

MINUTES

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

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By Chairman Royal Johnson, on February 1, 1993,
at 8:00 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
Jacqueline Brehe, Committee Secretary

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

Committee Business Summary:

Hearing: VOCATION TECHNICAL CENTERS SUPPLEMENTAL
REQUESTS AND VOCATIONAL TECHNICAL
CENTERS
Executive Action: NONE

HEARING ON VOCATION TECHNICAL CENTERS SUPPLEMENTAL REQUESTS

Tape No. 1:A:075

Skip Culver, LFA, distributed and reviewed **EXHIBIT 1** which
contained the descriptions of the supplemental requested by the
Missoula Vo-Tech Center and the two supplementals requested by
the Butte Vo-Tech Center.

Informational Testimony:

Rod Sundsted, Associate Commissioner for Fiscal Affairs, OCHE,
distributed **EXHIBIT 2** which gave additional background
information on the supplemental request for the Missoula Vo-Tech

Center. He noted that the center had four instructors who were severing their positions at the end of FY93 which required the OCHE to cash out their sick leave and to possibly make payments to the benefit program and retirement program. He said the payments, anticipated to be \$44,643.67, had to be made in FY93. The center felt it could not meet the obligation without the supplemental. **EXHIBIT 2**

Mr. Sundsted also explained that the supplemental for the Butte Vo-Tech Center was requested because the center had experienced a dramatic drop in enrollment. If the formula-driven budget was adhered to without any adjustments, the budget level would be reduced forcing the center to terminate the contracts of six instructors. The payout associated with the terminations amounted to \$125,982. The center felt it had no other options to meet the obligation except a supplemental. **EXHIBIT 2**

Questions, Responses, and Discussion:

REP. RAY PECK asked if it had been the practice in the past to pick up the cost of severance pay via a supplemental request. **Doug Schmitz, OBPP**, said there were no such requests in the 1991 Session, but there had been a supplemental request for a payout in 1992 which was denied. **Mr. Culver** noted that smaller agencies had in the past been forced to seek a supplemental in order to pay the payout costs when their directors resigned. **REP. PECK** pointed out that the Missoula Vo-Tech budget was \$2.8 million and the Butte budget was \$1.8 million. He said that provisions should have been made in the budgets for payout.

Mr. Sundsted commented that supplementals had been used in the past for this purpose when the amounts were large. He pointed out that these two vo-techs had a different policy on payout from the other vo-techs. Prior to the assumption of the vo-techs by OCHE in 1989, these vo-techs had an agreement with the school districts in which sick leave was cashed out at 50% rather than 25%. OCHE inherited the policy for those instructors who were employed at the time the assumption of governance occurred.

REP. PECK asked if there wasn't a decline in costs associated with the decline in enrollment at the Butte Vo-Tech. **Jane Baker, Director, Butte Vocational Technical Center**, said that 80% of the budget was tied up in personnel services and although the student numbers were declining, the number of positions remained the same. The center experienced a recision in 1993 of \$146,395 which reduced its budget. She noted that the cash out of two positions had been included in the budget. The ones in the supplemental were not anticipated and therefore not budgeted for.

REP. PECK asked for more information on the decline in enrollment compared to the enrollment which was budgeted for. **Ms. Baker** answered that there was a drop of 99 students in 1990 and 64 students in 1991. **SEN. DON BIANCHI** asked why the payout for the director could not be handled through vacancy savings on the

position. **Ms. Baker** said she had assumed the position of director but the position she left as assistant director of academic affairs had remained vacant. She noted that the payout had to come out of this year's budget. The previous director's salary was being paid to the end of the academic year because he was on administrative leave.

REP. MIKE KADAS asked the director of the Missoula Vo-Tech if he had requested supplementals in the past to meet the obligations of payout. **Dennis Lerum, Director, Missoula Vocational Technical Center**, said he had not, but added the money needed to meet the payout in the past was less and the budget status of the center was better. **REP. KADAS** asked if he was referring to the high number of people cashing out and the effect of the recisions of the two special sessions. **Mr. Lerum** said yes. **REP. KADAS** asked why vacancy savings couldn't be used to pay for the cash out. **Mr. Lerum** explained that some staff were leaving in mid-year and a vacancy savings was not possible since someone had to finish teaching the class. A number of staff were retiring as of June 30. Staff had to be hired to teach their classes next academic year.

REP. KADAS asked for the termination dates for each of the positions. **Mr. Lerum** answered that Larry Altenbrun resigned just before the beginning of the school year, 1992. William French resigned as of December 1, 1992. Richard Wilson resigned in July 1992. Helen Yorton intended to retire June 30, 1993. **REP. KADAS** noted that replacements had to be found for the first three positions in order to teach the students who were registered. He asked if some doubling up of classes could be used. **Mr. Lerum** said when **Mr. Wilson** left in July, there were no savings because there were no funds in the budget to support the position. The first two positions had to be replaced because students were registered for classes.

In response to a request by **CHAIRMAN ROYAL JOHNSON** regarding contracts, **Mr. Lerum** explained that contracts ran for one year from July 1 to June 30. **CHAIRMAN JOHNSON** asked how someone could leave in mid-year on January 1. **Mr. Lerum** said people can leave in the middle of their contract by mutual agreement. If they left without mutual agreement, the cash out could possibly be withheld, but such punitive action had not been tried in Montana.

REP. PECK asked if some savings were realized by replacing the staff who were leaving with less experienced instructors. **Mr. Larem** said it was possible but he could not give the committee any data at this time without researching it further.

REP. KADAS asked if the Missoula Vo-Tech Center's budget was 80% personnel and 20% operating. **Mr. Lerum** said it was close to that proportion. **REP. KADAS** asked if money could be transferred from the operating budget. **Mr. Lerum** said he would have to examine the budget closely but at this time there was little flexibility and few discretionary dollars. Utility costs took most of the

\$400,000 with contracted services such as computer services accounting for another large amount. He said \$5,000 had been expended on equipment during this fiscal year, but no further expenditures in this area were anticipated.

REP. PECK asked if the Missoula Vo-Tech Center had a reserve fund to pay for sick leave and such. Mr. Larem said no and stated these expenses were treated as an unfunded liability. These pay out costs were not taken into account when budgets were developed. He added that each year there was a risk of having to pay cash out expenses.

HEARING ON VOCATIONAL TECHNICAL CENTERS

Tape No. 1:A:733

Informational Testimony:

Brady Vardemann, Associate Commissioner Technical Education, OCHE, began with an overview of the history of the vo-tech centers and their present directions. She noted that five years ago HB 39 led to the orderly development of the vo-tech centers. Previously they had been five unconnected institutions with ill-defined missions. No system-wide process existed for the evaluation of teachers and staff. The highest educational credential was a certificate and it was difficult to transfer credits between the centers and the other two-year and four-year institutions even though the credits from the vo-techs were accepted by out-of-state institutions.

Ms. Vardemann stated that significant progress had been made in building a cohesive system. She noted that joint planning now existed and the mission was more sharply focused. A system-wide evaluation process was now in place and the highest credential awarded was an associate of arts degree which made it easier to transfer credits.

Ms. Vardemann said three issues critical to the budget would be addressed: faculty/student ratios, salaries, and support levels. She said that prior to 1991, the budgets at the vo-tech centers were based on a formula implemented in the 1983 Legislative Session. During the 1991 regular Legislative Session, legislative intent language was added to the vocational technical center section of the appropriations bill which called for the Board of Regents to study and evaluate appropriate faculty/student ratios for the vo-tech centers during the interim and to make recommendations to the 53rd legislature. The study had been conducted by representatives of all five centers and appropriate OCHE staff. She reviewed the data which the study committee utilized in its work. She noted that vo-tech classes tend to be equipment intensive requiring a smaller faculty/student ratio. The recommendation of the study committee was that the faculty/student ratio be adjusted to 1:15. She distributed EXHIBIT 3 which gave historical data on the comparison of faculty/student ratios at the five centers.

Tape No. 1:B:000

Mr. Sundsted distributed EXHIBIT 4 which presented information on the budgetary issues of the vo-tech centers budgets. He noted that the Regents' request for the vo-tech centers was a return to the 1993 funding level that existed prior to the special sessions. He reviewed the history of the reductions and adjustments to the vo-tech center budgets which had occurred since the last regular session. The consequence was that the vo-tech centers were not funded at adequate levels resulting in the requests for the supplementals.

Mr. Sundsted pointed out an additional factor that negatively impacted most of the vo-tech budgets. When the system-wide pay agreement went into effect using average salaries to drive the formula, the OCHE mistakenly used a head count of the faculty rather than an FTE figure. Underfunding of the vo-tech budget for personal services was the result. He referred the committee to EXHIBIT 4 for original and correct calculations. He said the first modified request was that this error be corrected which would require \$553,536 over the biennium.

The second adjustment addressed by Mr. Sundsted was the requested change in the faculty/student ratio to 1:15. EXHIBIT 4, page 2 The last formula factor addressed by Mr. Sundsted was the support rate. Referring to Exhibit 4, he noted that the support rates at the vo-tech centers ranged from a low of \$1,046 at Great Falls to a high of \$1,581 at Missoula. Support rates at the smaller units of the university system were about \$1,650 per student. The OCHE requested that the legislature set a target rate, which he suggested as \$1,650, and move toward the target over the next two fiscal years.

Mr. Sundsted stated that if all three adjustments were made, it would involve \$2,679,228 over the biennium and would result in the return of vo-tech centers to the 1993 funding level which existed before the special sessions.

PRESENTATIONS BY VO-TECH CENTER DIRECTORS

Will Weaver, Director, Great Falls Vocational Technical Center, presented written testimony which detailed how the center was responsive to the educational and occupational needs of the community, was student centered and accessible. EXHIBIT 5

Alex Capdeville, Director, Helena Vocational Technical Center, gave a brief review of the history of the center and the profile of the student body. He reiterated the accomplishments which had occurred since OCHE assumed responsibility for the centers and which had been mentioned by Ms. Vardemann. He stated that he supported the budget request of the OCHE which would restore a funding level to the centers which existed before the two special sessions. He noted that the centers had just received current level funding for the past six years with the exception of the

pay plan. The recisions of the special sessions significantly impacted the centers.

Mr. Capdeville noted that the support rate needed to be increased because of the increased demand on student services. He also advocated a uniform faculty/student ratio of 1:15 especially in the trade areas. He noted that the LPN program had a maximum of 1:10 in the clinical areas.

Mr. Capdeville spoke to the specific needs of the Helena Vo-Tech. In the last four years the center was required to initiate a related instruction program to deal with math, communications and human relationship skills. A central library also had to be instituted within current level funding. Revised FAA standards for a certified aeronautics program were imminent. The equipment requirements of the trade programs were an ongoing need as were staff development needs.

Mr. Capdeville referred to the special training which the center provided including computer courses in SBAS (State-wide Budgeting and Accounting System) for the state, training for the national guard and workshops for state agencies. In the future, a specialized training program sponsored by the Ford Motor Company was being planned. He said a biomedical technician program was also being developed in connection with St. Peter's Hospital.

George Bell, Director, Billings Vocational Technical Center, distributed EXHIBIT 6 and began his presentation by describing the growth which had occurred in the center in the last three years bringing the FTEs to 440 in 1993. He said he strongly supported the Regents' budget request for the centers commenting that it was a lean fiscal budget.

Mr. Bell reviewed the accomplishments of the center for the last two years including the conversion of 10 certificate programs to associate of applied science degree programs, two programs with transfer credit to Northern Montana College which would allow a B.A. to be received in two additional years of academic work, an LPN program which had a 100% pass rate on the Montana Board of Examination and a two plus two automotive program with Billings high school.

Tape No 2:A

Dennis Lerum, Director, Missoula Vocational Technical Center, distributed EXHIBIT 7 which he referred to during his presentation. He noted that expenditures had remained fairly steady from 1990 through 1993. EXHIBIT 7, page 1 He directed the committee to the graph on page 2 of EXHIBIT 7 which illustrated the history of student enrollment. The 1993 enrollment was 546 FTEs compared to 525 for 1990. He noted that there were two major efforts made to increase enrollment. The first was a change in management practices which focused on increasing the average enrollment in each of the program areas. The second was the improved effort on increasing retention. He

said he felt the major reason that enrollment had increased was that the center was operating more efficiently and had a more desirable enrollment pattern.

Mr. Bell noted the reduction in employee FTEs as illustrated on page 3 of EXHIBIT 7 and the reduction of faculty FTEs on page 4. The graph on page 5 of EXHIBIT 7 illustrated the increase in the faculty/student ratio from 1:13.33 to 1:15.75. He said the equipment expenditure had been lowered over the past three years. EXHIBIT 7, page 6 It had gone from \$54,787 in 1990 to \$5,236 in 1993. He concluded by supporting the Regents' budget request for the vo-tech centers.

Jane Baker, Acting Director, Butte Vocational Technical Center, began her presentation by reviewing the support the center had received from the Butte community. She then described the type of programs which were offered at Butte which included five associate in applied science degrees (civil engineering, drafting, electronics, informational processing, and automotive).

Ms. Baker reviewed the steps which were taken in response to the 1987 show cause finding on its accreditation status from the Northwest Association of Schools and Colleges and described the changes in the academic programs which occurred since the OCHE assumed responsibility for the vo-tech centers.

Ms. Baker described the 1990 study of a merger between the Butte Vo-Tech and Montana College of Mineral Science and Technology. The study committee concluded that a merger would not save money, however, they were enthusiastic about increased coordination and cooperation between the two institutions which was now evidenced in several areas.

Ms. Baker described the plans for the upcoming biennium noting that the goal was to demonstrate to the Northwest Association of Schools and Colleges that a ten-year accreditation status was warranted. A second goal was to improve the enrollment to an optimum level of 350-400. She added that federal and private seed money was being sought to develop a hazardous waste management training program.

Ms. Baker addressed budgetary issues mentioning that over the past three biennia the general fund support of the Butte center had increased, but the enrollment rate had not met projected budgeted levels with the result that tuition levels were lower than appropriated amounts. The revenue shortfall coupled with significant recisions had resulted in an erosion of the center's budget. She explained the cuts to programs which the center's previous administration imposed to meet the budgetary constraints and how they essentially exacerbated an already difficult situation because of poor decisions.

