\$27,975,099	\$27,975,099	\$23,454,098	\$23,454,098
Tuition & Fees	\$12,554,693	\$14,990,367	\$14,990,367	\$14,990,367	\$14,892,860	\$19,187,504	\$19,187,504	\$19,187,504	\$19,187,504	\$19,187,504
Millage	\$4,012,172	\$4,012,172	\$4,012,172	\$4,012,172	\$4,094,528	\$4,094,528	\$4,094,528	\$4,094,528	\$4,094,528	\$4,094,528
Total	\$46,665,235	\$49,100,909	\$48,649,726	\$48,649,726	\$46,962,487	\$51,257,131	\$51,257,131	\$46,736,130	\$46,736,130	\$46,736,130
General Fund Expenditure Per FTE	\$3,634	\$3,164	\$3,116	\$3,116	\$3,378	\$2,940	\$2,940	\$2,940	\$2,465	\$2,465
Tuition Expenditure Per FTE	\$1,516	\$1,576	\$1,576	\$1,576	\$1,798	\$2,017	\$2,017	\$2,017	\$2,017	\$2,017
Other Expenditure per FTE	\$484	\$422	\$422	\$422	\$494	\$430	\$430	\$430	\$430	\$430
TOTAL Expenditure/FTE	\$5,635	\$5,161	\$5,113	\$5,113	\$5,670	\$5,388	\$5,388	\$5,388	\$4,912	\$4,912
Peer Institutions	\$6,684	\$6,684	\$6,684	\$6,684	\$7,018	\$7,018	\$7,018	\$7,018	\$7,018	\$7,018
Percent of Peers	84.3%	77.2%	76.5%	76.5%	80.8%	76.8%	76.8%	76.8%	70.0%	70.0%

THE UNIVERSITY OF MONTANA  
ANALYSIS OF APPROPRIATION CHANGES  
FY 1992

	Student FTE	General Fund	Tuition & Fees	Millage	Total 1992	Expenditure Per FTE
HB2 and HB509	8,282	30,098,370	12,554,693	4,012,172	46,665,235	5,635
Pre Special Ses. I	9,514	30,098,370	14,990,367	4,012,172	49,100,909	5,161
Special Ses. I	9,514	29,647,187	14,990,367	4,012,172	48,649,726	5,113
Percent Change from HB2 & HB509 to:						
Pre-Special Session I		0.00%	19.40%	0.00%	5.22%	(8.41%)
Special Session I		(1.50%)	19.40%	0.00%	4.25%	(9.26%)
Percent Change from Pre-Special Session I to Special Session I		(1.50%)	0.00%	0.00%	0.92%	(0.93%)

LX.  
7-7-90

**THE UNIVERSITY OF MONTANA**  
**ANALYSIS OF APPROPRIATION CHANGES**  
**FY 1993**

	Student FTE	General Fund	Tuition & Fees	Millage	Total 1993	Expenditure Per FTE
HB2 and HB509	8,282	30,647,110	12,554,693	4,094,528	47,296,332	5,711
Pre-Special Session I	9,514	30,647,110	19,187,504	4,094,528	53,929,142	5,668
Special Session I	9,514	27,975,099	19,187,504	4,094,528	51,257,131	5,388
Executive Budget Recommendation	9,514	23,454,098	19,187,504	4,094,528	46,736,130	4,912
Percent Change from HB2 and HB509 to:						
Pre-Special Session I		0.00%	52.83%	0.00%	14.02%	(0.75%)
Special Session I		(8.72%)	52.83%	0.00%	8.37%	(5.66%)
Executive Budget Recommendation		(23.47%)	52.83%	0.00%	(1.18%)	(13.99%)
Percent Change from Pre-Special Session I to Special Session I						
Executive Budget Recommendation		(23.47%)	0.00%	0.00%	(4.95%)	(4.94%)
Percent Change from Special Session I to Executive Budget Recommendation						
		(16.16%)	0.00%	0.00%	(8.82%)	(8.83%)

