

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By Chairman Royal Johnson, on January 6, 1993, at 10 a.m.

ROLL CALL

Members Present:

Rep. Royal Johnson, Chair (R)
Sen. Don Bianchi, Vice Chair (D)
Rep. Mike Kadas (D)
Sen. Dennis Nathe (R)
Rep. Ray Peck (D)
Sen. Chuck Swysgood (R)

Members Excused: none

Members Absent: none

Staff Present: Taryn Purdy, Legislative Fiscal Analyst
Skip Culver, Legislative Fiscal Analyst
Doug Schmitz, Office of Budget & Program Planning
Amy Carlson, Office of Budget & Program Planning
Curt Nichols, Office of Budget & Program Planning
Jacqueline Brehe, Committee Secretary

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

Committee Business Summary:

Hearing: OFFICE OF COMMISSIONER ON HIGHER
EDUCATION SUPPLEMENTAL REQUEST
Executive Action: OFFICE OF COMMISSIONER OF HIGHER
EDUCATION SUPPLEMENTAL REQUEST

CHAIRMAN ROYAL JOHNSON presented the meeting agenda **EXHIBIT 1** and the subcommittee schedule **EXHIBIT 2** for the session. Discussion followed regarding whether to move the hearings on the experimental stations and the Bureau of Mines to after the hearings on the six university units. **CHAIRMAN JOHNSON** reported that the schedule had been shown to the Office of Public Instruction and to the Office of the Commissioner of Higher Education and both had agreed to it. **CHAIRMAN JOHNSON** said that unless there were any major conflicts reported by agencies the schedule would be published and distributed. There were no objections.

CHAIRMAN JOHNSON presented the policy for executive action and asked for feedback from the committee. The committee agreed that executive action for non-controversial items will be taken on the same day as the hearing, if all committee members agreed. If more deliberation or additional information on an issue was required, executive action would occur at the next meeting. **SEN. DENNIS NATHE** asked if sections would be closed once executive action was taken. **CHAIRMAN JOHNSON** said no, that the option is always there to go back to a particular issue.

CHAIRMAN JOHNSON presented the policy for proxy votes and asked for feedback from the committee. The committee agreed that if a committee member needed to be absent during an executive action, he needed to write out a proxy vote and hand it in. **REP. MIKE KADAS** asked if the vote could be delayed if a committee member was going to be absent for only a few minutes. **CHAIRMAN JOHNSON** agreed. **SEN. DON BIANCHI** suggested that whenever possible the committee members should inform the chairman in advance of any absences.

Agencies-Overview of Major Issues

Tape No. 1:A:520

John Hutchinson, Commissioner of Higher Education, distributed an informational brochure **EXHIBIT 3** and described five key issues he felt the committee would be dealing with. The first issue was one of restoration in which the Regents would like the legislature to return the higher education community (including the universities, the vo-techs and the community colleges) to pre-special session budget levels. The second major issue was that of tuition indexing which the Regents adopted at their December, 1992 meeting. This concept required that residents pay 25% of their direct instructional costs while non-residents pay 100%. The Regents wanted to retain authority over the additional tuition revenue rather than having it offset the general fund. Referring to page 5 of Governor Racicot's amended budget plan, **Dr. Hutchinson** said that the governor's policy regarding this issue needed clarification.

The third issue addressed by **Dr. Hutchinson** dealt with the requested \$25 million cut by Governor Racicot which was to be attained through reduction in administrative inefficiency. **Dr. Hutchinson** maintained that this much inefficiency was not present and that if every administrator was eliminated, \$25 million would still not be realized. He felt that his budget could be trimmed by \$25 million, but not through structural and administrative realignments alone. He felt that such cuts would radically alter the system.

Dr. Hutchinson felt the fourth issue of concern for the committee was the disparity between the LFA and the executive budgets regarding the baseline budget. The final issue addressed by **Dr. Hutchinson** was funding for the Office of American Indian and Minority Achievement and for matching funds for federal money for

the Energy Research Center and for the Montana System for Math and Science Initiative.

Questions, Responses, and Discussion:

Regarding tuition indexing, **SEN. CHUCK SWYSGOOD** asked how much influence the subcommittee will have on the Regents' decision. **Dr. Hutchinson** replied that the desires of the subcommittee will make a difference and that the regents want to work with the legislature and the executive branches. He mentioned that there may be some inherent problems in the plan such as when a resident who cannot be admitted because of the limited number of seats, was willing to pay non-resident tuition and be admitted as such.