Ms. Baker explained that the LFA budget was driven by an enrollment-based formula. She reviewed how the actual enrollment

was less than projected resulting in a tuition shortfall in 1990 of \$82,700 and \$75,600 in 1991. She reviewed the factors responsible for the decline in enrollment. She pointed out that the enrollment was currently increasing albeit at a low rate. Ms. Baker stated that application of the formula resulted in a 16% cut in general fund support to the center and if left unchanged would prevent the center from fulfilling its purpose.

PUBLIC TESTIMONY ON BUTTE VO-TECH CENTER

Jack Lynch, Chief Executive, Butte-Silver Bow, urged the committee to supply additional funding for the Butte Vo-Tech. He noted that the Butte area was the largest federal super fund site in the United States and provided an opportunity to develop training programs for the expanding market of hazardous waste management. He said if the committee appropriated an additional \$150,000 to the center, a new environmental curriculum would be developed. He voiced support of local government for the center and for the proposed program.

Evan Barret, Executive Director, Butte Local Development Corporation, spoke to the strong community support of the Butte Vo-Tech. He noted that the vo-tech was in transition which reflected the transition in the economy in Butte with a movement away from mining to a more diversified economic base. He distributed an article which had appeared in the Smithsonian Magazine and focused on the transition in the Butte-Silver Bow area. **EXHIBIT 8** The area was an ideal environment in which to develop mine waste technologies with nation-wide ramifications.

Don Peoples, Chief Executive Officer, Montana Technologies, Inc., spoke in support of the request for transitional funding for the center. He noted that his company had 300 employees with 32 of them graduates of the Butte Vo-Tech. He reiterated what Mr. Barret had said concerning the opportunities available for the development of a waste handling training program. He stated that a National Environmental Waste Testing Technology and Evaluation Center was currently being established in Butte with funding from the Department of Defense, the Environmental Protection Agency and the Department of Energy with an appropriation in FY93 of \$21.5 million. He said the Butte Vo-Tech could play an important role by providing trained personnel through the proposed program. He said his company was willing to make a financial contribution to facilitate the transition at the vo-tech and the development of the curriculum.

SEN. JUDY JACOBSON, District 36, Butte, stated that if the committee would choose to approve the incremental executive budget recommendation for the Butte Vo-Tech, she could support the decision. However, if the LFA formula driven budget were accepted, the level of funding for the Butte Vo-Tech would be unworkable. She asked that the committee seriously consider additional funding for the center in this transition period.

John Hutchinson, Commissioner of Higher Education, reaffirmed the Regents' budget request for all the vo-tech centers but added that the OCHE was especially concerned with the status of the Butte Vo-Tech and would support additional transitional funding for it. It was warranted because of the new administration in place and new directions in progress to meet current needs of the community.

Jim Fitzpatrick, Executive Director, Montana Council on Vocational Technical Education, spoke in support of additional transitional funding support for the Butte Vo-Tech Center. He added that the students who choose not to go to college must be trained in order to fill the technical positions opening up in industry.

Tape No 2:B:135

Questions, Responses, and Discussion:

REP. KADAS asked the directors of the centers to address the reasons for the decreases in enrollments if they had not already done so. He also asked if they felt funding based on an enrollment driven formula was appropriate for their institutions.

Mr. Lerum said the reason for the decline in enrollment in Missoula was due to problems with the formula but not the formula itself. The faculty/student ratio was greater than the institution could manage. The incorrect computation of the average faculty salary further impacted the budget and as a result the institution was left in a position of trying to reposition itself which it could not do rapidly enough to insure an enrollment pattern more within the limit of what was expected. The formula approach was not bad unless there was rapid growth or decline in enrollment.

Mr. Capdeville stated that the enrollment in Helena was hampered due to the lack of housing with 40 students deciding not to attend in 1992 because they could not find affordable housing. In addition, because of the recisions imposed by the special sessions, the enrollment was limited in some programs such as nursing and automotive. He noted that interest in some of the heavy trade programs had declined while programs such as aeronautics had waiting lists. He added that there were higher numbers of students who had trouble paying the tuition. He stated that the formula was the most equitable way of approaching the funding process.

Mr. Bell said there had been a decrease in enrollment in the Billings Vo-Tech Center in 1989-90 due to the conversion from being associated with the school district, however, in the last three years enrollment had experienced a steady climb. He suggested enrollments be viewed on a long term rather than a short term basis.

Mr. Weaver said enrollment at the Great Falls Vo-Tech Center had

been steady for the past two years although it had been higher in the past. He said enrollment had declined due to the increase in the variety of choices now available to students. He endorsed formula funding.

Ms. Baker stated that there had been a great drop in 1990 at the Butte Vo-Tech Center, but the numbers had increased gradually in subsequent years. She referred the committee to her testimony where she reviewed the reasons for the decline. She said that formula funding was sensitive to the impact of enrollment fluctuations, but for small institutions a steep enrollment drop could cut into the critical mass of funding needed to keep an institution functioning.

REP. KADAS asked what the anticipated enrollment was going to be for the spring semester in the Butte Vo-Tech. **Ms. Baker** replied that in the fall of 1992 it had been 300 FTEs and for spring it was 324 FTEs.

REP. KADAS asked for the opinion of the OCHE on the question of formula funding versus incremental budgets for the vo-tech centers. **Dr. Hutchinson** answered that it was the position of the OCHE that the formula as presently conceived was a workable formula had the salaries been appropriately calculated, had the support levels been adequate and had they been more responsive in closing non-productive programs. Formulas were an equitable manner to distribute funds. He said his personal opinion was that formulas were instituted in the 1960's, when funding for higher education was on the upswing, as an equitable manner to distribute the funds. Formulas were less equitable when funds were not bountiful and small institutions had a high proportion of fixed costs and precipitous declines in enrollment.

REP. KADAS asked if the Regents included any transitional funds for the Butte Vo-Tech in their proposed budget. **Dr. Hutchinson** said the Regents did not because they were requesting the legislature restore budgets to the pre-special session levels. He added that the Butte Vo-Tech could manage if that funding level were appropriated, otherwise some transitional support would be in order. **REP. KADAS** asked if enrollment caps had been considered for the vo-tech centers. **Dr. Hutchinson** said the vo-techs should increase their enrollment levels. He explained that if caps were imposed on the six university units, it was important to keep open-enrollment institutions like community colleges and vo-techs available to students seeking postsecondary education. He said that anytime an enrollment was imposed on a senior institution, the institutions that experienced an enrollment increase as a consequence were the community colleges. Vo-tech centers experienced less of an impact.

REP. PECK asked if the conversion to semesters had an effect on enrollment declines and inquired as to the effects of aggressive recruitment by the six university units. **Dr. Hutchinson** replied to the question regarding recruitment explaining that such

practices often were used to get the best students and the students best suited for the institution's programs. Conversations had occurred regarding the necessity of such practices in lieu of the present budgetary limitations. Ms. Vardemann replied to REP. PECK's question regarding semester conversion explaining that in 1987 all the vo-tech centers expressed a desire to convert to semesters. The process was fully accomplished by 1989. She felt that system-wide the conversion did not have a major impact on enrollment although some of the institutions may have dropped a few students.

REP. PECK asked Ms. Baker for more information regarding the merger study committee at Butte. Ms. Baker said the study took five months with the committee having representatives from any area of the campuses which would be impacted by the merger. Both a full merger and an administrative merger were examined. Although a merger was not recommended, there has been increased sharing of resources and facilities as a result of the study.

REP. PECK asked Mr. Lerum about a merger that had been suggested between the Missoula Vo-Tech and the University of Montana. Mr. Lerum explained that in 1988 the Regents directed that discussions begin concerning student services, computer needs and facilities to identify areas which could possibly be shared. He said that in almost every case the UofM looked at the vo-tech as a liability. The vo-tech did use the UofM motor pool and had used their health services. He noted that meetings were continuing. REP. PECK asked if the UofM school psychology programs were involved with the vo-tech. Mr. Lerum said yes. He added that they had also used graduate students in administration, but not as much as they could.

REP. PECK commented that it seemed the six university units were thinking of themselves as "the system" whereas the vo-techs were thinking of themselves as a five-unit system, to the exclusion of each other. Mr. Lerum said more discussion was going on now between university units and vo-techs than in the past. REP. PECK asked how much cooperation was occurring between the Billings Vo-Tech and Eastern Montana College. Mr. Bell answered that a study committee had been formed to examine the possibility of a merger or other types of affiliations which would save money. The opposition to a merger from EMC was found to be greater than expected. Due to the higher support rate at EMC few areas were found, however, meetings were continuing on an ongoing basis. Health care for the administrative staff and faculty of the vo-tech was handled by EMC. The licensed electrician from EMC has been used by the vo-tech.

SEN. BIANCHI asked if all the vo-techs had an LPN program. Ms. Vardemann said all five had one-year LPN certificate programs which were fully subscribed with waiting lists. She added that the placement rate was very high.

SEN. BIANCHI asked for more information regarding the

supplemental request from the Butte Vo-Tech. Ms. Baker explained that the current projected LFA cut of \$296,000 would eliminate seven faculty positions and five programs. With the \$150,000 requested in transitional money in the supplemental, two of the programs, automotive and welding, would be continued with three instructors. Three programs would still need to be terminated along with five instructors. SEN. BIANCHI asked if any of the transitional money would be used to establish the new curriculum in hazardous waste management. Ms. Baker explained that the commitment from the community for the hazardous waste management program was to provide seed money to develop the curriculum and help tie into federal funds. The \$150,000 requested in the supplemental would stabilize the institution and would maintain two programs. It would not be used directly for the new curriculum. She added that two years ago the vo-tech had worked with Montana Tech on a proposal for the development of two programs: Waste Technology Technician and Hazardous Waste Technician. That proposal needed to be reviewed to incorporate the new technologies which had been developed and to identify the need for these positions in the state at this time. Once the identification of need was accomplished, the help of local development people would be utilized to obtain federal funds to initiate the programs.

SEN. BIANCHI asked for more information on the development of a vo-tech curriculum. He also wanted to know how much this project would affect curriculum development at Montana Tech. Dr. Hutchinson said in general, vo-techs designed their curricula to meet the needs of the community in which they were located. As the needs of the community change, low-enrollment programs were closed down and new ones initiated. The initiation of a new program involved a well-developed process which all units had to follow. The unit first had to file a notice of intent. If the Regents approve the notice of intent, a full plan for the program was brought to the Board of Regents with a detailed account of the funding implications. The last step was approval by the Regents. Dr. Hutchinson noted that no notices of intent had yet been filed for the programs being proposed.

CHAIRMAN JOHNSON noted that the vo-tech was seeking funding before they submitted a notice of intent and it seemed they were not following the required process. Dr. Hutchinson said occasionally a program has had an opportunity to obtain federal or private money and the normal process was set aside in order to take advantage of the opportunity. CHAIRMAN JOHNSON asked if the proposed dental hygienist program at the Great Falls Vo-Tech went through the normal process. Dr. Hutchinson said yes and added that it was approved by the Regents subject to the availability of new funds. Ms. Vardemann reiterated what Ms. Baker and Dr. Hutchinson had said.

SEN. BIANCHI asked what would be needed to move the new program ahead. Ms. Vardemann said the program was beyond the conceptual stage at this point. She added that the vo-techs wanted to be at

a point where enough money was available to do strategic planning which involved cross-training of individuals who were already on hand. She gave as an example the biomedical technology program being part of the electronics program at the Helena Vo-Tech.

CHAIRMAN JOHNSON asked at what point would the new program be brought to the Regents. **Ms. Vardemann** responded that notices of intent were usually filed twice a year in January and July. This program would probably file its notice of intent in July, 1993. **Ms. Baker** added that the academic subcommittee of the Board of Regents did allow exceptions and the Butte Vo-Tech would be filing a notice of intent before July. In reply to **SEN. BIANCHI's** earlier question, she explained that the welding program would be reviewed and possibly dropped in order to use \$45,000 of the requested supplemental as seed money for the new program.

CHAIRMAN JOHNSON noted **Ms. Baker** had mentioned in her testimony that for several years the vo-tech had cut services rather than personnel. He asked at what point in a financial crises does a decision to cut personnel finally come. **Ms. Baker** said that for the past three years, cuts in operations had been so deep, all spending had been frozen. **CHAIRMAN JOHNSON** noted that personnel cuts should be examined sooner rather than just making program cuts. **Ms. Baker** concurred. **CHAIRMAN JOHNSON** referred to the description of the third supplemental in **EXHIBIT 1** and asked how large the level of general support must be in order to avoid the supplemental. **Mary Jo Riley, Fiscal Officer, Butte Vo-Tech Center,** said it depended on which programs were kept and which were terminated. If three programs were restored, \$126,000 would be needed; five programs would require \$196,000.

CHAIRMAN JOHNSON asked why the \$22,000 supplemental was being requested for termination of the previous director. **Ms. Riley** answered the \$22,000 was his sick leave buy-out at 25% which was in addition to his FY92-93 salary. His current status was that he was on administrative leave during which salary was paid. **Ms. Vardemann** explained that due to a tragic situation in his personal life, the previous director requested a special administrative leave, which the Regents agreed to. He had been with the vo-tech since 1977.

SEN. BIANCHI asked **Mr. Peoples** for his perspective on the proposed waste technology programs. **Mr. Peoples** said that there were ways private seed money could be utilized to initiate development of the curriculum. The companies would also work with federal agencies so that federal money could be utilized. He noted that money from the Department of Energy and the EPA was used to help develop a Master's Degree program in Waste Technology at Montana Tech.

REP. KADAS noted that there had been a significant change in the tuition revenue in the LFA current level and requested the reason for it. **Mr. Culver** said it was based on the increased tuition

rates which followed special session action. **REP. KADAS** asked what the Regents were anticipating in terms of tuition at the vo-tech centers. **Ms. Vardemann** answered that there were no planned changes in tuition for the coming biennium. **REP. KADAS** asked if the tuition indexing plan applied to the vo-tech centers. **Ms. Vardemann** noted that Montana residents already carried a higher than 25% proportion of educational costs in the vo-tech system. Non-residents had a negligible impact on the budgets of vo-techs. **REP. KADAS** asked the OCHE to consider setting tuition costs at 25% as a minimum for resident students. He asked for the Regents' response to the Administration's proposal to centralize administration for the vo-tech centers at the Northern Montana College campus. **Ms. Vardemann** said the issue would be discussed at the special meeting of the Regents in February.