THE UNIVERSITY OF MONTANA  
ANALYSIS OF APPROPRIATION CHANGES  
BIENNIAL TOTAL

	Student FTE	General Fund	Tuition & Fees	Millage	Biennial Total	Expenditure Per FTE
HB2 and HB509	16,564	60,745,480	25,109,386	8,106,700	93,961,567	5,673
Pre-Special Session I	19,028	60,745,480	34,068,581	8,106,700	102,920,761	5,409
Special Session I	19,028	57,622,286	34,068,581	8,106,700	99,797,567	5,245
Executive Budget Recommendation	19,028	53,101,285	34,068,581	8,106,700	95,276,685	5,007
Percent Change from HB2 and HB509 to:						
Pre-Special Session I		0.00%	35.68%	0.00%	9.53%	(4.65%)
Special Session I		(5.14%)	35.68%	0.00%	6.21%	(7.54%)
Executive Budget Recommendation		(12.58%)	35.68%	0.00%	1.40%	(11.74%)
Percent-Change from Pre-Special Session I to:						
Special Session I		(5.14%)	0.00%	0.00%	(3.03%)	(3.03%)
Executive Budget Recommendation		(12.58%)	0.00%	0.00%	(7.43%)	(7.43%)
Percent Change from Special Session I to:						
Executive Budget Recommendation		(7.85%)	0.00%	0.00%	(4.53%)	(4.54%)

## Resident/Non Resident Tuition and Fees at Peer Institutions

	AY 1992		AY 1993	
	Resident	Non-Resident	Resident	Non-Resident
Northern Arizona University	1,528	6,180	1,590	6,242
University of Idaho	1,236	3,746	1,296	4,196
University of Nevada - Reno	1,104	4,404	1,308	5,358
New Mexico State University	1,594	5,290	1,756	5,686
Utah State University	1,680	4,662	1,821	4,983
University of Wyoming	1,293	4,097	1,430	4,502
University of North Dakota	2,145	5,253	2,166	5,274
North Dakota State University	2,248	5,716	2,033	5,141
PEER AVERAGE	1,604	4,919	1,675	5,173
The University of Montana	1,588	4,039	1,905	5,629

THE UNIVERSITY OF MONTANA  
FY 93 RECISSION

CHART 5

	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E
TARGET	(\$4,521,001)	(\$4,521,001)	(\$4,521,001)	(\$4,521,001)	(\$4,521,001)
REVENUE INCREASES					
Millage	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Tuition	0	700,000	1,050,000	1,400,000	2,100,000
Per SCH	\$0	\$3.00	\$4.50	\$6.00	\$9.00
Estimated Revenues:	\$300,000	\$1,000,000	\$1,350,000	\$1,700,000	\$2,400,000
EXPENDITURE REDUCTIONS					
Vacancy Savings	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Utility Savings	236,000	236,000	236,000	236,000	236,000
Operating Expenses (5%)	402,000	402,000	402,000	402,000	402,000
Section Reductions	1,200,000	1,200,000	1,000,000	550,000	
Hiring Freeze	175,000	175,000	175,000	175,000	
Admin/Staff Furlough	560,000				
Operations Reductions	1,298,001	1,158,001	1,008,001	1,108,001	1,133,001
Benefits Savings					
Fee Waivers					
Equipment Fee					
Termination Pool					
Telephone Savings					
Reduced Travel					
Staff Development					
Other Savings					
Estimated Reductions:	\$4,221,001	\$3,521,001	\$3,171,001	\$2,821,001	\$2,121,001
BALANCE	\$0	\$0	\$0	\$0	\$0
Notes	1,2,3,4,6,7,8	1,2,3,4,6,7,8	1,2,3,5,6,7,8	1,2,3,6,7,8	1,2,3,7,8
TUITION					
Increase per FTE per AY:	\$0	\$84	\$126	\$168	\$252
Proposed					
Incidental Resident	\$1,288	\$1,372	\$1,414	\$1,456	\$1,540
Mandatory Resident	\$617	\$617	\$617	\$617	\$617
Total Resident	\$1,905	\$1,989	\$2,031	\$2,073	\$2,157
Incidental Non-Resident	\$4,928	\$5,138	\$5,054	\$5,096	\$5,180
Mandatory Non-Resident	\$701	\$701	\$701	\$701	\$701
Total Non-Resident	\$5,629	\$5,839	\$5,755	\$5,797	\$5,881

Notes:

- 1 The utility savings were realized during FY 92 and targeted for deferred maintenance during FY 93.
- 2 Some operations reductions will occur because of reduction in sections -- e.g. benefits -- others require reduced services.
- 3 The increase allocated for operating expenses will be rescinded.
- 4 Since each section costs roughly \$4,500 per semester, this plan requires the elimination of 270 sections involving 9,100 students.
- 5 Since each section costs roughly \$4,500 per semester, this plan requires the elimination of 220 sections involving 7,500 students.
- 6 Since each section costs roughly \$4,500 per semester, this plan requires the elimination of 120 sections involving 4,200 students.
- 7 The hiring freeze will apply to all administrative and staff positions.
- 8 The furlough will apply to staff and administrative positions and will be accompanied by granting an additional day of annual leave to be redeemed after July 1, 1993.

