

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **MADAM CHAIR EVE FRANKLIN**, on February 3, 2005
at 8:05 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Eve Franklin, Chairman (D)
Sen. Don Ryan, Vice Chairman (D)
Sen. John Esp (R)
Rep. Bill E. Glaser (R)
Rep. Verdell Jackson (R)
Rep. Carol C. Juneau (D)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Alan Peura, Legislative Branch
Diana Williams, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to material immediately preceding.

Committee Business Summary:

Hearing & Date Posted: None
Executive Action: Montana University System:
Educational Units: U of M and MSU
Program 9-Sub Program 01,
NP 1010, NP 1011
HB 2 Language

MADAM CHAIR FRANKLIN welcomed all and stated that executive action will take place on the Montana University System (MUS) - Program 09 - Appropriation Distribution (University Educational Units).

Mr. Peura, LFD, informed the Subcommittee that Program 09 deals with all of the campuses of the University of Montana and Montana State University (MSU). He provided a checklist that outlined how executive action will take place. It is Exhibit 1.

EXHIBIT(jeh27a01)

Mr. Peura provided the Subcommittee a second copy of the Shared Leadership spreadsheet, Exhibit 2. It identifies the three initiatives and how they have been funded in the various iterations of the budget. The decision package breakdowns that are listed in the spreadsheet have a corresponding narrative in the Legislative Budget Analysis for the 2007 Biennium.

EXHIBIT(jeh27a02)

In addition to addressing the various decision packages, department level and program 09 language for HB 2 were adopted by the Subcommittee, Exhibit 3.

EXHIBIT(jeh27a03)

Excerpts from the Legislative Budget Analysis 2007 Biennium that deal with the Sub-Program Educational Units are included in these minutes, Exhibit 4.

EXHIBIT(jeh27a04)

Governor Schweitzer has proposed NP 200-Class 8 Threshold (Business Tax Exempt) from \$5K to \$20K. The narrative is on Page 61 of Legislative 2007 Schweitzer Budget Analysis. It is Exhibit 5.

EXHIBIT(jeh27a05)

MADAM CHAIR FRANKLIN made additional comments on how the proceedings for executive action will take place. She thanked Mr. Peura for his work.

Executive Action

Montana University System

Program 09

Educational Units

Base Year Budget

90% General Fund, 10% State Special Revenue Funds

Motion/Vote: SEN. WILLIAMS moved that THE BASE BUDGET IN PROGRAM 09 BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 3.1}

Statewide Present Law Adjustments

Through a question by REP. JUNEAU and a response by Mr. Peura it became known that last week when executive action was done for MUS the statewide present law adjustments for the various programs were done as a global motion. With today's process the statewide present law adjustments for the educational units will be broken out in a series of decision packages.

Mr. Peura informed the Subcommittee that with the educational units the Subcommittee will be approving the State's share of the cost of the global statewide and the present law adjustments.

Mr. Peura said that using the formula from previous years the State share of present law adjustments in the 2004 base year is 43% and that would be the State share percentage for this budget under the historical formula. The Governor, however, is recommending 80% State funding. Tuition and other funds are used to cover the additional costs that the university units have. These additional costs are not set by the Subcommittee.

Mr. Peura explained that the formula used for funding is based on the total population of students at the university units who are resident students. If the Subcommittee adopts the executive budget at the recommended 80% rate, that would mean that the State would be funding the total share of the costs of the Montana resident students who attend MUS. If they adopt the 43% rate, that would represent the percentage share that State funds comprise the university unrestricted operating budget.

Mr. Peura responded to REP. JACKSON's question. The figures that are in the various decision packages are on the checklist, Exhibit 1, and reflect those specific decision packages as being funded at 80%.

Mr. Bruno, OBPP, informed the Subcommittee that starting with Governor Martz Budget, the higher percentage rate was adopted and was carried forward in Governor Schweitzer's Budget.