ADJOURNMENT

Adjournment: 11:50 a.m.



REP. ROYAL JOHNSON, Chair



JACQUELINE BREHE, Secretary

jb/

HOUSE OF REPRESENTATIVES

EDUCATION

SUB-COMMITTEE

ROLL CALL

DATE

2-1-93

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	✓		

SUPPLEMENTAL REQUESTS

- 1) The Missoula Vocational Technical Center is requesting a general fund supplemental for fiscal 1993 of \$45,378. This supplemental will be used to pay accumulated sick and annual leave and associated benefits to four employees who have or will be terminating their employment during the fiscal 1993.

- 2) The Butte Vocational Technical Center is requesting a general fund supplemental for fiscal 1993 of \$22,637. This supplemental will be used to pay accumulated sick and annual leave and associated benefits as a result of the retirement of the director of the center this year.

- 3) The Butte Vocational Technical Center contends that a general fund supplemental may be necessary for fiscal 1993, depending upon the level of general fund support appropriated by the legislature for the 1995 biennium. It is the position of the Butte Vocational Technical Center that the formula funding method as adopted by the 1991 legislature for funding the vo tech centers, and which was used by the LFA in determining current level funding for the 1995 biennium, will force the Butte center to reduce faculty if adopted by the legislature for the 1995 biennium. This reduction would take place at the end of fiscal 1993 and the resulting termination pay would be required in fiscal 1993. The Butte Center estimates the termination payout would come to \$125,982.

EXHIBIT 1
DATE 2-1-93
SB _____



Missoula Vocational Technical Center

- Post Secondary Vocational Technical Education
- Adult Continuing Education
- Community Services

Phone (406) 542-6811 909 South Avenue West Missoula, Montana 59801-7910

TO: Rod Sundsted, Associate Commissioner for Management and Fiscal Affairs
FROM: Jim Taylor, Supervisor of Administrative Affairs
RE: REVISED FISCAL YEAR 1993 SUPPLEMENTAL BUDGET REQUEST
DATE: January 27, 1993

A supplemental budget for the Missoula Vocational Technical Center for fiscal year 1993 in the amount of \$44,643.67 is hereby requested. The supplemental budget will be used to fund the Center's obligation to pay accumulated sick leave and associated benefits to four employees who have or will be severing their employment during fiscal year 1993.

A summary of the individuals involved and the cost of their severance follows:

<u>Employee</u>	<u>Position</u>	<u>Severance</u>	<u>Benefits</u>	<u>Total</u>
Altenbrun, Larry	Instructor	\$12,229.19	\$ 1,037.74	\$13,336.93
French, William	Instructor	4,654.10	2,946.52	7,600.62
Wilson, Richard	Instructor	935.00	148.63	1,083.63
Yorton, Helen	Instructor	<u>12,021.26</u>	<u>10,601.23</u>	<u>22,622.49</u>
		\$29,909.55	\$14,734.12	\$44,643.67

William French and Helen Yorton both selected Option I available under the Teachers' Retirement System. This option requires a substantial employer match to the Teachers' Retirement System.

This revision reflects actual, rather than estimated, severance for Altenbrun, French, and Wilson. The revised request has been reduced \$734.20 from the original request of \$45,377.87.

JCT/cav

24
 2-1-93



Missoula Vocational Technical Center

- Post Secondary Vocational Technical Education
- Adult Continuing Education
- Community Services

Phone (406) 542-6811 909 South Avenue West Missoula, Montana 59801-7910

January 27, 1993

Representative Royal Johnson, Chairman
Education and Cultural Resources Subcommittee
Capitol Station
Helena, Montana 59620

Dear Representative Johnson:

At the request of the Office of the Commissioner of Higher Education, the following response has been prepared to Representative Zook's questions regarding fiscal year 1993 supplemental appropriation requests.

A copy of the Missoula Vocational Technical Center supplemental appropriation request for fiscal year 1993 in the amount of \$44,643.67 is attached. The supplemental is intended to be used solely to pay the unfunded liability for sick leave and benefits due the four terminating employees listed. Responses to Representative Zook's questions follow.

1. *What will the consequences be if your supplemental request is not approved? Is reduced by 50 percent?*

Missoula Vocational Technical Center has no funds available other than the current operating budget to pay this liability. The current operating budget has been reduced twice during special legislative sessions. Equipment purchases and planned maintenance have been curtailed. The balance of the operating budget is obligated for required personal services and operating expenses. If the request is not approved, Center expenditures for fiscal 1993 will exceed current appropriation authority.

If the request is reduced by 50 percent, the amount of budget authority over-expenditure will be diminished, but in all likelihood will still occur.

The only alternative available to over-expenditure of fiscal year 1993 budget authority would be to charge all or a portion of the obligation to the fiscal year 1994 budget. This alternative would only defer the problem for one year and may, in fact, compound the situation if additional terminations were to occur in 1994.

EXHIBIT 2B
DATE 2-1-93
SB _____

Representative Royal Johnson /2/ January 27, 1993

2. *Are there funds available within your fiscal 1993 budget that could be used to offset the requested supplemental?*

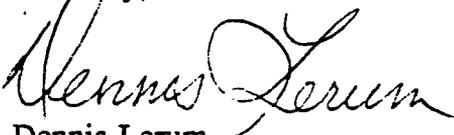
Missoula Vocational Technical Center has no unobligated funds available in the fiscal 1993 budget that can be used to offset the requested supplemental.

3. *What steps have you taken to ensure that a supplemental will not be required in future biennia?*

No assurance can be provided that a supplemental for this purpose will not be required in future biennia. Control cannot be exercised over an employee's choice to terminate and the appropriation process does not recognize the liability or provide funding for potential severance compensation.

Thank you for your consideration. If you have need for further information, please contact me at your convenience.

Sincerely,



Dennis Lerum
Director

DL/cav

Attachment

cc: Rod Sundsted, OCHE
Brady Vardemann, OCHE

EXHIBIT 2C
DATE 2-1-93
SB _____



TO: ROD SUNDSTED
ACTING ASSOCIATE COMMISSIONER
FOR FISCAL AFFAIRS

FROM: MARY JO RILEY *MJR*
BUSINESS OFFICER

SUBJECT: POSSIBLE FY93 SUPPLEMENT

DATE: JANUARY 14, 1993

Due to the unanticipated retirement of Harrison J. Freebourn, Director of the Butte Vocational Technical Center, we request a supplement to the FY93 appropriation in the amount of \$22,637.00. This amount is needed to cover severance buy out costs for Mr. Freebourn.

An additional supplement in the amount of \$125,982 will be needed if the Butte Vocational Technical Center is required to adhere to the Governor's executive budget and/or the budget analysis prepared by the Legislative Fiscal Analyst. This amount will be needed to cover severance costs of six Butte Vo Tech Center instructors as follows:

<u>Position</u>	<u>Amount</u>
Instructor of Electrical/Electronic Technology	7,639.00
Instructor of Electrical/Electronic Technology	28,943.00
Instructor of Recreation Equipment & Small Engines	17,429.00
Instructor of Combination Welding	32,012.00
Instructor of Automotive Technology	7,727.00
Instructor of Automotive Technology	32,232.00

cc: Jane Baker
Acting Director Butte Vo Tech Center

THE MONTANA VOCATIONAL-TECHNICAL CENTERS ARE UNDER THE GOVERNANCE OF THE
BOARD OF REGENTS OF HIGHER EDUCATION
We are an Affirmative Action / Equal Opportunity Employer

DATE 2-1-93
BY 2D



TO: ROD SUNDSTED
ACTING ASSOCIATE COMMISSIONER
FOR FISCAL AFFAIRS

FROM: MARY JO RILEY
BUSINESS OFFICER

RE: SUPPLEMENTAL REQUESTED INFORMATION
BY REPRESENTATIVE TOM ZOOK

The following is the information requested by Representative Tom Zook.

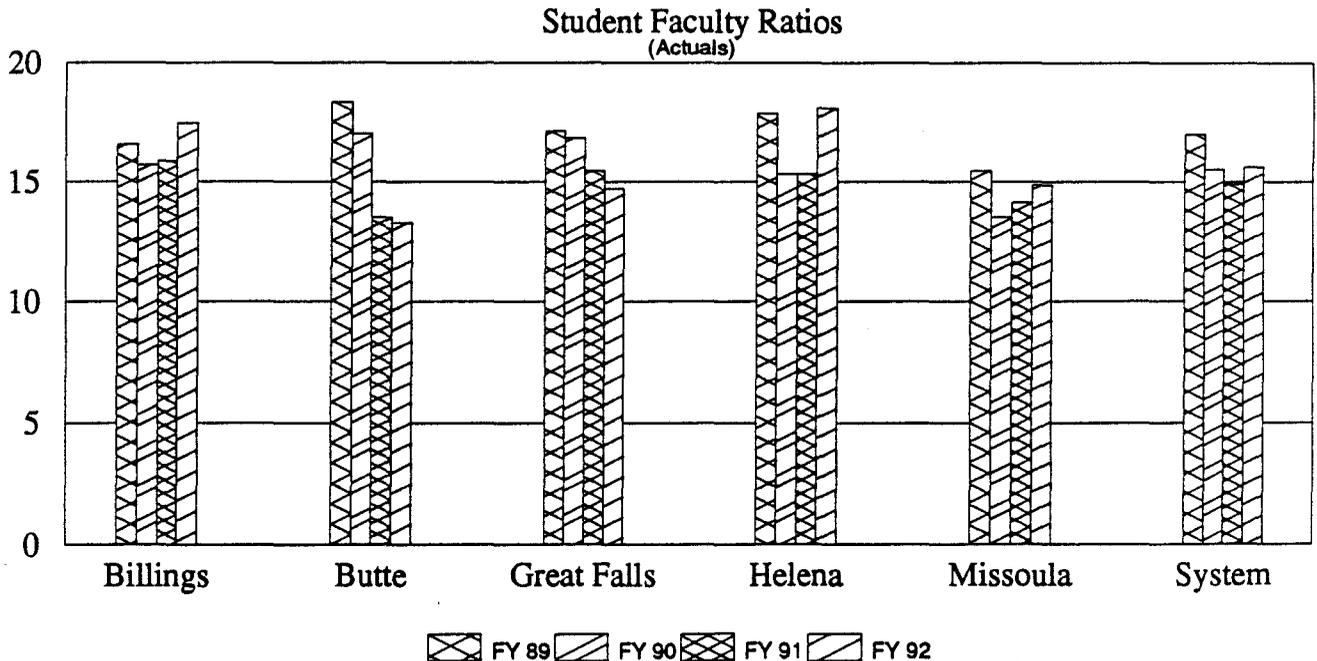
- 1a) State statute requires all payroll severance buy-outs to be paid within the fiscal year they occur. If the requested supplement is not approved the Butte Vo Tech would be unable to meet this obligation and would be in violation of this statute.
- 1b) If 50% of the supplement was approved the Butte Vo Tech Center would again be unable to meet the other 50% of the required amount and would still be in violation of state statute.
- 2) There are no funds available for any portion of this supplement. The Butte Vo Tech Center had a FY92 general fund recision in the amount of \$146,395.00.
- 3) The Butte Vo Tech Center has a policy that requests notification of possible need for severance buy-outs due to retirement 1 year in advance. Because of timely notification the Butte Vo Tech will be paying 2 additional severances that were included in the FY93 budget. The requested supplement is necessary due to anticipated budget reductions for FY's 94-95 and could not have been foreseen. If, however, all or part of the anticipated reductions are restored, the supplement request would be reduced accordingly.

EXHIBIT 2 E
DATE 2-1-93
SB _____

Montana Vocational Technical Centers Student Faculty Ratios

	Actual FY 89 (1)	Actual FY 90 (2)	Actual FY 91 (2)	Actual FY 92 (2)	Budget FY 92 (3)	Budget FY 93 (3)
Billings	16.59	15.71	15.88	17.47	17.00	17.50
Butte	18.36	17.05	13.52	13.26	17.96	17.96
Great Falls	17.14	16.84	15.47	14.71	17.00	17.50
Helena	17.90	15.33	15.34	18.09	16.00	17.00
Missoula	15.46	13.52	14.13	14.86	15.00	16.00
System	17.02	15.53	14.89	15.63		

- (1) Based on the credit hour enrollment calculated from the contact hour information reported to OCHE and the Contract Faculty figures presented in the OCHE budget books.
(Note: Helena's faculty FTE figures in the budget book are incorrect and have been recalculated.)
- (2) Based on the credit hour enrollment information reported to OCHE and the Contract Faculty figures presented in the OCHE budget books.
(Note: Helena's faculty FTE figures in the budget book are incorrect and have been recalculated.)
- (3) Student Faculty ratio from the 1993 biennium appropriation report.



EY 3
 2-1-93

Vocational-Technical System 1995 Biennium Formula Factors

Background:

During the 1993 Legislature the Montana University System initiated two major changes with regard to the funding for the Vocational Technical Centers. One was the adoption of formula based budgeting and the other was the adjustment of faculty salaries to create pay equity across the centers. The faculty pay equity issues were successfully addressed and current contract negotiations are maintaining the pay equity foundation. However, reviews of the funding formula have disclosed several issues that have a material impact on the funding for the Vocational Technical System.