# MONTANA TECH



*Ed Sub-Com*  
*2/4/92*  
*11/7/92*

Butte, Montana 59701  
(406) 496-4129

Office of the President

## MONTANA TECH

### POTENTIAL BUDGET REDUCTIONS FOR FY1993

PROPOSED EXECUTIVE BUDGET REDUCTIONS = \$673,167

#### LEVEL I REDUCTIONS

APPROXIMATELY \$265,000

- 5% operating budget reductions (to 1986 levels) (includes all academic, student services, physical plant and athletic budgets)
- ABET capital equipment purchases eliminated
- partial hiring freeze (3-5 positions)
- reduce financial aid awards to 10-30 students
- eliminate deferred maintenance in FY1993
- reallocate library budget modification
- 20% reduction in part-time/adjunct faculty (about 17 sections/340 students affected; eliminates most night/evening courses)

#### LEVEL II REDUCTIONS

APPROXIMATELY \$225,000

- additional financial aid reductions for 10-20 students
- additional 3% operating budget reductions (to 1983 levels) (includes staff reductions in athletics, learning center and other student support areas)
- complete hiring freeze
- layoff of classified staff - up to 5 positions (secretarial/clerical/janitorial/physical plant/hourly)
- additional 20% reduction in part-time/adjunct faculty
- eliminate Hazardous Waste Program for one year