REP. RAY PECK asked if the regents intended to submit legislation to implement tuition indexing. **Dr. Hutchinson** said he would seek advice as to whether that would be necessary. **REP. PECK** explained that what was needed by the subcommittee was a full explanation of the implications of tuition indexing as early as possible. **Dr. Hutchinson** said that those details would be supplied to the subcommittee.

Staff-Comments and Overview of Issues

Taryn Purdy, LFA, gave a brief summary of the organization of the education section of the Budget Analysis. Other materials available to the subcommittee include the Governor's Executive Budget and Governor Racicot's Amended Budget.

Skip Culver, LFA, distributed a sample Program Budget Summary, **EXHIBIT 4**, and explained the format.

Curt Nichols, OBPP, presented himself and OBPP staffers **Amy Carlson** and **Doug Schmitz**, and explained his role in providing information and clarification regarding either Governor Stephens' budget or Governor Racicot's budget.

**HEARING ON OFFICE OF COMMISSIONER OF HIGHER EDUCATION
SUPPLEMENTAL REQUEST**

Tape No. 1:B:318

Informational Testimony:

Ms. Purdy, explained the background for the supplemental request of \$11,617 and distributed a copy of the LFA Budget Analysis page E32. **EXHIBIT 5** She also announced that an additional supplemental would be forthcoming concerning the Board of Public Education and the Montana School for the Deaf and Blind. **Rod Sundsted, Associate Commissioner of Fiscal Affairs for the University System**, presented the proposal and gave further information on its background. He explained that the committee did not have to act on the supplemental as OCHE had determined

that the amount requested could be covered by transferring monies from the office budget and with undistributed student assistance funds.

Questions, Responses, and Discussion:

REP. KADAS asked if the undistributed funds were being taken from federal monies. Mr. Sundsted explained that the undistributed funds were state general fund matching monies for the federal Carl Perkins loans.

EXECUTIVE ACTION ON OFFICE OF COMMISSIONER OF HIGHER EDUCATION
SUPPLEMENTAL REQUEST

Tape No. 1:B:500

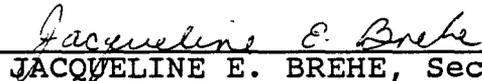
Motion/Vote: SEN. SWYSGOOD made a motion to deny the OCHE supplemental request. The motion CARRIED unanimously.

ADJOURNMENT

Adjournment: 11:00 a.m.



REP. ROYAL JOHNSON, Chair



JACQUELINE E. BREHE, Secretary

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HOUSE OF REPRESENTATIVES

EDUCATION

SUB-COMMITTEE

ROLL CALL

DATE

1/06/93

NAME	PRESENT	ABSENT	EXCUSED
REP. ROYAL JOHNSON, CHAIRMAN	✓		
SEN. DON BIANCHI, VICE CHAIRMAN	✓		
REP. MIKE KADAS	✓		
SEN. DENNIS NATHE	✓		
REP. RAY PECK	✓		
SEN. CHUCK SWYSGOOD	✓		

Agenda
Joint Committee on Education and Cultural Resources
January 6, 1993

Orientation and Organizational Meeting

- I. Committee Organization
 - A. Proxy Votes
 - B. Executive Action Timing
 - C. Other Organizational Issues

- II. Staff and Materials

- III. Overview of Major Issues by Staff and Agencies

- IV. CHE Supplemental

EDUCATION AND CULTURAL RESOURCES SUBCOMMITTEE
 Tentative Schedule
 Chairman: Royal Johnson

Meeting Room 312-2
 8:00 AM - 12:00 Noon

Secretary:
 LFA Staff:

Jackie Brehe
 Taryn Purdy (5383)
 Robert (Skip) Culver
 (5387)

♦ Agency Order - Executive Action Following Each Program ♦

1. Board of Public Education (Bd of Pub Ed)
2. Council on Vocational Education (Vo-Ed Council)
3. Office of Public Instruction (OPI)
4. Bureau of Mines
5. Forest and Conservation Experiment Station (FCES)
6. Community Colleges
7. Montana School for the Deaf and Blind (MSDB)
8. Commissioner of Higher Education (CHE)
9. Agricultural Experiment Station
10. Cooperative Extension Service (CES)
11. Fire Services Training School (FSTS)
12. Vocational-Technical Centers (Vo-Techs)
13. Six University Units (Six Units)