Formula Factor Issues:

The Average Faculty Salary used in the 1993 biennium appropriation funding formula was calculated incorrectly by the Office of the Commissioner of Higher Education. The total base salary figure for each center was divided by the number of faculty at each center. The total base salary should have been divided by the FTE value of the faculty at each center. This error resulted in the understatement of the Average Faculty Salary for every center except Butte where the figures are the same. The following table shows the results of these calculations:

Original Calculation:

<u>Center</u>	<u>Projected FY92 Base Salary</u>	<u>Head Count</u>	<u>LFA Base Salary</u>	<u>Payplan</u>	<u>LFA FY 94 & 95 Base Salary</u>
BIVTC	\$683,493	24	\$28,479	\$2,184	\$30,663
BuVTC	664,124	21	31,625	2,184	33,809
GFVTC	1,099,575	41	26,819	2,184	29,003
HVTC	1,004,407	31	32,400	2,184	34,584
MVTC	1,201,250	40	30,031	2,184	32,215
System	<u>\$4,652,849</u>	<u>157</u>	<u>\$29,636</u>	<u>\$2,184</u>	<u>\$32,055</u>

Correct Calculation:

<u>Center</u>	<u>Projected FY92 Base Salary</u>	<u>FTE Count</u>	<u>Correct Base Salary</u>	<u>Payplan</u>	<u>Correct FY 94 & 95 Base Salary</u>
BIVTC	683,493	22.512	30,361	\$2,184	\$32,545
BuVTC	664,124	21.000	31,625	2,184	33,809
GFVTC	1,099,575	36.411	30,199	2,184	32,383
HVTC	1,004,407	30.335	33,110	2,184	35,294
MVTC	1,201,250	38.166	31,474	2,184	33,658
System	<u>4,652,849</u>	<u>148.424</u>	<u>31,348</u>	<u>\$2,184</u>	<u>\$33,538</u>

Had the system been funded using the correct base salary in the 1995 biennium budget formula the system would have received an additional \$276,768 in funding for Faculty Salaries in each year of the Biennium. The following table contains the calculation of this increase.

(continued)

1. EXHIBIT 4
2-1-93

LFA 1995 Biennium Calculation:

<u>Center</u>	<u>LFA Base Salary</u>	<u>LFA Faculty</u>	<u>LFA Benefits</u>	<u>LFA Funding</u>
BIVTC (1)	\$30,663	23.26	23.42%	\$880,258
BuVTC	33,809	17.37	22.83%	721,334
GFVTC	29,003	31.80	23.65%	1,140,418
HVTC	34,584	30.62	22.36%	1,295,746
MVTC	32,215	33.16	22.92%	1,313,092
<u>System</u>	<u>\$32,055</u>	<u>136.21</u>	<u>23.04%</u>	<u>\$5,350,848</u>

Correct 1995 Biennium Faculty Salary Calculation:

<u>Center</u>	<u>Correct Base Salary</u>	<u>LFA Faculty</u>	<u>LFA Benefits</u>	<u>Correct Funding</u>	<u>Increase (Decrease) Over LFA</u>
BIVTC (1)	\$32,545	23.37	23.42%	\$938,704	\$58,446
BuVTC	33,809	17.37	22.83%	721,334	0
GFVTC	32,383	31.80	23.65%	1,273,322	132,904
HVTC	35,294	30.62	22.36%	1,322,347	26,601
MVTC	33,658	33.16	22.92%	1,371,909	58,817
<u>System</u>	<u>\$33,538</u>	<u>136.21</u>	<u>23.04%</u>	<u>\$5,627,616</u>	<u>\$276,768</u>

Total Increase for the 1995 Biennium \$553,536

The system is also seeking a change in the student faculty ratio used in the Funding formula. The ratio used in the 1993 funding formula was based on estimated credit hour student counts. The actual data now available for fiscal years 1991 and 1992 indicate a lower ratio. The following table shows the annual effect on the LFA formula calculation of setting the ratio at 15 to 1 for all the centers.

<u>Center</u>	<u>LFA Students</u>	<u>Student Faculty Ratio</u>	<u>Adjusted Faculty</u>	<u>LFA Base Salary</u>	<u>LFA Benefits</u>	<u>Adjusted Funding</u>	<u>Increase (Decrease) Over LFA</u>
BIVTC (1)	409	15.00	27.27	\$30,663	23.42%	\$1,032,013	\$151,755
BuVTC	312	15.00	20.80	33,809	22.83%	863,774	142,440
GFVTC	557	15.00	37.13	29,003	23.65%	1,331,564	191,146
HVTC	521	15.00	34.73	34,584	22.36%	1,469,669	173,923
MVTC	531	15.00	35.40	32,215	22.92%	1,401,793	88,701
<u>System</u>	<u>2,330</u>	<u>15.00</u>	<u>155.33</u>	<u>\$32,055</u>	<u>23.04%</u>	<u>\$6,098,813</u>	<u>\$747,965</u>

Total Increase for the 1995 Biennium \$1,495,930

The following table shows the annual effect of correcting the Average Faculty Salary figures and changing the Student Faculty Ratio figure to 15 for all the centers.

(continued)

Center	LFA Students	Student Faculty Ratio	Adjusted Faculty	Correct Base Salary	LFA Benefits	Adjusted Funding	Increase (Decrease) Over LFA
BiVTC (1)	409	15.00	27.27	\$32,545	23.42%	\$1,095,355	\$215,097
BuVTC	312	15.00	20.80	33,809	22.83%	863,774	142,440
GFVTC	557	15.00	37.13	32,383	23.65%	1,486,744	346,326
HVTC	521	15.00	34.73	35,294	22.36%	1,499,841	204,095
MVTC	531	15.00	35.40	33,658	22.92%	1,464,583	151,491
System	<u>2,330</u>	<u>15.00</u>	<u>155.33</u>	<u>\$33,538</u>	<u>23.04%</u>	<u>\$6,410,297</u>	<u>\$1,059,449</u>

Total Increase for the 1995 Biennium \$2,118,898

Finally, the Vocational Technical System is seeking an adjustment to the Support Rate formula factor. A review of similarly situated institutions indicates that the centers are under funded in regards to support expenditures. The system has established a target Support Rate of \$1,650 and is requesting funding to move toward that target. The following tables show the effects of this adjustment.

Fiscal Year 1994 - Add 25% of the difference between the LFA and \$1,650:

Center	LFA Support Rates	Adjusted Support Rates	LFA Students	Audit	Warrant	Insurance	Adjusted Support
BiVTC (1)	\$1,450	\$1,500	409	\$26,341	\$869	\$2,876	\$643,586
BuVTC	1,261	1,358	312	32,195	756	2,862	459,509
GFVTC	1,046	1,197	557	29,268	1,537	6,519	704,053
HVTC	1,322	1,404	521	32,195	1,254	6,148	771,081
MVTC	1,581	1,598	531	26,341	1,429	8,895	885,203
System	<u>\$1,332</u>	<u>\$1,411</u>	<u>2,330</u>	<u>\$146,340</u>	<u>\$5,845</u>	<u>\$27,300</u>	<u>\$3,463,432</u>

Fiscal Year 1995 - Increase the 1994 adjusted rate by the same 25% figure:

Center	LFA Support Rates	Adjusted Support Rates	LFA Students	Audit	Warrant	Insurance	Adjusted Support
BiVTC (1)	\$1,459	\$1,550	409	\$0	\$901	\$4,387	\$639,238
BuVTC	1,261	1,455	312	0	784	4,283	459,027
GFVTC	1,050	1,348	557	0	1,593	8,318	760,747
HVTC	1,325	1,486	521	0	1,300	8,530	784,036
MVTC	1,585	1,615	531	0	1,482	11,679	870,726
System	<u>\$1,336</u>	<u>\$1,491</u>	<u>2,330</u>	<u>\$0</u>	<u>\$6,060</u>	<u>\$37,197</u>	<u>\$3,513,774</u>

The following table shows the effects of the Support Rate Adjustments.

(continued)

4
2-1-93

Center	FY 1994			FY 1995		
	LFA Support	Adjusted Support	Increase (Decrease) Over LFA	LFA Support	Adjusted Support	Increase (Decrease) Over LFA
BiVTC (1)	\$620,176	\$643,586	\$23,410	\$598,900	\$639,238	\$40,338
BuVTC	429,126	459,509	30,383	398,649	459,027	60,378
GFVTC	619,168	704,053	84,885	594,277	760,747	166,470
HVTC	727,786	771,081	43,295	699,483	784,036	84,553
MVTC	875,548	885,203	9,655	853,763	870,726	16,963
System	<u>\$3,271,804</u>	<u>\$3,463,432</u>	<u>\$191,628</u>	<u>\$3,145,072</u>	<u>\$3,513,774</u>	<u>\$368,702</u>

Total Increase for the 1995 Biennium \$560,330

Summary

The following table is a summary of the increase over the LFA Budget for each of the proposed adjustments to the Vocational Technical System Budget.

Fiscal Year	Salary Correction Only	Student/Faculty Ratio Only	Both Salary & Ratio	Adjust Support Rate	All Three Adjustments
<u>Fiscal Year 1994</u>					
BiVTC	\$58,446	\$151,755	\$215,097	\$23,410	\$238,507
BuVTC	0	142,440	142,440	30,383	172,823
GFVTC	132,904	191,146	346,326	84,885	431,211
HVTC	26,601	173,923	204,095	43,295	247,390
MVTC	58,817	88,701	151,491	9,655	161,146
System	<u>\$276,768</u>	<u>\$747,965</u>	<u>\$1,059,449</u>	<u>\$191,628</u>	<u>\$1,251,077</u>
<u>Fiscal Year 1995</u>					
BiVTC	\$58,446	\$151,755	\$215,097	\$40,338	\$255,435
BuVTC	0	142,440	142,440	60,378	202,818
GFVTC	132,904	191,146	346,326	166,470	512,796
HVTC	26,601	173,923	204,095	84,553	288,648
MVTC	58,817	88,701	151,491	16,963	168,454
System	<u>\$276,768</u>	<u>\$747,965</u>	<u>\$1,059,449</u>	<u>\$368,702</u>	<u>\$1,428,151</u>
1995 Biennium Increase	<u>\$553,536</u>	<u>\$1,495,930</u>	<u>\$2,118,898</u>	<u>\$560,330</u>	<u>\$2,679,228</u>

Note

(1) The LFA enrollment figure of 407 for the Billings Vo-Tech was based on reported enrollments of 397 in Fiscal Year 1991 and 417 in Fiscal Year 1992. The Fiscal Year 1992 enrollment was revised to 420 in December of 1992. This increases the average enrollment to 409 for the biennium. Using an average enrollment of 409 in the LFA current level formula gives the Billings Vo-Tech approximately \$7,500 more each year of the Biennium.

EXHIBIT 5
DATE 2-1-93
SB _____

THE GREAT FALLS VOCATIONAL-TECHNICAL CENTER

A PORTRAIT OF AN INSTITUTION

EXHIBIT 5
DATE 2-1-93
SB _____

Presented to: 53rd Montana Legislative Session

*By: Willard R. Weaver
Center Director
January, 1993*

Building

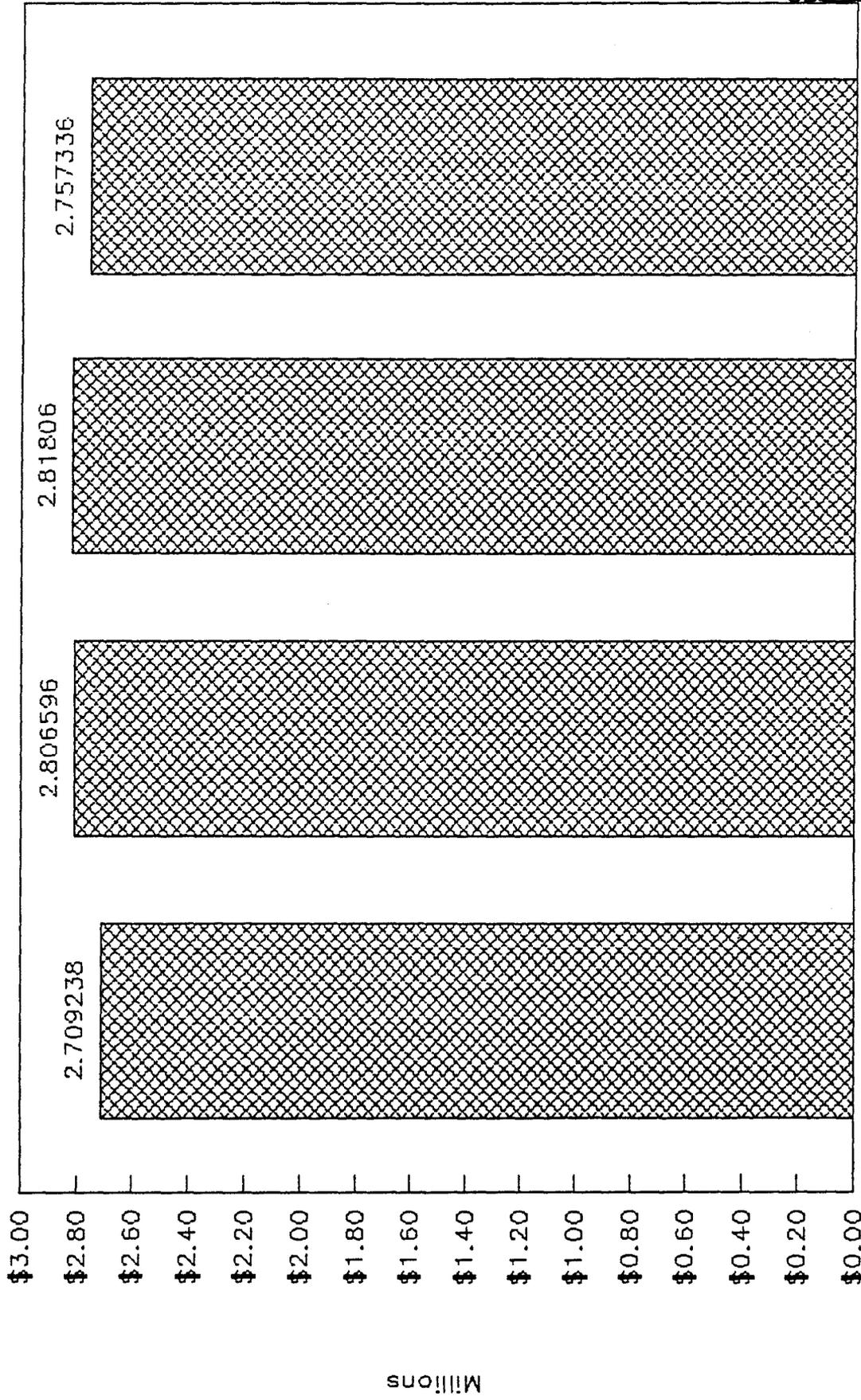
**TOMORROW'S
WORKFORCE**

BILLINGS VOCATIONAL-TECHNICAL CENTER

EXHIBIT 6
DATE 2-1-93
BY _____

Missoula Vocational Technical Center

EXHIBIT 7
DATE 2-1-93
SB



Expenditures (without audit)