#### LEVEL III REDUCTIONS

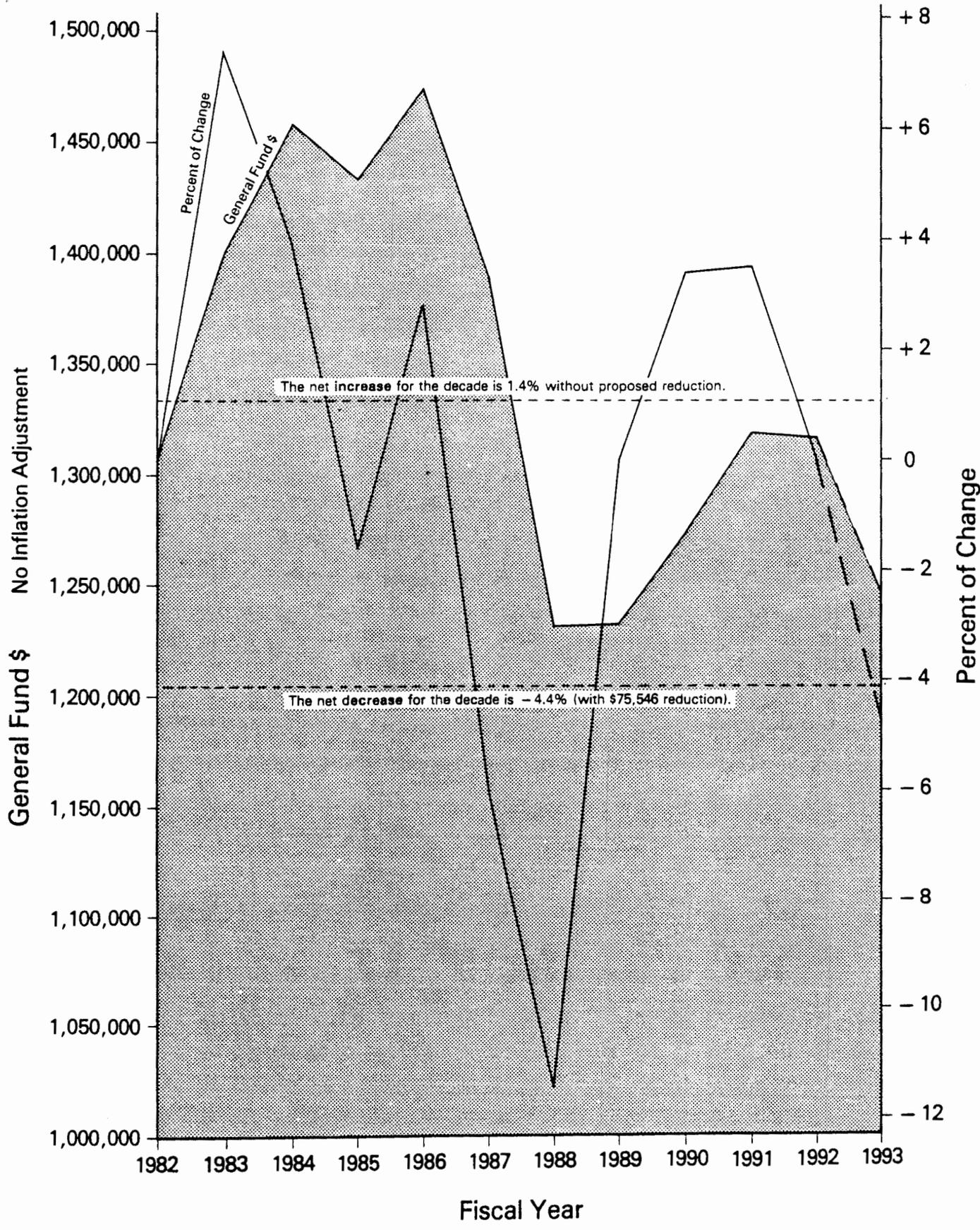
APPROXIMATELY \$180,000

- reduce and/or defer regular plant maintenance
- expand layoffs to 10 or more positions (library/administration/plant engineers/craftsmen)

**TOTAL**

**\$670,000**

201 Sub Com  
4/15/92



	General Fund	% Increase*
FY82	\$1,305,378	-0-
FY83	1,402,562	+ 7.4%
FY84	1,456,909	+ 3.9%
FY85	1,433,821	- 1.6%
FY86	1,474,042	+ 2.8%
FY87	1,390,651	- 6.0%
FY88	1,232,850	- 11.4%
FY89	1,233,523	-0-
FY90	1,274,915	+ 3.4%
FY91	1,318,925	+ 3.5%
FY92	1,317,759	-0-
FY93 (decrease)	1,248,493	- 5.26%

The net increase for the decade is 1.4% without proposed reduction.

The net decrease for the decade is - 4.4% (with \$75,546 reduction).

\* No adjustment for inflation.

11/17/92  
 Ed. Sub. Com.

NORTHERN MONTANA COLLEGE  
 Analysis of  
 General Fund Recissions  
 7/6/92

	FY 92 APPROPRIATION	FY 92 ACTUAL	FY 92 RECISSION	FY 92 EXECUTIVE	1st SESSION FY 93 RECISSION	FY 93 ESTIMATED	PROPOSED FY 93 EXECUTIVE	FY 93 ESTIMATED
FTE	1,637	1,672	1,672	1,672	1,637	1,655	1,637	1,655
GENERAL FUND								
HB 2 & HB 509	\$6,417,067	\$6,417,067	\$6,323,363	\$6,323,363	\$6,097,122	\$6,097,122	\$5,463,241	\$5,463,241
TUITION FY 92 COLLECTIONS	\$1,844,155	\$2,042,650	\$2,042,650	\$2,042,650			\$218,579	
TUITION FY 92 TRANSFER				(\$218,579)			\$2,185,949	
TUITION FY 93 COLLECTIONS					\$2,185,949	\$2,308,640		\$2,308,640
MILLAGE & OTHER	\$761,137	\$764,466	\$764,466	\$764,466	\$779,629	\$779,629	\$779,629	\$779,629
TOTAL	\$9,022,419	\$9,224,183	\$9,130,479	\$8,911,900	\$9,062,700	\$9,185,391	\$8,647,398	\$8,551,510
GENERAL FUND								
EXPENDITURE PER FTE	\$3,920	\$3,838	\$3,782	\$3,782	\$3,725	\$3,684	\$3,337	\$3,301
TUITION	\$1,127	\$1,222	\$1,222	\$1,091	\$1,335	\$1,395	\$1,469	\$1,395
EXPENDITURE PER FTE	\$465	\$457	\$457	\$457	\$476	\$471	\$476	\$471
MILLAGE & OTHER								
EXPENDITURE PER FTE	\$5,512	\$5,517	\$5,461	\$5,330	\$5,536	\$5,550	\$5,282	\$5,167
TOTAL EXPENDITURE/FTE	\$6,404	\$6,404	\$6,404	\$6,404	\$6,724	\$6,724	\$6,724	\$6,724
PEER INSTITUTIONS								
PERCENT OF PEERS	86.1%	86.1%	85.3%	83.2%	82.3%	82.5%	78.6%	76.8%