MADAM CHAIR FRANKLIN said that one of the rationales for funding the units at a higher level is due to enrollment, which is a factor in this formula. The enrollment has not increased as much as projected earlier; rather, it has stayed pretty level.

MADAM CHAIR FRANKLIN told the Subcommittee that the narrative for these statewide present law adjustments starts on page E-128, which is part of Exhibit 4.

Mr. Peura informed the Subcommittee that there is an LFD comment that follows the narratives to the decision packages that contrasts the funding levels at 80% and 43%. He directed the Subcommittee to DP 40, page E-129, and explained that these contrasting values can be found toward the bottom of most of the LFD comment boxes.

DP 40- Educational Units
General Fund

Motion/Vote: SEN. RYAN moved that DP 40 [Statewide present law adjustments for educational units - general fund] **BE ADOPTED.**
Motion carried unanimously by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 3.1 - 9.4}

DP 41-Base Year Equalization-SB 407
General Fund

MADAM CHAIR FRANKLIN explained to the Subcommittee that this negative package isn't removing the money; rather, it is equalizing the base year back to a zero base.

Mr. Bruno added that there was \$5.5 million dedicated to MUS.

Motion/Vote: SEN. ESP moved that DP 41 [Base year equalization-GF] **BE ADOPTED.** **Motion carried unanimously by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 9.4 - 10.5}

DP 42, DP 43, DP 44, DP 45, DP 49
General Fund

Through Subcommittee discussion between **MADAM CHAIR FRANKLIN** and **SEN. ESP**, with a comment by **REP. JACKSON**, it was agreed that the other decision packages in Number 3, Exhibit 1, are quite straightforward, have been previously addressed, and could be moved together.

Motion/Vote: **SEN. ESP** moved that **DP 42** [Increase O&M for new space @ MSU-Northern and UM-Missoula-GF], **DP 43** [Increase IT license & maintenance @ MSU-Bozeman and Billings, and UM-Missoula, Tech, Western and HCT-GF], **DP 44** [Resident enrollment growth-all MUS educational units-GF], **DP 45** [Water, sewer, elevator and misc-GF], **DP 49** [Off-campus rental increases @ MSU-Bozeman and HCT-GF], **BE ADOPTED. Motion carried unanimously by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 10.5 - 12.3}

New Proposals
DP 78 & NP 200

DP 78-2-Year Program Equipment
Biennial/One-Time-Only
General Fund

MADAM CHAIR FRANKLIN directed the Subcommittee to the new proposals which start on Page E-134.

MADAM CHAIR FRANKLIN said that with the decision packages that are for the two-year programs, program development had not been addressed.

MADAM CHAIR FRANKLIN thought that with the original proposal in DP 78, equipment program budget for the two-year programs, some COT (College of Technology) representatives have suggested that the language also include relevant program development. By allowing program development it would provide a bit of flexibility and the two-year programs could then decide how they would want to spend the money. She wanted to discuss that idea with the Subcommittee and see if that is something that the Subcommittee thought was reasonable.

Mr. Bruno informed the Subcommittee that when the Governor's Office put together DP 78 the community colleges and the two-year programs at Northern could apply for the money that would be appropriated in DP 78.

The Subcommittee learned through **MADAM CHAIR FRANKLIN's** comment that equipment purchasing would be done through competitive grant process, managed by the Commissioner of Higher Education.

SEN. ESP wanted to know the process that would be needed to adopt this new idea of having both equipment and program development in one decision package.

Mr. Peura explained the process to the Subcommittee. The title of DP 78 could be amended to say, "Two-year Program Equipment and Program Development," and be line-itemed. He suggested that language be adopted that makes it very clear as to the intention.

{Tape: 1; Side: A; Approx. Time Counter: 12.3 - 14.8}

SEN. ESP thought this idea had some merit and he wanted to informally discuss the idea. He said that this Subcommittee provided some money to the community colleges for program development (\$900,000 that was adopted previously - NP 1001).