7
2-1-93

Missoula Vocational Technical Center

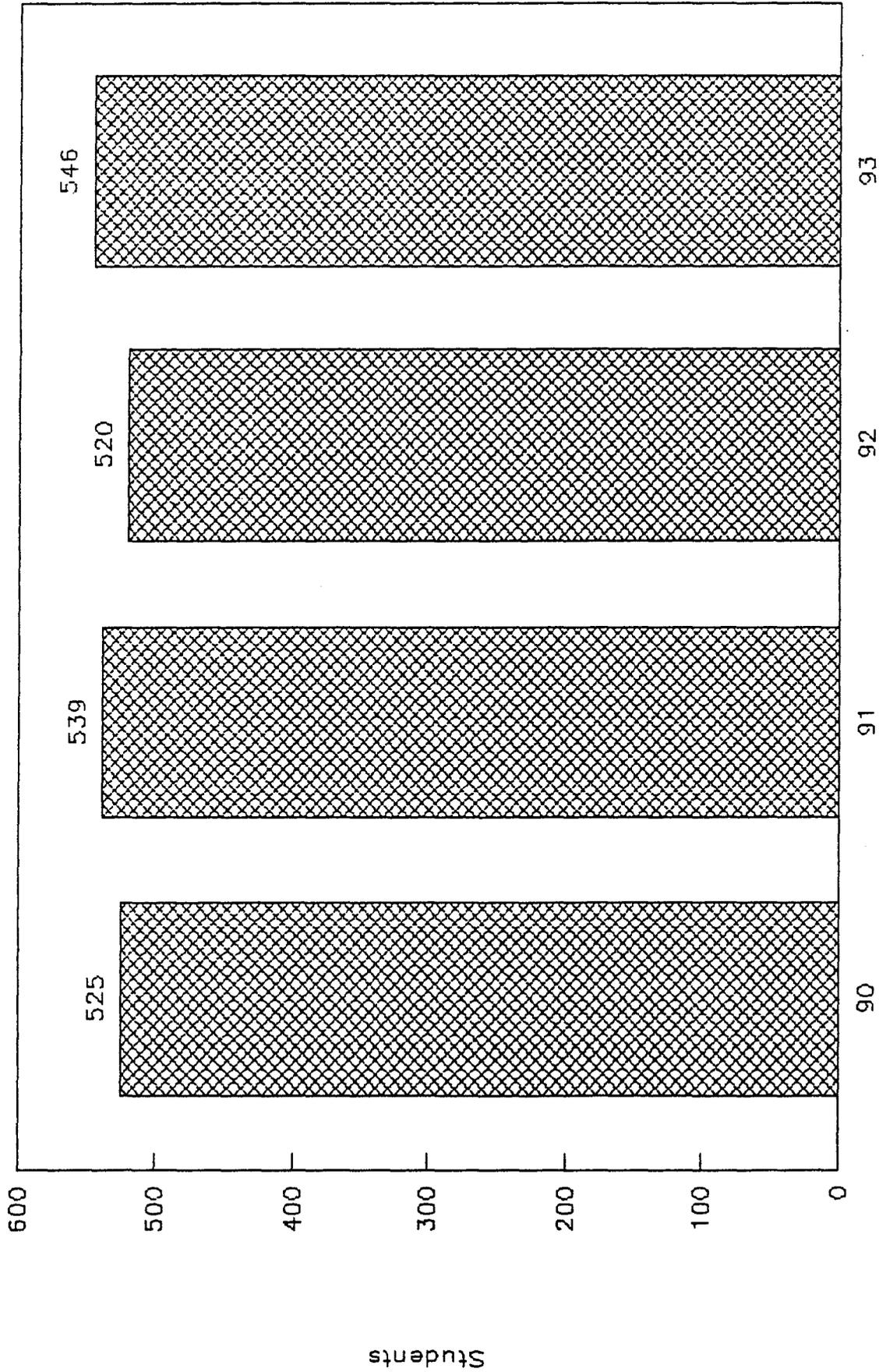
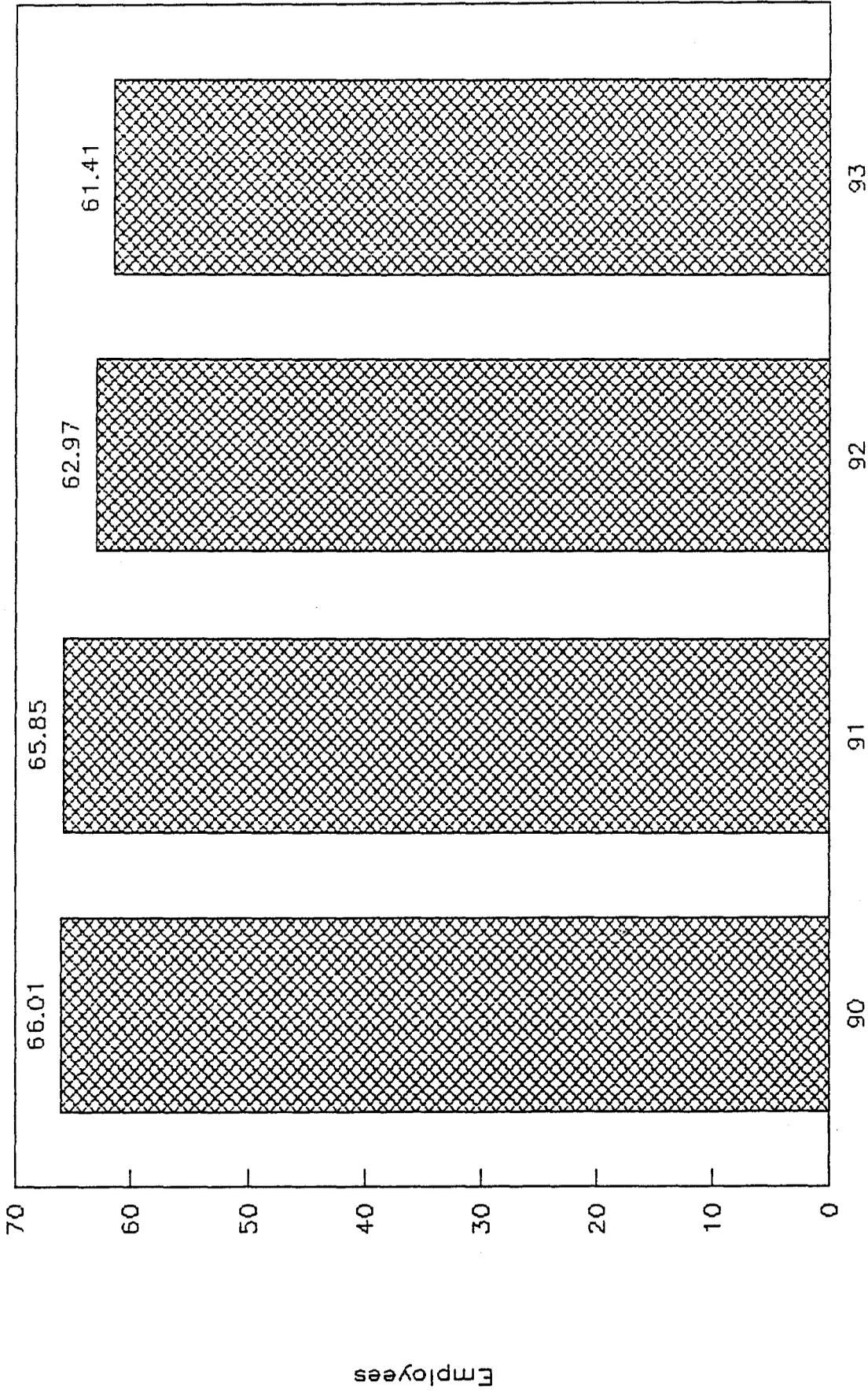


EXHIBIT 7
DATE 2-1-97
S

Missoula Vocational Technical Center



Employees

EMPLOYEE _____
DATE 2-1-93
SS

Missoula Vocational Technical Center

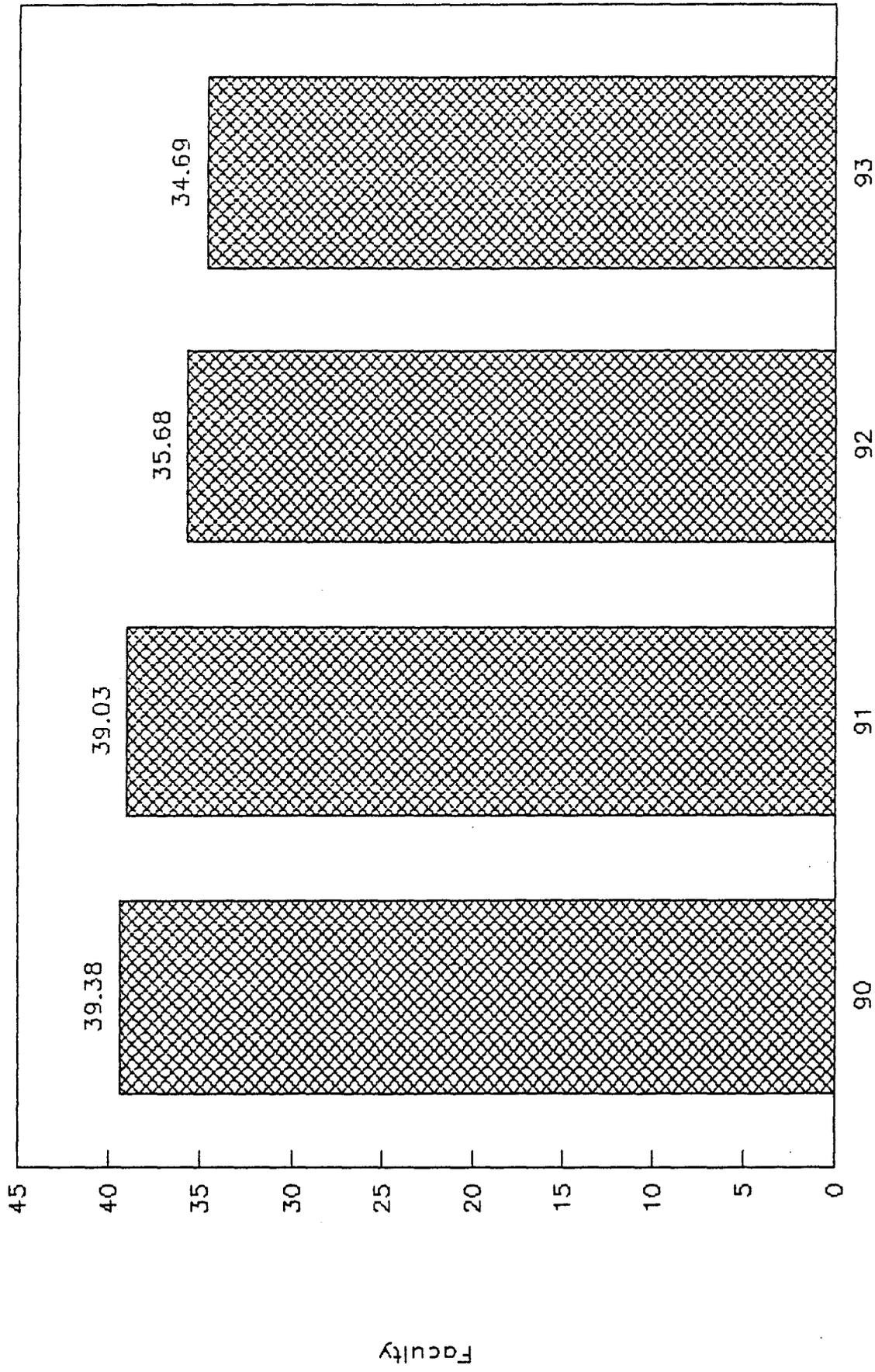
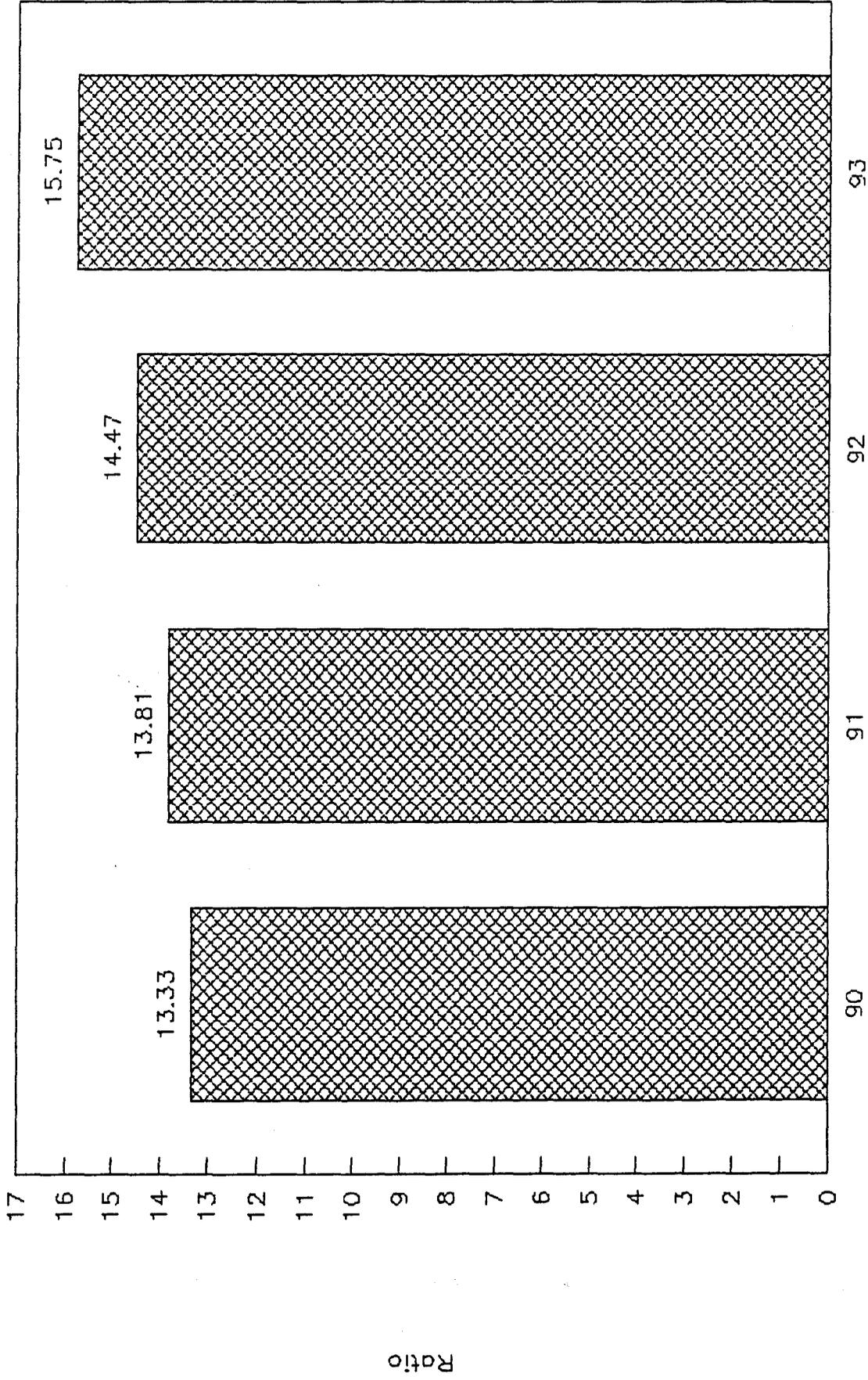


EXHIBIT 7
DATE 2-1-93
OF _____

Missoula Vocational Technical Center



Student - Faculty Ratio

EXHIBIT 7
DATE 2-1-93
SB.