Amended for Subcommittee

Item E5: Reduce General Fund for University Tuition Not Approved By Legislative Finance Committee

General Fund Savings: \$ 1,998,539

Action: Amend HB2, replacing \$1,998,539 of FY93 general fund with a like amount of tuition revenue.

Summary: The Legislative Finance Committee (LFC) voted unanimously at its April 7, 1992, meeting that the FY92 Montana University System budget amendments for authority to spend an additional \$3,819,653 of student fees and tuition revenue did not meet the statutory budget amendment criteria. At the next Board of Regents (BOR) meeting following the LFC action, the BOR approved the amendments under the authority granted in 17-7-102(4)(f) and 17-7-404(5), MCA.

This unanticipated 1993 biennium revenue was generated by actions of the BOR taken prior to the beginning of FY92, when tuition/fee increases were adopted which, when combined with student FTE increases, generated approximately \$10 million. Of this amount,

- o \$1,321,114 was used for increased FY92 pay over and above HB509 and elimination of vacancy savings imposed by the 1992 regular session;
- o \$3,819,653 was amended into the FY92 operating budgets of MUS after the April 1992 LFC meeting;
- o \$1,321,114 remains to be amended into FY93 operating budgets to continue the pay increases already authorized in FY92; and
- o The remaining \$3,819,653 that was available for legislative consideration during Special Session II is amended here rather than on the 8% general fund operating budget reductions. It is reduced by \$500,000 for the agreed-upon MUS pay plan under funding and by \$1,321,114 for increased tuition/fees which are now included in the revised chart.

These adjustments are reflected here and Proposed Special Session Actions instead of in the 8% table so as not to affect other state agencies.

7/2/92

**TABLE 15, Revised**  
**Impact of Budget Reductions on**  
**Montana University System Appropriations**  
**1993 Biennium**

	Fiscal 1992 Original House Bill 2/509	January, 1992 Special Session	Additional Pay Plan Budget Amendment	Enrollment Increase Budget Amendment	Total Authority	Percent Change
General fund	\$130,131,756	(\$2,220,522)		\$3,869,653**	\$127,911,234	(1.7%)
Tuition and fees	33,912,915		\$875,345		38,657,913	14.0%
Six mill levy	11,887,000				11,887,000	0.0%
County levy	965,005				965,005	0.0%
Federal revenue	7,658,650				7,658,650	0.0%
Other***	20,244,121		34,247		20,278,368	0.2%
<b>TOTAL</b>	<b>\$204,799,447</b>	<b>(\$2,220,522)</b>	<b>\$909,592</b>	<b>\$3,869,653</b>	<b>\$207,358,170</b>	<b>1.2%</b>

\*Total budget amendment minus fee waivers. Does not include additional federal spending authority of \$816,602 in fiscal 1992 and \$1,101,819 in fiscal 1993 added via budget amendments for talent search and the guaranteed student loan program and for additions at the Cooperative Extension Service and the Agricultural Experiment Station.  
 \*\*In April, the Legislative Finance Committee voted that this budget amendment did not meet statutory criteria. It was subsequently approved by the Board of Regents. Includes \$50,000 added to Billings and Helena Vo-Techs due to enrollment increase.  
 \*\*\*Sales and service pay plan revenue at the Ag. Experiment Station.