EXHIBIT 2
 DATE 1/16/93
 SB _____

Legislative Day	Weekday	Date	Topic/Agency	LFA Analyst
3	Wednesday	1-6-93	Orientation /Supplementals	Taryn Purdy & Skip Culver
4	Thursday	1-7-93	Bd of Pub Ed	Skip Culver
5	Friday	1-8-93	Vo-Ed Council	
7	Monday	1-11-93	OPI	
8	Tuesday	1-12-93	OPI	
9	Wednesday	1-13-93	OPI	
10	Thursday	1-14-93	OPI	
11	Friday	1-15-93	OPI	
13	Monday	1-18-93	Higher Education	
14	Tuesday	1-19-93	Bureau of Mines	Taryn Purdy.
15	Wednesday	1-20-93	FCES	
16	Thursday	1-21-93	Community Colleges	
17	Friday	1-22-93	MSDB	Skip Culver
19	Monday	1-25-93	MSDB	
20	Tuesday	1-26-93	CHE	Taryn Purdy
21	Wednesday	1-27-93	CHE Student Asst.	
22	Thursday	1-28-93	AES, CES, FSTS	
23	Friday	1-29-93	CHE, Other Agencies	Wrap-up
25	Monday	2-1-93	Overview-Funding	Issues
26	Tuesday	2-2-93	Vo-Techs	Skip Culver
27	Wednesday	2-3-93	Vo-Techs	
28	Thursday	2-4-93	Six Units	Taryn Purdy
29	Friday	2-5-93	Six Units	
31	Monday	2-8-93	Six Units	
32	Tuesday	2-9-93	Higher Ed	General & Wrap-up
33	Wednesday	2-10-93	Higher Ed	General & Wrap-up
34	Thursday	2-11-93	Other Ed	General & Wrap-up
35	Friday	2-12-93	Other Ed	General & Wrap-up
37	Monday	2-15-93	Open	
38	Tuesday	2-16-93	Open	
39	Wednesday	2-17-93	Open	
40	Thursday	2-18-93	Open	
41	Friday	2-19-93	Open	
43	Monday	2-22-93	Open	
44	Tuesday	2-23-93	Open	
45	Wednesday	2-24-93	Open	



Making

OUR COMMITMENT TO QUALITY

Following 18 months of study and public hearings, the leaders of Montana's University System have adopted a 12-point plan to ensure quality educational experience in Montana's universities, colleges, and technical institutes.

COMPONENTS:

1. Tuition Indexing (Residents pay 25%, non-residents pay 100% of instructional costs.)
2. Residency Policy (Non-residents can't count time in school toward residency for fee purposes.)
3. Western Undergraduate Exchange Limits (Incoming WUE students should be equivalent to outgoing WUE students.)
4. Enhanced Admission Standards at UM, MSU, and Tech
5. Increased Retention Standards
6. Strict Enforcement of Suspension
7. Increased Admission Standards by Program
8. Tuition Voucher Program (After 170 credits, resident students pay non-resident rates.)
9. Admission Standards for Part-time Students (Those taking more than 7 credits must meet regular admission standards.)
10. Academic Program Review (Rigorous review of low enrollment and low productivity programs.)
11. Improving Academic Progression (Campuses to form task forces to develop corrective measures for delays in graduation.)
12. System Enrollment Management (Proper placement of students to assure good match of students with institutions.)



Maintaining

ACCOUNTABILITY AND STEWARDSHIP

▶ Through the state accounting system as well as new information systems now on line, state lawmakers and policy analysts have access to virtually any data needed to answer questions about campus revenues and expenditures.

▶ The Legislative/University System Task Force now meets regularly to keep one another informed and to deal with major budget and policy issues. There should be no surprises in 1993.

▶ System leaders will tighten the requirements for Montana residency effective January 1, 1993, thus making certain that Montana taxpayers do not subsidize out-of-state students.

▶ University System students, faculty and staff are working side by side with development agencies, offices of state government, legislative leaders and the people of Montana to encourage economic growth and development. The Extension Service, Experiment Stations, Bureau of Mines and Forestry Experiment Stations are excellent examples of University System stewardship.

▶ University leaders and private foundations are working with state government to raise large private matches for major building programs, thus easing taxpayer supported bonding requirements.



Using

MONTANA TAX DOLLARS TO SUPPORT EDUCATION FOR MONTANANS

▶ Montana taxpayers and their families should have priority access to Montana's universities, colleges, and technical institutes.

▶ Scarce taxpayer dollars should be dedicated to Montana students who are prepared to do college-level work.

▶ Out-of-state students will begin paying the entire cost of their own education without a Montana subsidy on July 1, 1993.



Managing

A STREAMLINED, EFFICIENT UNIVERSITY SYSTEM

▶ University leaders have set up a common academic core that now allows students to transfer credits between campuses uniformly. Credit transfers outside the core have also been greatly eased.