Missoula Vocational Technical Center

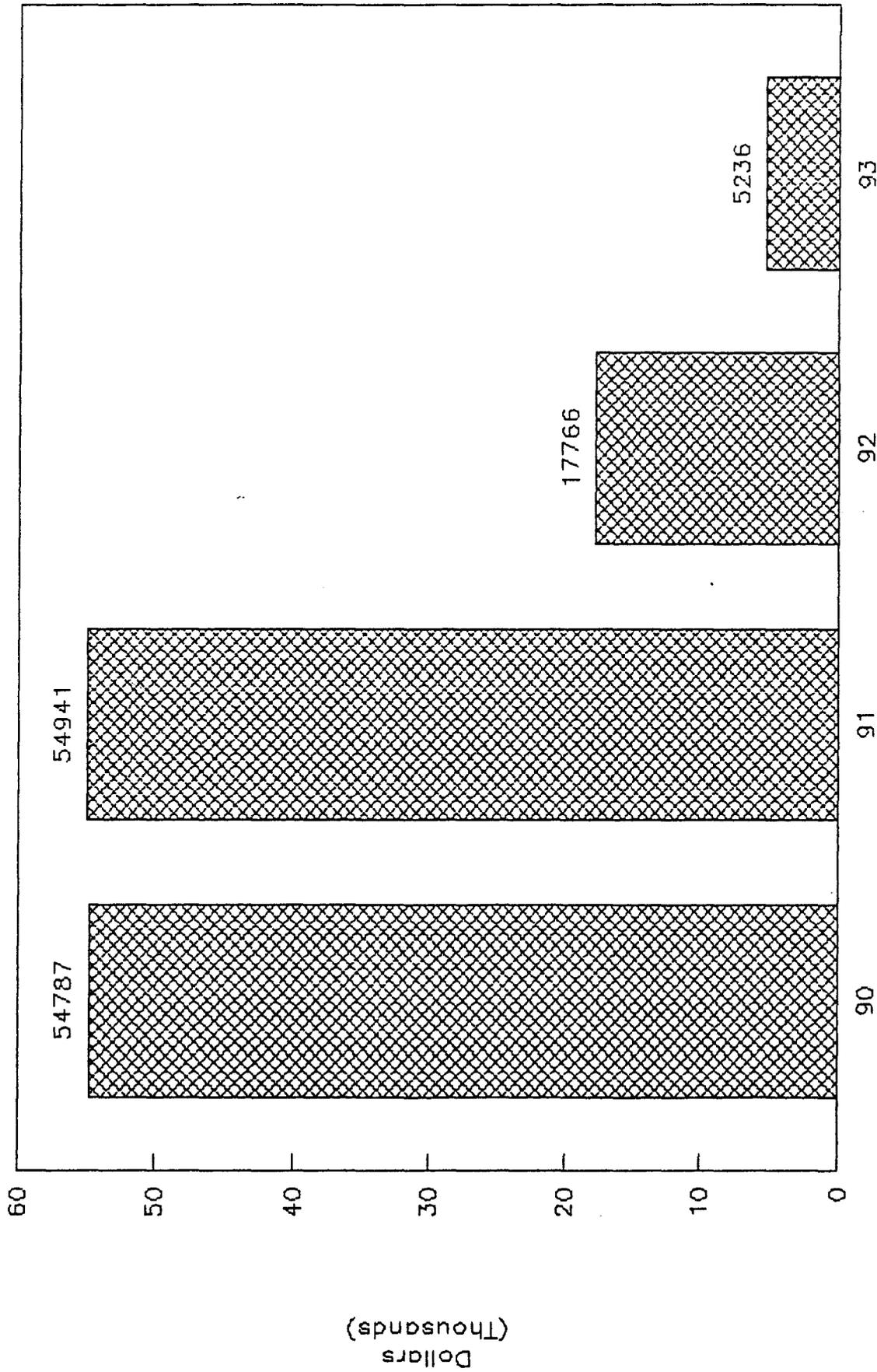


EXHIBIT _____
DATE 1-23-93
5B



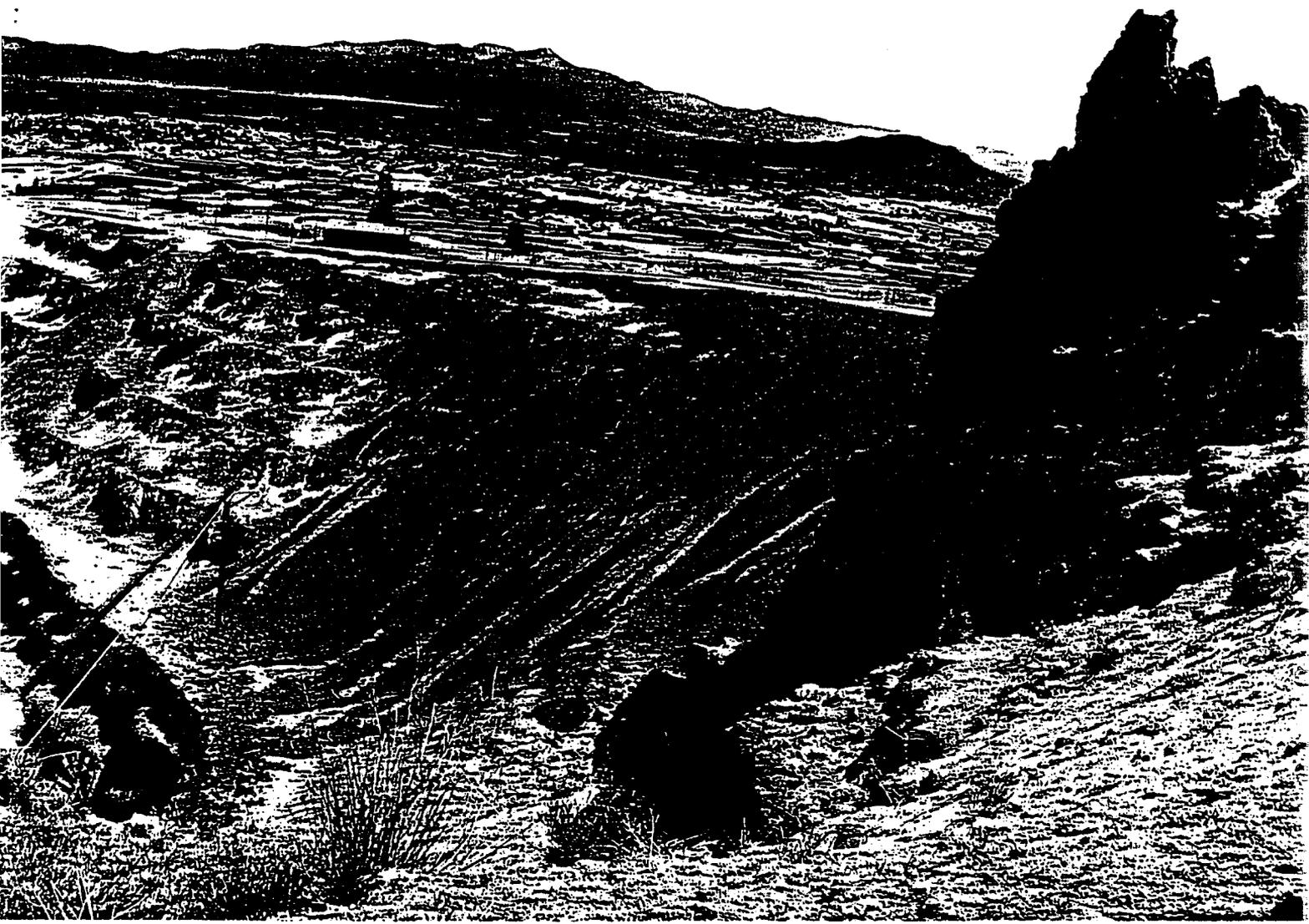
By Dan Baum and Margaret L. Knox

‘We want people who have a problem with mine wastes to think of Butte’

EXHIBIT 8
DATE 2-1-93
3

They already do. The old copper capital is synonymous with ruin. But now it aspires to be the Silicon Valley of waste treatment

Photographs by Kay Chernush



Berkeley Pit in Butte, Montana, contains a witches' brew of mine tailings and other toxic materials that

could, if it spills over, pollute city's water and Clark Fork River. Entrepreneurs are working on solutions.

Butte, Montana, is the place where the wild West married the Industrial Revolution. During the last quarter of the 19th century, a ragged mining camp here on the western slope of the Continental Divide was transformed into America's copper capital, a feverish caldron of howling machines and new money dominating a sweep of rangeland the size of France. By the turn of the century, Butte was on its way to becoming the biggest city between Minneapolis and Spokane. It was jammed chockablock with theaters, opera houses and so many immigrant neighborhoods—Serbian, Austrian-Croatian, Finnish, Chinese, Italian, Irish and more—that it resembled an East Coast seaport. The bars and brothels were busy night and day, gunfights were commonplace and the smelters belched an opaque, arsenic-laden smog that denuded the surrounding hillsides of greenery.

Everybody you meet in Butte is an amateur historian, and the more violent, polluted, cacophonous and

corrupt they can tell their history, the better they like it. Butte's 24-hour industry made it a 24-hour town, and by all accounts Dodge City had nothing on Butte. Dashiell Hammett, who worked as a Pinkerton agent in Butte before turning to the pen, wrote 17 murders into the first 21 chapters of his Butte-based classic, *Red Harvest*, and nobody ever accused him of exaggerating. Presciently, Hammett dubbed his fictional Butte "Poisonville" and was more than lavish with his descriptions of the pollution.

Over the years, Butte literally consumed itself in its frenetic gouging of the earth's riches. Hundreds of miles of shaft and tunnel snake beneath this mile-high city, some plunging down to sea level. All of them were owned at one time by the colossal Anaconda Copper Mining Company. When the underground mines lost their competitive edge in the 1950s, Anaconda began carving out one of the biggest open-pit mines on earth. "Them times was tough," says Gunnard Kuoppala, a

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leathery retired miner who watched the Berkeley Pit slowly annihilate his own neighborhood. "But we had no worries about that. Anaconda owned this town, and Anaconda put food on the table."

Eventually, however, King Copper was dethroned by aluminum wires, glass fiber optics and satellite relays. The Berkeley Pit closed in 1982, leaving behind a mile-wide hole in the ground and a city-size monument to the West's boom-and-bust mentality. Today, studded with the headframes of abandoned mine shafts, Butte juts like a shipwreck from a half-eaten mountain that looms over Interstate 90 in southwestern Montana. Only one mine is in operation and just 33,000 people—about a third of the city's former population—remain among the ornate cathedrals of commerce. In Uptown Butte, the windows of turn-of-the-century office towers are dark, and wide avenues are eerily quiet, giving the place the feeling of an evacuated disaster site—which, in a sense, it is.

Butte is saturated with a toxic legacy. Slag heaps and waste-rock piles the size of small mesas tower everywhere. Swamps of bleached-white mine tailings and layers of poisonous flue dust blanket old smelter sites, vacant lots and backyards. Butte owns the dubious distinction of anchoring what is geographically one of the biggest cleanup projects to be undertaken as part of the federal government's ambitious Superfund program. From here, Superfund sites follow a trail of mining residues for a hundred miles down the Clark Fork River, the easternmost tributary of the mighty Columbia and the main drainage for most of western

Montana. No matter how you look at it, it's a multi-billion-dollar mess.

Most communities consider a Superfund site the kiss of death. "Try attracting talent or getting a bank loan with that hanging around your neck," says Butte businessman Don Peoples (below). These days he heads up a large energy and waste-treatment company, but as the city's chief executive in the early '80s he fought the Superfund designation. But Butte has had almost a decade of brutally hard times to get used to the idea. In an ironic coincidence, Superfund was created by Congress in 1980, just as Butte's mining industry was petering out. Now, with no other growth industries to concentrate on, the city regards Superfund as its ticket to a new prosperity. Butte's industry of the future lies in cleaning up its industry of the past.

Already, more than \$150 million has been spent or committed to the effort in and around Butte. Millions more in private and public investment is pouring into local colleges and ecotechnology companies. Earth-moving is under way at a number of sites, and that has meant more than a year of union wages for some 200 people. The cleanup could continue for a decade or two—about the life span of a pretty good copper mine.