	Fiscal 1993 Original House Bill 2/509	January, 1992 Special Session	Additional Pay Plan Budget Amendment	Total Authority	Percent Reduction	8 Percent	Additional Tuition Revenue	Potential Tuition Revenue	Total Reduction	Percent
General fund	\$131,878,910	(\$8,723,951)		\$123,154,959	(6.6%)	(\$6,766,516)	(\$1,998,539)	\$112,791,728	(\$19,087,182)	(14.5%)
Tuition and fees	35,816,915	5,178,760	\$124,396*	41,120,071	14.8%		1,998,539	44,716,786	8,899,871	24.8%
Six mill levy	12,131,000	1,533,000***		13,664,000	12.6%			13,664,000	1,533,000	12.6%
County levy	981,480			981,480	0.0%			981,480	0	0.0%
Federal revenue	7,682,698			7,682,698	0.0%			7,682,698	0	0.0%
Other****	21,357,026		34,247	21,391,273	0.2%			21,391,273	34,247	0.2%
<b>TOTAL</b>	<b>\$209,848,029</b>	<b>(\$2,012,191)</b>	<b>\$158,643</b>	<b>\$207,994,481</b>	<b>(0.9%)</b>	<b>(\$6,766,516)</b>	<b>\$0</b>	<b>\$201,227,965</b>	<b>(\$8,620,064)</b>	<b>(4.1%)</b>

\*Total budget amendment minus fee waivers.  
 \*\*Budget amendment requested at June Legislative Finance Committee. The committee took no action on the request, pending special session action.  
 \*\*\*Language in House Bill 2 (by the January 1992 special session) requires the Regents to budget amend six mill levy revenues collected in excess of the budgeted level . . . in a manner so as to offset reductions in the university system appropriations. . . This figure is the difference between the appropriated level and actual collections through June 30, 1992. No authority has yet been added or requested.  
 \*\*\*\*Sales and service pay plan revenue at the Ag. Experiment Station.

# Table 1 Total Funding and Impact of Reductions Fiscal 1993

Unit	1991 Legislature Total Fiscal 1993		General Fund Only		January 1992 Special Session Reductions		CHE Allocation 8% Reduction		CHE Distributed Percent of Excess Tuition		CHE Distributed Percent of Enrollment Inc.		Adjusted Total		Additional Reduction		Total Reduction		Percent Reduction			
MSU	\$38,248,719													\$32,488,840	(\$2,888,970)	(\$5,759,879)					-16.1%	
UM	30,484,552													23,809,449	(4,003,092)	(6,675,103)					-21.9%	
EMC	11,321,506													9,857,552	(608,463)	(1,463,954)					-12.9%	
NMC	6,508,829													5,578,107	(542,910)	(930,722)					-14.3%	
WMCUM	3,751,111													3,226,378	(274,078)	(524,733)					-14.0%	
MCMST	7,857,034													6,915,418	(531,317)	(1,041,615)					-13.3%	
<b>Total</b>	<b>\$98,171,751</b>	<b>\$0</b>	<b>\$98,171,751</b>	<b>\$0</b>	<b>(\$7,547,177)</b>	<b>(\$5,228,207)</b>	<b>(\$1,351,831)</b>	<b>(\$2,268,792)</b>	<b>\$81,775,744</b>	<b>(\$8,848,830)</b>	<b>(\$16,396,007)</b>	<b>\$16,396,007</b>	<b>\$81,775,744</b>	<b>(\$8,848,830)</b>	<b>(\$16,396,007)</b>	<b>\$81,775,744</b>	<b>(\$8,848,830)</b>	<b>(\$16,396,007)</b>	<b>\$81,775,744</b>	<b>(\$8,848,830)</b>	<b>(\$16,396,007)</b>	<b>-16.7%</b>
CHE**	7,118,977													6,896,262	(68,795)	(222,715)					-3.1%	
Community Colleges	4,215,246													3,846,014	(216,598)	(368,232)					-8.8%	
Vo-Techs	8,818,612													7,741,785	(566,984)	(1,076,827)					-12.2%	
AES	8,074,323													7,478,709	(380,795)	(595,614)					-7.4%	
Ext Service	3,110,753													2,869,129	(159,216)	(241,624)					-7.8%	
FCES	754,542													679,032	(38,974)	(75,510)					-10.0%	
Mines	1,370,080													1,279,317	(70,591)	(90,763)					-6.6%	
FSTS	244,626													225,737	(12,447)	(18,889)					-7.7%	
<b>Total Other</b>	<b>\$33,707,159</b>	<b>(\$5,757,070)</b>	<b>\$27,950,089</b>	<b>(\$5,757,070)</b>	<b>(\$1,176,774)</b>	<b>(\$1,538,309)</b>	<b>(\$246,344)</b>	<b>\$270,253</b>	<b>\$31,015,985</b>	<b>(\$1,514,400)</b>	<b>(\$2,691,174)</b>	<b>\$27,950,089</b>	<b>\$31,015,985</b>	<b>(\$1,514,400)</b>	<b>(\$2,691,174)</b>	<b>\$31,015,985</b>	<b>(\$1,514,400)</b>	<b>(\$2,691,174)</b>	<b>\$31,015,985</b>	<b>(\$1,514,400)</b>	<b>(\$2,691,174)</b>	<b>-8.0%</b>
<b>Total Higher Ed</b>	<b>\$131,878,910</b>	<b>(\$5,757,070)</b>	<b>\$126,121,840</b>	<b>(\$5,757,070)</b>	<b>(\$8,723,951)</b>	<b>(\$6,766,516)</b>	<b>(\$1,598,175)</b>	<b>(\$1,998,539)</b>	<b>\$112,791,729</b>	<b>(\$10,363,230)</b>	<b>(\$19,087,181)</b>	<b>\$112,791,729</b>	<b>\$112,791,729</b>	<b>(\$10,363,230)</b>	<b>(\$19,087,181)</b>	<b>\$112,791,729</b>	<b>(\$10,363,230)</b>	<b>(\$19,087,181)</b>	<b>\$112,791,729</b>	<b>(\$10,363,230)</b>	<b>(\$19,087,181)</b>	<b>-14.5%</b>