SEN. ESP suggested that the community colleges might not be allowed the money for the program development and to put a limit on how much of the \$5 million could go to program development.

MADAM CHAIR FRANKLIN said that she would consider that idea.

REP. JACKSON was concerned that at this point in time the \$900,000 that has been approved may not make it through the legislative process. If this DP was adopted by the entire legislature, with the restrictions that the community colleges can't compete for the money, the community colleges would have no funds available.

MADAM CHAIR FRANKLIN clarified this by saying that should the community colleges's funding be threatened at any point, then the community colleges would be completely cut out of any options.

MADAM CHAIR FRANKLIN said that she thought the money (\$900,000) had a good chance of staying in. She offered two suggestions to the Subcommittee as to how to deal with DP 78.

REP. JUNEAU asked for clarifications to the options that **SEN. ESP** and **REP. JACKSON** stated.

MADAM CHAIR FRANKLIN said that with the initial proposal, it is to give all two-year institutions a little more flexibility by putting the language for that \$5 million for equipment and program development.

MADAM CHAIR FRANKLIN explained that SEN. ESP was concerned that the community colleges have already been distributed \$300,000 each and the COT's haven't been distributed any money yet so it might be a good idea to only have the COT's involved with this decision package. SEN. ESP also suggested that "sideboards" be placed both on equipment purchasing and program development.

MADAM CHAIR FRANKLIN said that REP. JACKSON was concerned that if the money which was approved for the community colleges doesn't survive the process, then the colleges will be completely cut out.

SEN. ESP suggested that language could be adopted which said, if NP 1001 does not pass, the community colleges would be eligible for the money in DP 78. **SEN. ESP** also suggested that putting an upper limit with these two items which would be in DP 78, might be worthwhile.

MADAM CHAIR FRANKLIN suggested that the Subcommittee deal with just the community college part. She asked if the Subcommittee would feel comfortable with contingency language that would protect the community college. She thought, if needed, Mr. Peura, could help in developing the language.

REP. JACKSON said that language may complicate the process. He ended by saying that if MADAM CHAIR FRANKLIN has faith in the process he thought adopting language would be OK.

MADAM CHAIR FRANKLIN asked REP. JACKSON if he thought it be best to craft some language now or wait. **REP. JACKSON** thought it would be better to address the contingency language later on in the process.

MADAM CHAIR FRANKLIN asked if there could be a motion on any of the items that have been previously discussed.

Motion: REP. JACKSON moved that DP 78 AS WRITTEN WITH ADDITIONAL LANGUAGE THAT STATES THAT IT WILL BE FLEXIBLE ENOUGH TO BE USED BY THE TWO-YEAR INSTITUTIONS FOR EITHER PROGRAM DEVELOPMENT OR EQUIPMENT BE ADOPTED.

Discussion:

SEN. ESP suggested that someone from the audience provide input into this idea.

{Tape: 1; Side: A; Approx. Time Counter: 14.8 - 21}

Dr. Mary Moe, Dean, MSU-Great Falls, thanked the Subcommittee for the invitation. She said that the flexibility item is good. She was concerned that the community colleges would be allowed to participate since they already had some previous funding supplied to them in a different decision package.

SEN. ESP was in agreement with Dr. Moe. **SEN. ESP** said that if the community college funding could get addressed, then he could support this motion, but the way that it is stated now he cannot.

SEN. RYAN said that he will provide a substitute motion but asked **SEN. ESP** to restate his position.

SEN. ESP suggested language development be considered that said if the \$300,000 per unit survives the process then the community colleges would not be eligible for grants for program development monies that will be supplied in DP 78.

SEN. RYAN thanked **SEN. ESP**. **SEN. RYAN** said that he would like to have a substitute motion to reflect what **SEN. ESP** stated in language.

MADAM CHAIR FRANKLIN explained what she understood to be the potential motion that is dealing with DP 78.