Beyond the immediate work, Butte and neighboring communities designated as Superfund sites hope to prosper over the long haul by attracting a variety of new companies that specialize in research on and treatment of mining wastes. "We're striving for a critical mass of high-tech experts," says Evan Barrett, the ferociously energetic director of the Butte Local Devel-



Elegant facade of water-company building (above) preserves character of old Butte. Don Peoples (right), a key figure in city's revitalization, stands in front of downtown mural that re-creates 1920s business district.



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Overshadowed by abandoned mines, children play on Butte Hill in dirt that probably contains more than a

trace of heavy metals. Known as Dublin Gulch, the area was once a thriving neighborhood of Irish families.

opment Corporation, a quasi-governmental agency. "We want people all over the country who have a problem with mine wastes to think of Butte." Barrett makes the unusual civic boast that "the contaminants in Butte run the gamut from arsenic to zinc," qualifying his blighted city as an ideal laboratory for evaluating waste-treatment technologies.

Some of the pollution in the area is smelter soot, heavily contaminated with arsenic and lead. The Berkeley Pit is another problem. The water in it is highly toxic and, in places, as caustic as battery acid. Most of the toxins in Butte, though, come from mine tailings, which are nothing more than pulverized rock from deep within the earth. The metallic poisons—copper, lead, manganese, and more—in this dust are blown around by the wind, picked up on shoes, ingested, inhaled and absorbed through the skin.

Already, aggressive little companies with such un-Butte-like names as ChromatoChem and Mycotech are springing up on either end of the 100-mile-long Superfund corridor. In labs, garages and industrial parks

Freelance writers Baum and Knox are married (to each other) and reside in Missoula, Montana. They specialize in reporting on environmental issues.

throughout southwestern Montana, they are concocting ways to treat toxic waste by filtering it, spinning it, neutralizing it, feeding it to fungi, recovering valuable metals from it and turning it into glass. One company even wants to generate power with it.

There's no question that mine-waste remediation has the potential to grow into a huge industry. Almost 100,000 old mines in just four Western states await cleanup, which will cost a total of some \$2 billion—and that's just the abandoned mines. This country is still producing two billion tons of new mine waste every year, a good portion of which will need treatment. If Butte can grab a significant share of the action, environmental cleanup will join agriculture, timber and mining as one of Montana's staple industries in the 1990s. "Butte probably suffered in aggregate the greatest amount of environmental degradation in this country," says Barrett. "It's both economic and poetic justice for us to have the upside of that."

The Small Business Administration agrees. It is helping Butte's own Montana College of Mineral Science and Technology (Montana Tech) set up an office geared specifically to teaching small companies about how pollution prevention can be profitable. "Symbolically, this is interesting," muses regional official David

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Leavitt. "because Butte's problem is the result of zero pollution prevention."

"Technically," yells David Lofftus over the whine of the glittering machinery around him, "we call this a plasma arc furnace. You can think of it as an arc welder in a Maytag." He is escorting two visitors through a huge plant on the outskirts of town. Built on iron and rock and muscle, Butte is the apotheosis of low-tech, and this fluorescent-lit facility full of technicians in white lab coats and glowing computer screens seems as out of place as a microwave in a mud hut. This particular machine spins contaminated soil in a drum, heating it with an electric arc and melting it into inert black glass that can be safely buried. MSE Inc., a \$20 million Butte-based company, is testing the equipment for the Environmental Protection Agency (EPA) and the U.S. Department of Energy in one wing of the futuristic complex. In another wing, MSE is starting what it hopes will be the core of Butte's future waste industry: the country's first National Mine Waste Pilot Program, launched in 1991 with a \$3.5 million grant from the EPA. According to Don Peoples, who is president of MSE, the objective is to develop a battery of new cleanup technologies and establish a training program to go with them.

The wonders of modern alchemy

Other companies are forging ahead too. At a research facility on the edge of town, Trans Mar Inc. is testing equipment (right) that originally was designed to recover fine gold particles from mine tailings and now looks promising as a means to separate heavy metal contaminants from soil. In the same building, another company is developing a flotation device called the "air-sparged hydrocyclone" to concentrate the copper and other metals in mine waste to the point where they can be profitably recovered.

Among the more unusual technologies under investigation are several that can get rid of toxic wastes by feeding them to bacteria and fungi. In Butte, the Mycotech Corporation is growing huge quantities of fungi that consume, break down or capture the contaminants in soil saturated with such hazardous substances as oil, creosote and copper. The fungi are cultivated in two 6-by-14-foot boxes in Mycotech's small start-up plant, where six tons of the stuff can be grown in ten days. The company plans to start building a new plant in January that will expand its capacity twelvefold.

Mycotech hopes to snag one of Butte's big Superfund contracts for cleaning up the site of an old post-and-pole plant, where the earth is fouled with creosote. Right now its fungi are hard at work on what company cofounder William Black (right) calls "the biggest fungal remediation project ever." At an old rail yard in

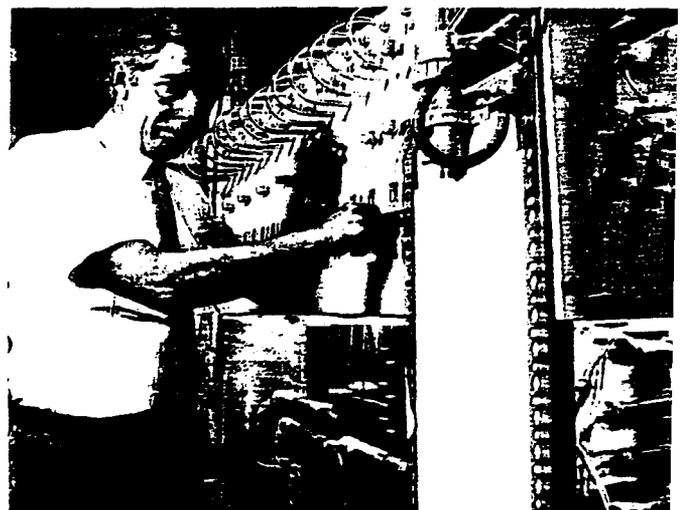
Snoqualmie, Washington, Mycotech is digging out oil-soaked soil to a depth of 21 feet, mixing it with the fungus and refilling the hole. In a couple of months, Black says, the oil will be gone, with nothing but carbon dioxide and water left behind as byproducts.

The Berkeley Pit poses one of the biggest problems—or, in Butte parlance, one of the greatest opportunities—of the whole cleanup effort. Since 1982, when the pumps that kept it drained were shut down, the water level has risen to a depth of 800 feet. About a mile across, this poisonous lake contains a witches' brew of acid, heavy metals and other toxins. Within a decade or so, it could pollute not only Butte's water supply but the Clark Fork River as well.

David Pang is working to prevent that in a one-room



Charles Hellman (left) of Trans Mar Inc. consults near cleanup equipment with Montana Tech's Tim Lloyd.

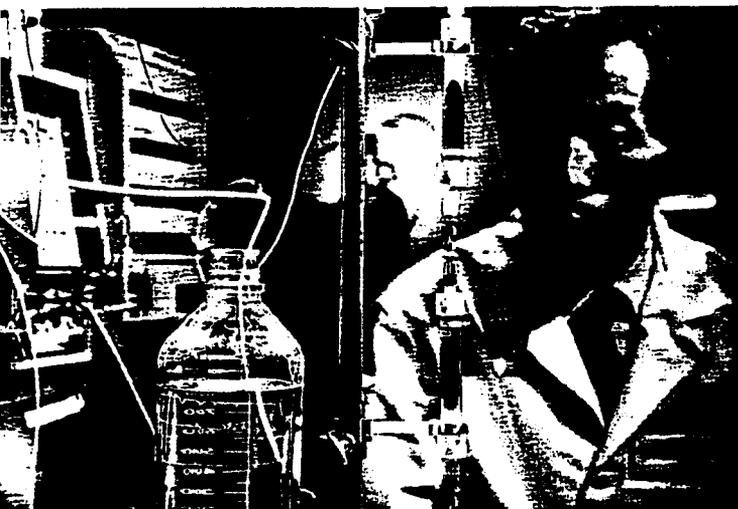


Mycotech cofounder William Black adjusts device used to test growing conditions for fungi that eat toxins.

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laboratory located in Missoula, 120 miles downriver from Butte. At first glance, ChromatoChem Inc. doesn't look much more elaborate than a high school chemistry lab. But the 41-year-old Pang, who immigrated to the United States from Taiwan in 1978, says he's figured out a way to treat silica gel—which looks a lot like sand—so that it filters pure, recoverable metals out of polluted water. To demonstrate, Pang (below) pumps contaminated water up through silica gel in a series of glass tubes. Soon the silica turns bright blue. "Copper," says Pang. A minute later, a layer of yellow appears. "Iron," he says. "What we can do, essentially, is mine the Pit water for metals. The water flowing out the other end of the tube is perfectly clean."

Pang's prototype filter is about the size of a fire



David Pang monitors process of filtering copper (blue) and iron (brownish-yellow) from contaminated water.



New spectrometer at Montana Tech measures soil and water pollutants to a thousandth of a part per billion.

hydrant. To treat the Pit as fast as it's filling, ChromatoChem would have to build a bank of 36 filters, each the size of a home water heater. The funding so far has come from a variety of small EPA grants, but the ultimate goal is a hefty Superfund contract.

In all likelihood, it will take more than one type of treatment plant to purify the 5.5 million gallons of water seeping into the Pit each day. And since it's being treated, why not use that water? A small San Francisco-based corporation called Peak Power wants to do just that. Peak Power's specialty is hydroelectric energy storage, which involves pumping water uphill at night, when power is cheap, and running it downhill through generating turbines during the day, when power is more expensive. Last year, the Montana Power Company, whose headquarters is in Butte, received a bid from Peak Power for a 100-megawatt generating station. "We looked all over Montana for a low-cost site with the least environmental impact," says Peak Power vice president Rick Koebbe. The best place, it turned out, was in Montana Power's backyard: the Berkeley Pit.

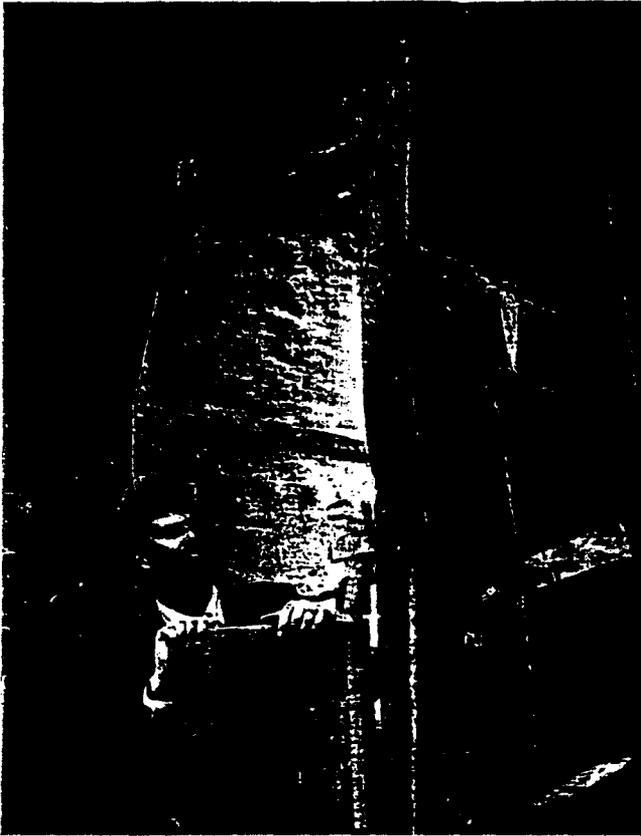
Energy storage right in the Pit

Peak Power wants to build a \$90 million energy storage facility right inside the Pit, where environmental impact is hardly a concern, with the uphill reservoir on the north rim. With the Dow Chemical Company's help, Peak Power would build a water-treatment plant into the site. "A lot of people tell us this is a bad site because of the cleanup problems," says Koebbe. "We say that, for exactly the same reason, it's the best site." Montana Power has reservations about the scheme, but hasn't ruled it out for the future.

Montana colleges are getting in on the act, too. Montana State University, located about 100 miles east of Butte in Bozeman, has received a \$7.4 million grant from the National Science Foundation to set up the Center for Interfacial Microbial Process Engineering. One of the Center's research projects is using microbes, once again, to break down contaminants in soil and water. In Butte, Montana Tech is now devoting about half its research time to mine-waste cleanup. Tech also recently won a grant from the U.S. Forest Service to assess ecological damage at abandoned mine sites on public land, potentially a huge business.

Last spring, Tech's associate dean for research, Sam Worcester, unpacked a new machine called an "inductively coupled plasma-mass spectrometer." It looks like a big photocopier (left), but it's used to detect metals in water down to unimaginably low concentrations. Why does Tech need it? "We're getting ready for more and more work related to Superfund," Worcester says, "and the quality of our data has to be very high in case it ends up in court."

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Mark Reavis, Butte's historic preservation officer, stands in cage that lowered men down shaft to mine.

Superfund does what no other environmental law has dared try. It holds individual companies responsible retroactively for cleaning up their own mess, even if that mess was not illegal at the time it occurred. And if the offending party no longer exists, the company that bought its assets inherits the liability for cleaning up the site and maintaining it safely. Forever. "Superfund is *potentially* the most effective piece of environmental legislation ever, and the most loathed by industry," says Bill Chaloupka, political science professor at the University of Montana and a close observer of how Superfund works in the state. The EPA, which administers Superfund, has forced firms, by legal and other means, to spend more than \$5 billion on cleanups since 1980, and it has spent that much again of its own money, which it now plans to recover from the responsible companies.

In the case of Butte, the main such party is Atlantic Richfield, or ARCO, the Los Angeles-based oil producer that bought Anaconda in 1977. Sandy Stash directs ARCO's Silver Bow Creek/Butte cleanup project. "We expect to be out of here in ten years, max," she says over a breakfast that's interrupted every few minutes by the cellular phone in her handbag. "If

Butte's going to develop a new waste-tech industry, they'd better do it fast. We're on a path."