\*\* Includes vo-tech bond payments and student assistance. Adjustments take both out

Unit	1991 Legislature Total Fiscal 1993		Total Funding		January 1992 Special Session Additions*		Additional Pay Plan Budget Amend		8% Reduction as a Percent of ORIGINAL GF		CHE Distributed Percent of Excess Tuition		CHE Distributed Percent of Enrollment Inc.		Adjusted Total		Percent Reduction					
CHE	\$30,996,185														\$30,767,981						-0.7%	
Community Colleges	4,215,246														3,828,734						-9.2%	
Six University Units	144,830,566														138,495,973						-4.4%	
Vo-Techs	11,716,542														11,123,742						-5.1%	
AES	10,575,674														9,946,944						-5.9%	
Ext Service	5,098,157														4,843,829						-5.0%	
FCES	754,542														675,922						-10.4%	
Mines	1,416,491														1,320,096						-6.8%	
FSTS	244,626														224,744						-8.1%	
<b>Total Higher Ed</b>	<b>\$209,848,029</b>	<b>(\$8,723,951)</b>	<b>\$201,124,078</b>	<b>(\$8,723,951)</b>	<b>\$6,711,760</b>	<b>(\$9,766,516)</b>	<b>\$158,643</b>	<b>\$201,124,078</b>	<b>\$201,124,078</b>	<b>(\$9,766,516)</b>	<b>\$191,357,562</b>	<b>\$201,124,078</b>	<b>\$201,124,078</b>	<b>(\$9,766,516)</b>	<b>\$191,357,562</b>	<b>\$201,124,078</b>	<b>(\$9,766,516)</b>	<b>\$191,357,562</b>	<b>\$201,124,078</b>	<b>(\$9,766,516)</b>	<b>\$191,357,562</b>	<b>-4.1%</b>

\* As originally allocated by CHE during special session. Includes additional mill levy of \$1,533,000.