▶ A variety of cooperative programs now exist among units to avoid duplication and needless expense. A few examples:

- Hazardous waste treatment
- Center of excellence designation
- Cooperative medical education
- Shared entrepreneurship center
- Cooperative efforts in science/math education

▶ Inter-library loan and decisions not to duplicate specialized holdings among campuses. Cooperative efforts in long-range planning.

▶ University faculty and students throughout Montana are involved in course delivery through telecommunication systems all across the state.

▶ This form of distance education is growing every year. Much of this work has been done with private sector investment, but there is also a major legislative commitment.

▶ College and university staff members are working with legislative leaders on a study regarding other efficiencies in the administrative areas as required by the 1992 special sessions. Results are expected by March 1, 1993.



Initiating

A STRICTLY LIMITED AND UNIFIED LEGISLATIVE AGENDA

- ▶ Leaders in the Montana University System are asking only that they be allowed to maintain their 1991 budgeted levels as they were prior to the special sessions.
- ▶ Leaders in the Montana University System have initiated a tuition indexing plan that will require Montana students to pay 25% of the cost of their education while the state pays 75%. Student and academic leaders ask that this additional tuition money be dedicated to the needs of the University System and not be used to replace general fund appropriations.
- ▶ Montana's colleges and universities are willing to work with legislative leaders on a variety of options to deal with building maintenance and repair.
- ▶ Faculty and staff salaries are a critical issue as campuses must compete on a national market to hire qualified people. Leaders in the University System ask that these needs be taken into account when compensation plans are constructed for other employees.
- ▶ The University System seeks to continue its American Indian/Minority Achievement program as authorized by the last Legislature.
- ▶ The University System must maintain its grant matching commitments to various federal agencies for math/science education, and several research centers in the coming biennium or risk losing millions in federal grants.
- ▶ Neither the University System nor any individual unit will request separate bills asking for specialized funding during the 1993 session.



Collecting

RETURNS ON PAST INVESTMENTS

- ▶ Every year Montana's colleges and universities graduate a full complement of students who do well in the job market and in life. They are an undisputed measure of success. As a group they score high on various post-graduate tests. Fully 67% of baccalaureate degree recipients surveyed found work in their chosen field. Sixty percent of them stay in Montana where they become citizens, taxpayers and leaders.
- ▶ In addition, the campus outreach groups serve the people of Montana daily, helping them to meet individual and business needs beyond the reaches of the classroom.
- ▶ In recent years, the University System research and associated technology transfer has become a driving force in the diversification of Montana's economic base.
- ▶ The students, faculty and staff of the Montana University System are no strangers to economic problems. Four of the units are recognizing their centenary this February. As it has been since near the time of statehood, the people who are the Montana University System are part of the solution.



LEGISLATIVE CONTACTS

NAME/TITLE	ADDRESS	PHONE
COMMISSIONER OF HIGHER EDUCATION:		
John M. Hutchinson	2500 Broadway Helena, MT 59620	444-6570 FAX 444-0684
PRESIDENTS:		
The University of Montana George M. Dennison	Missoula, MT 59812	243-2311 FAX 243-2797
Western Montana College of The University of Montana Michael Easton	Dillon, MT 59725	683-7151 FAX 683-7493
Montana State University Michael Malone	Bozeman, MT 59817	994-2341 FAX 994-1893
Eastern Montana College Bruce Carpenter	Billings, MT 59101	657-2300 FAX 657-2299
Montana Tech Lindsay Norman	Butte, MT 59701	496-4127 FAX 496-4397
Northern Montana College William Daehling	Havre, MT 59501	265-3720 FAX 265-3777
LEGISLATIVE LIAISONS		
The University of Montana Vice President for University Relations Sheila Stearns	Missoula, MT 59812	243-4750 FAX 243-2748
Western Montana College of The University of Montana Provost Michael Easton	Dillon, MT 59725	683-7151 FAX 683-7493
Montana State University Director of University Relations Marilyn Wessel	Bozeman, MT 59717	994-4571 FAX 994-6842
Eastern Montana College President Bruce Carpenter	Billings, MT 59101	657-2203 FAX 657-2299
Northern Montana College President William Daehling	Havre, MT 59501	265-3720 FAX 265-3777
Montana College of Mineral Science and Technology Assistant Director of Program Marvin Miller (Bureau of Mines)	Butte, MT 59701	496-4155 FAX 496-4451



Montana's Colleges and Universities

PART OF THE SOLUTION

The students, faculty and staff of Montana's post-secondary institutions know Montana faces a tough fiscal dilemma. We also know that we are critical both to Montana's long-term economic health and to its short-term economic recovery. Working with citizens throughout Montana we are putting forth plans for cost containment and streamlined operations while at the same time seeking the support necessary to maintain the quality that Montanans have a right to expect. This is a different approach. We see ourselves as part of the solution.