Economic development is not the main point of the Butte Superfund program. The primary goal is to make this tainted place safe to live in again. After a 1986 study by the Centers for Disease Control found elevated levels of arsenic in the hair, blood and urine of children living in the small community of Mill Creek, 20 miles downriver from Butte, the EPA had the town evacuated, the houses destroyed and the whole area fenced off in a style reminiscent of Times Beach, Missouri, and Love Canal in Niagara Falls, New York. The EPA won't do that again in the Butte area, says agency official John Wardell. "That's not a good way to deal with the issue," he maintains. "I think there's almost a social contract between the government and the folks who support it to allow people to live where they want to live in a clean and healthful environment."

From boomtown to national landmark

At the same time Butte is looking forward to a healthier future, it is also looking back at its colorful past. Uptown Butte—a six-square-mile area containing 4,000 structures—has been designated a National Historic Landmark district by the U.S. Department of the Interior, a largely honorary title that also requires federal projects within it to be scrutinized for potential damage to historic buildings. Butte's is a bigger historic district than any in Boston, New York City or Philadelphia—one of the biggest in the country, in fact, along with Lowell, Massachusetts.

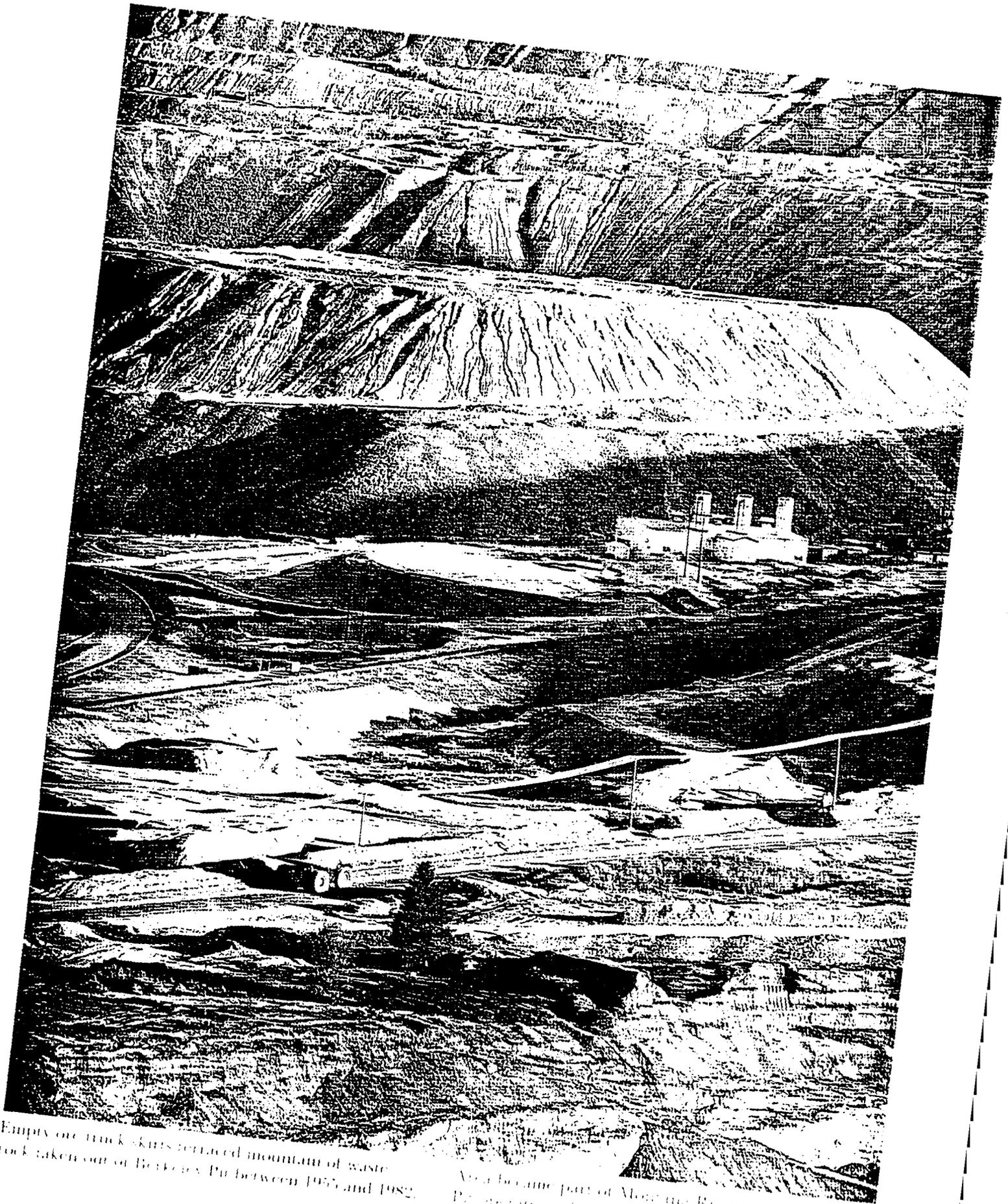
Although prospectors had been finding small gold and silver deposits in southwestern Montana since the time of the Civil War, it took three disparate events in 1876 to turn Butte into "the richest hill on earth." On March 10, Alexander Graham Bell sent the first telephone transmission down a copper wire in Boston. Exactly two months later, the Centennial Exposition in Philadelphia unveiled a fascinating new world of gadgets and gizmos powered by copper-conducted electricity. And then in June, a young miner named Billy Parks was digging in the morning shadow of the Continental Divide when he hit a four-foot-wide vein of pure copper 150 feet below the surface. Within two generations Parks' muddy camp near Butte Hill had blossomed into a full-blown metropolis whose density and extravagant architecture were reminiscent of lower Manhattan.

There's so much talk about the past in Butte that it's civic slogan could be, "Butte: You Shoulda Seen It." The National Park Service is considering including Uptown Butte in a proposed National Historical Park to illustrate the West's mining heritage. Toxic wastes and

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Empty one truck skins formed mountain of waste
taken out of Berkeley Pit between 1955 and 1982.

Area became part of Montana Resources' Environmental
Program in 1980, the only one in the state.

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ARCO cleanup specialist Sandy Stash confers with a contractor about plans to remove tailings (bleached

soil in background). Copper, zinc, arsenic and lead from tailings have wiped out fish in creek behind them.

national parks don't usually go together, but earlier this year an extraordinary meeting took place in the basement of the Silver Bow County Courthouse in Butte. It brought together ARCO, environmental and historic preservation officials, local government officers and representatives of private companies. The topic of discussion, essentially, was how to do everything at once: clean up the toxins, restore the historic buildings, preserve what's left of the city's mining heritage and develop Butte as a national park. Robert Spude, the National Park Service's chief of historic preservation, is enthusiastic, as is Alan Stanfill of the federal Advisory Council on Historic Preservation. "We're starting out on a path nobody has walked before," says Stanfill. "If we're successful in this effort, we'll have achieved a dream."

Ultimately, Butte wants to run a train on the old rails that snake through the city, connecting the mines with the Anaconda smelter site. It wants to reopen one of the old mine shafts and take tour groups down the tunnel. It would be a Western mining equivalent of the Lowell, Massachusetts, National Historical Park, which was created in 1978 to preserve and illustrate the history of a prototypical Northeastern industrial town.

ARCO and the EPA say their main responsibility is to make Butte's environment safe—not pretty, not his-

torically accurate, just safe. Given a free hand, they would remove as much of the tailings as possible and cap the rest with topsoil and wheatgrass, which helps hold the soil in place. But that's not good enough for Butte's history buffs, and it doesn't satisfy the legal obligations. "If we let them loose here, we'll end up with wheatfields all over the place," explains Mark Reavis, Butte's historic preservation officer. "It won't look like a mining city anymore. It'll look like Kansas."

Butte wants the toxins removed without altering the city's historic mining character. For every shovelful of historic, toxic dirt ARCO carries off, Reavis wants something in return, such as interpretive signs explaining what used to be there and money for restoration. There is room for compromise and, in fact, the parties concerned are well on the way to achieving one. A National Historical Park, for instance, would help maintain Butte's public areas, relieving ARCO of the perpetual responsibility of caring for them.

In the nearby town of Anaconda, where the biggest of the old smelters stood, a vast plain of toxic smelter waste needs to be capped—sealed from the elements and covered with topsoil. Caps are notoriously fragile and require constant maintenance. Anaconda worries about future contamination, and ARCO dreads looking after the place for the next millennium.

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The rebirth of a blighted city

So they agreed on a novel idea: ARCO would cap the site and then build a golf course on top of the whole thing. Anaconda would get a golf course, and the revenue it generates would go toward maintaining the cap. The EPA is wary. It worries about health hazards if some duffer takes too deep a divot, but it generally likes the idea. "We'd be disappointed if something like that couldn't be worked out," says the EPA's John Wardell.

Butte's optimists are convinced that someday the city could become a huge tourist attraction. It stands at the junction of Interstates 15 and 90, through which pass millions of tourists every summer, making their way between Yellowstone and Glacier national parks. It already has a splendid mining museum, a tourists' trolley and a copper baron's opulent mansion restored as a bed-and-breakfast. Attempting to turn a city whose name is synonymous with ruin into a tourist destination is a big gamble, no doubt about it. But what could be more appropriate?

Butte has always been a refuge for dreamers and gamblers. Marcus Daly, an Irish immigrant, took a gamble when he bought the original Anaconda mine in 1880 for \$30,000; two years later it proved to be the world's richest copper mine and the wellspring of Butte's fortune. Butte miners took a gamble when they organized the first strike in Montana in 1878; their union grew into what labor hero "Big Bill" Haywood called "the greatest single social force of the working class in the Western part of America." The Socialist Party and the Industrial Workers of the World, or Wobblies, took a gamble in 1911 and elected in Butte one of the country's first Socialist city governments. The Anaconda Copper Mining Company took a gamble in 1913 when it began operating the world's first electrified railroad that carried heavy freight.

It's impossible to predict whether Butte will ever become the Silicon Valley of the toxic-waste treatment industry, or a million-visitor-a-year national park. Certainly there is plenty working against both dreams. But Rick Foote, the crusty editor of the local *Montana Standard*, says that if nothing else, Butte has felt a lot different since all the dreaming began.

"There used to be nothing going on here, and I mean *nothing*," Foote says. "You could just feel this dead weight on the city. Now, at least people are talking about a future beyond mining. Every day, somebody's got a new plan. I admit, some of these proposals are pretty wacky. But at least there's optimism here—something to work toward."

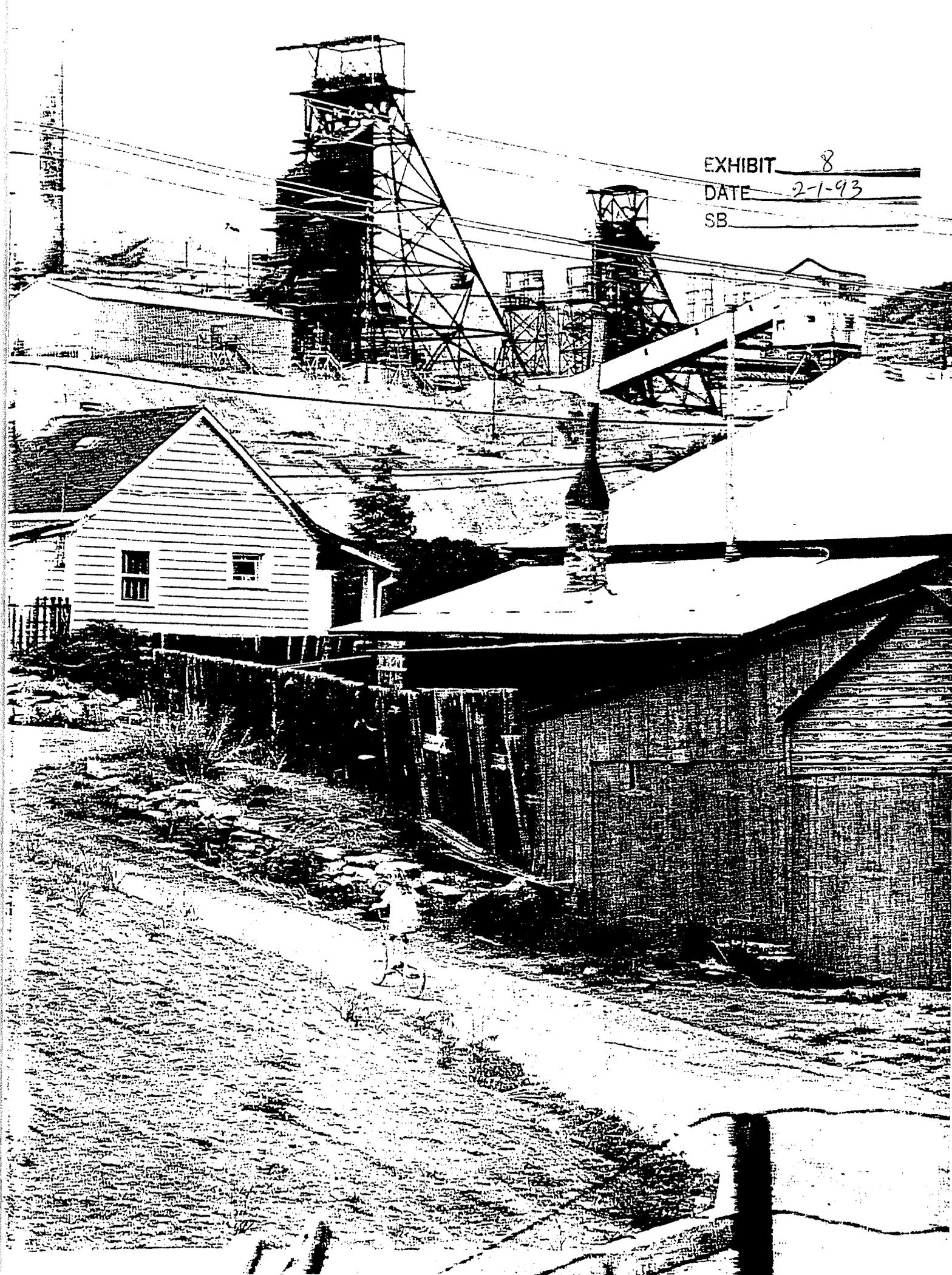
Butte's past and future converge as youngster bikes toward old mines slated to become tourist attractions.



Man's best friend relaxes outside a local landmark
Our date: back to 1890s. Cafe open 24 hours a day.

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