Ex. 3  
7-7-92

# Table 1, Alternate Total Funding and Impact of Reductions Fiscal 1993

----- General Fund Only -----

Unit	1991 Legislature		January 1992 Special Session Reductions	8% Reduction as a Percent of ORIGINAL GF		CHE Distribution Percent of Excess Tuition		CHE Distribution Percent of Enrollment Inc.		Adjusted Total	Additional Reduction	Total Reduction	Percent Reduction
	Total Fiscal 1993	Adjustments		8% Reduction as a Percent of ORIGINAL GF	Percent of Excess Tuition	Percent of Enrollment Inc.							
MSU	\$38,248,719		(\$2,870,909)	(\$1,499,782)	(\$513,439)	(\$894,000)			\$32,470,589	(\$2,907,221)	(\$5,778,130)	-15.1%	
UM	30,484,552		(2,672,011)	(1,195,339)	(489,143)	(2,435,674)			23,692,385	(4,120,156)	(6,792,167)	-22.3%	
EMC	11,321,506		(855,491)	(443,931)	(157,801)			9,864,283	(601,732)	(1,457,223)		-12.9%	
NIMC	6,508,829		(387,812)	(255,220)	(67,417)	(218,579)			5,579,801	(541,216)	(929,028)	-14.3%	
WMCUM	3,751,111		(250,655)	(147,086)	(42,884)	(96,400)			3,214,086	(286,370)	(537,025)	-14.3%	
MCMST	7,857,034		(510,299)	(308,085)	(81,147)	(175,000)			6,782,503	(564,232)	(1,074,531)	-13.7%	
<b>Total</b>	<b>\$98,171,751</b>	<b>\$0</b>	<b>(\$7,547,177)</b>	<b>(\$3,849,443)</b>	<b>(\$1,351,831)</b>	<b>(\$3,819,653)</b>			<b>\$81,603,647</b>	<b>(\$9,020,927)</b>	<b>(\$16,568,104)</b>	<b>-16.9%</b>	
CHE**	7,118,977		(153,920)	(53,402)					6,911,655	(53,402)	(207,322)	-2.9%	
Community Colleges	4,215,246	(5,757,070)	(152,634)	(165,285)					3,897,327	(165,285)	(317,919)	-7.5%	
Vo - Techs	8,818,612		(509,843)	(345,789)	(246,344)				7,716,636	(592,133)	(1,101,976)	-12.5%	
AES	8,074,323		(214,819)	(7,542,899)					7,542,899	(316,605)	(531,424)	-6.6%	
Ext Service	3,110,753		(82,408)	(121,977)					2,906,368	(121,977)	(204,385)	-6.6%	
FCES	754,542		(36,536)	(29,587)					688,419	(29,587)	(66,123)	-8.8%	
Mines	1,370,080		(20,172)	(53,723)					1,296,185	(53,723)	(73,895)	-5.4%	
FSTS	244,626		(6,442)	(9,592)					228,592	(9,592)	(18,034)	-6.6%	
<b>Total Other</b>	<b>\$33,707,159</b>	<b>(\$5,757,070)</b>	<b>(\$1,176,774)</b>	<b>(\$1,095,959)</b>	<b>(\$246,344)</b>	<b>\$0</b>			<b>\$31,188,082</b>	<b>(\$1,342,303)</b>	<b>(\$2,519,077)</b>	<b>-7.5%</b>	
<b>Total Higher Ed</b>	<b>\$131,878,910</b>	<b>(\$5,757,070)</b>	<b>(\$8,723,951)</b>	<b>(\$4,945,402)</b>	<b>(\$1,598,175)</b>	<b>(\$3,819,653)</b>			<b>\$112,791,729</b>	<b>(\$10,363,230)</b>	<b>(\$19,087,181)</b>	<b>-14.5%</b>	

\*\*Includes vo-tech bond payments and student assistance. Adjustments take both out

----- Total Funding -----

Unit	1991 Legislature		January 1992 Special Session Additions*	8% Reduction as a Percent of ORIGINAL GF		CHE Distributed Percent of Excess Tuition		CHE Distributed Percent of Enrollment Inc.		Adjusted Total	Percent Reduction
	Total Fiscal 1993	Additional Budget Amend		8% Reduction as a Percent of ORIGINAL GF	Percent of Excess Tuition	Percent of Enrollment Inc.					
CHE	\$30,996,185		\$0	(\$53,402)					\$30,788,863	-0.7%	
Community Colleges	4,215,246		0	(165,285)					3,897,327	-7.5%	
Six University Units	144,830,566		6,438,731	(3,849,443)	0	0	0		139,874,737	-3.4%	
Vo - Techs	11,716,542		273,029	(345,789)	0	0	0		11,256,275	-3.9%	
AES	10,575,674		34,247	(316,605)					10,078,497	-4.7%	
Ext Service	5,098,157			(121,977)					4,893,772	-4.0%	
FCES	754,542			(29,587)					688,419	-8.8%	
Mines	1,416,491			(53,723)					1,342,596	-5.2%	
FSTS	244,626			(9,592)					228,592	-6.6%	
<b>Total Higher Ed</b>	<b>\$209,848,029</b>	<b>(\$8,723,951)</b>	<b>\$6,711,760</b>	<b>(\$4,945,402)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$203,049,079</b>	<b>-3.2%</b>	

\*As originally allocated by CHE during special session. Includes additional mill levy of \$1,533,000.