- ▶ **Making** our Commitment to Quality
- ▶ **Maintaining** Accountability and Stewardship
- ▶ **Using** Montana Tax Dollars to Support Education for Montanans
- ▶ **Managing** a Streamlined, Efficient University System.
- ▶ **Initiating** a Strictly Limited and Unified Legislative Agenda

EXHIBIT 3
DATE 7/6/93
\$9 _____

5101 01 00000

BOARD OF PUBLIC EDUCATION

Administration

Program Summary

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	2.00	2.00	2.00	2.00	0.00	2.00	2.00	0.00
Personal Services	84,403	75,642	90,276	85,250	5,026	90,296	85,269	5,027
Operating Expenses	33,204	28,264	35,529	36,130	(601)	34,985	35,653	(668)
Equipment	0	250	1,600	1,600	0	0	0	0
Total Costs	\$117,608	\$104,156	\$127,405	\$122,980	\$4,425	\$125,281	\$120,922	\$4,359
Fund Sources								
General Fund	111,099	97,647	117,855	115,601	2,254	115,731	113,667	2,064
State Revenue Fund	6,509	6,509	9,550	7,379	2,171	9,550	7,255	2,295
Total Funds	\$117,608	\$104,156	\$127,405	\$122,980	\$4,425	\$125,281	\$120,922	\$4,359

Page References

LFA Budget Analysis Vol II pages E 16-18
Governor's Executive Budget pages E 23-24

Current Level Differences

EXECUTIVE SECRETARY SALARY- LFA current level includes salary as appropriated (with pay plan), the Executive budget includes Actual Salary for Fiscal 1993.

COPY MACHINE EXPENSES- LFA current level is based upon fiscal 1992 actual, the Executive budget is based upon an per copy estimate. In the past the Board has paid a fixed rate per year.

BOARD TRAVEL EXPENSE- LFA current level is based upon fiscal 1992 actual, the Executive budget is based upon an estimate provided by the board.

ANNUAL PARKING FEES- LFA removed parking fees required of the former office location from the current level. This is not a required expense at the new location.

NON RECORDED LEGAL FEES- The LFA current level includes legal fees which were incurred in fiscal 1992 but not reported in the fiscal year end SBAS report.

PRINTING COSTS - The LFA included printing costs which were incorrectly recorded as other expenses. The Executive removed other expenses from the budget.

INFLATION DIFFERENCES

MINOR DIFFERENCES (NET)

TOTAL CURRENT LEVEL DIFFERENCES

Budget Modifications

Hearing Examiner- The Executive budget includes a modification to fund the costs of hearing examiners to conduct teacher license revocation hearings. Proposed funding for this modification is from teacher licenses fees.

Language

Exec. Over(Under) LFA Fiscal 1994	Fiscal 1995
5,026	5,027
806	806
1,755	1,755
440	440
(2,024)	(2,024)
(1,997)	(1,997)
(152)	(335)
571	687
4,425	4,359
10,000	10,000

EXHIBIT 4DATE 11/06/93

SB _____

Supplementals

The Executive Budget includes a general fund supplemental of \$11,617 in fiscal 1993 to pay Western Interstate Commission for Higher Education (WICHE) student assistance costs over the appropriated level. WICHE payments are made to students in various medical fields not offered in Montana to subsidize the additional out-of-state costs.

This supplemental partially reverses a reduction enacted by the legislature during the July special session. CHE reduced the WICHE appropriation in fiscal 1992 through two actions: 1) \$41,233 to meet a portion of the January 1992 special session budget recision; and 2) \$41,594 to partially fund the payout costs of the former Deputy Commissioner for Management and Fiscal Affairs. This reduction was possible because of a reduction in the number of students supported in the program from the appropriated level. In the July special session, the WICHE appropriation was reduced by \$14,351, which was the anticipated "excess" appropriation, after any other July special session action. In fiscal 1993, a student who was eligible for assistance but not enrolled in fiscal 1992 is now enrolled. Consequently, actual expenditures will exceed the reduced appropriation.

Since the amount requested totals only 0.7 percent of CHE's total general fund budget (minus student assistance and community college assistance), it could possibly be absorbed within the agency's existing appropriation.