MADAM CHAIR FRANKLIN said that the intent of DP 78 would be to allow flexibility in both program development and equipment buying. The money will be funneled primarily to the COT's unless the community colleges are cut out (NP 1001 does not pass).

MADAM CHAIR FRANKLIN suggested that the Subcommittee might restrict this decision package to the COT's. The intent is clear that these are two-year programs, which would include other two-year institutions but the issue is how to deal with the community colleges. She ended by saying that the Subcommittee could revisit the issue if the funding for the community colleges doesn't make it through the process.

SEN. ESP was concerned with the way **MADAM CHAIR FRANKLIN** stated the intent of DP 78.

SEN. ESP said that the original DP 78 intent was to purchase and update equipment. The community colleges could have been eligible for those equipment grants. He thought that the restriction for program development for the community colleges would be possible but to allow the colleges to compete for the equipment grants.

MADAM CHAIR FRANKLIN asked if Dr. Capdeville wanted to comment.

Dr. Alex Capdeville, Chancellor, MSU-Northern, said that the original proposal was to address the equipment needs for two-year technical programs or two-year programs. He pointed out that there was a match requirement for this money in the grant process.

Dr. Capdeville told the Subcommittee about the new applied technology center that is being built and said that Northern is in the position to apply for these grants. He ended by saying that adopting this DP would provide the opportunity for the two-year programs to take money for equipment, leverage it, and buy equipment that has been needed for a long time.

{Tape: 1; Side: A; Approx. Time Counter: 21 - 26.6}

MADAM CHAIR FRANKLIN informed the Subcommittee that the match language hasn't been discussed. Presently there is no required match, rather a suggested match. The language dealing with the match will be discussed later.

MADAM CHAIR FRANKLIN thanked Dr. Capdeville and asked what motions are on the table.

Mr. Peura said that REP. JACKSON has a motion on the floor. SEN. RYAN has suggested a substitute motion. The Subcommittee hasn't reconciled those two.

MADAM CHAIR FRANKLIN asked SEN. RYAN if he had made a formal substitute motion or a friendly suggestion.

Substitute Motion: SEN. RYAN made a substitute motion that THE MONEY IN DP 78 BE AVAILABLE FOR EQUIPMENT AND OR PROGRAM DEVELOPMENT FOR COT'S AND TWO-YEAR PROGRAMS BE ADOPTED. THE COMMUNITY COLLEGES ARE ALREADY FUNDED, SO WILL NOT BE PART OF THIS DECISION PACKAGE AT THIS TIME.

Discussion:

SEN. RYAN further stated that if the funding for the community colleges does not happen, the legislators can revisit this decision package.

Vote: Motion carried 6-1 by voice vote with REP. JACKSON voting no.

Mr. Peura restated what was approved. DP 78's title will be changed to add program development. DP 78 will be line-itemed. Language will be added referring to DP 78, that spells out the intent that the money can be used for equipment and program development by the two-year programs of the university units (excluding the community colleges). **MADAM CHAIR FRANKLIN** concurred with this.

SEN. ESP said that he would like to add language that also says that the priority for these funds is for purchasing and updating equipment. The upper limit per institution for program development being capped at \$200,000 each.

Motion: **SEN. ESP** moved TO ADOPT LANGUAGE THAT SAYS THAT THE PRIORITY FOR THESE FUNDS IS FOR PURCHASING AND UPDATING EQUIPMENT; THE UPPER LIMIT PER INSTITUTION FOR PROGRAM DEVELOPMENT IS CAPPED AT \$200,000 PER EACH INSTITUTION.

Discussion:

Mr. Bruno said that there are five colleges of technology, and two-year programs at Western and Northern, so seven institutes would each get \$200,000 if this motion passed.

{Tape: 1; Side: A; Approx. Time Counter: 26.6 - 30.1}

Through a comment made by **MADAM CHAIR FRANKLIN** to **SEN. ESP** it became known that the intent of this motion is so that one institute would be allowed a disproportionate share of the funding.

Vote: Motion carried unanimously by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 0.3}

NP 200-Class 8 Business Tax Threshold Increase From \$5 to \$20K
General Fund

This decision package is part of Schweitzer's Budget. The narrative for NP 200 can be found in Exhibit 5. Another version of this was provided in a packet by Mr. Peura to the Subcommittee on January 21, 2005. A copy of Page 7 is Exhibit 6.

EXHIBIT(jeh27a06)

MADAM CHAIR FRANKLIN asked Mr. Peura to explain this decision package.

Mr. Peura said that with SB 48, there is a consideration to amend the business equipment tax exemption from the \$5,000 to \$20,000 level. If the bill passes, then there will be a diminishing amount in the six mill levy which is part of the revenue for the university units.

Mr. Peura said that if SB 48 should become law, the Schweitzer's executive budget has proposed to backfill that diminishing six mill revenue with general fund. This will allow the university units to stay whole despite this change that would occur to the Class 8 threshold if SB 48 passes.

Mr. Peura recommended that if the Subcommittee should choose to approve this decision package, contingency language is suggested that would say that this decision package is contingent upon the passage and approval of SB 48. The reason for this is that if SB 48 does not pass then there would be no change to the six mill revenue and there would be no need for general fund backfill.

SEN. RYAN said that he agreed that MUS needs to stay whole and wondered if the contingency language should be a global idea rather than specific only to SB 48.

Mr. Bruno said that the idea of proving global language instead of statute-driven language has arisen before. **Mr. Bruno** knows that OCHE keeps pretty good tabs as far as what is affecting the six mill. He thought adding an amendment later in the process would be acceptable.

Motion: **SEN. WILLIAMS** moved that NP 200 [Class 8 Business Tax Threshold Increase from \$5K to 20K-GF] **BE ADOPTED.**

Discussion:

SEN. ESP wanted to know if DP 200 is going to be moved with the suggested contingency language.

Mr. Peura wanted to know if the language is going to be contingent upon any changes related to the business tax or just SB 48.

SEN. WILLIAMS said that it would apply to any changes to the business tax.

SEN. ESP thought it might be better to keep the language contingent upon the passage of SB 48. If something comes up later in this process then it could get revisited.

Mr. Bruno mentioned that the budgeting system has actually reduced the six mill account in this decision package.

MADAM CHAIR FRANKLIN suggested that DP 200 be moved as written with the contingency language.

Vote: Motion carried 5-2 by voice vote with **REP. GLASER** and **REP. JACKSON** voting no.

{Tape: 1; Side: B; Approx. Time Counter: 0.3 - 4.7}

Shared Leadership

NP 1010-MHEG Aid Distribution

Program 02

Student Assistance

This section is dealing with two items in Exhibit 2, "Shared Leadership for a Stronger Montana Economy." One deals with additional MHEG aid and the other deals with distance learning. These are in the section that says "Schweitzer Proposed Budget Changes" on the spreadsheet.

These issues were left over from executive action that took place on January 27, 2005.

MADAM CHAIR FRANKLIN said that she would entertain a motion that would increase MHEG aid by \$470,000.

SEN. ESP said that he would so move. He thought it was important to get some of the need-based aid available especially for the students who are attending two-year programs.

The new proposal will be NP 1010.

Motion/Vote: **SEN. ESP** moved that NP 1010 [Increase MHEG aid - \$470,000] **BE ADOPTED. Motion carried unanimously by voice vote.**

{Tape: 1; Side: B; Approx. Time Counter: 4.7 - 5.9}

NP 1011-Distance Learning

Program 09

With the distance learning package, the Governor's Budget recommended \$600,000. **MADAM CHAIR FRANKLIN** thought this was a worthwhile proposal. She thought that of the proposed \$600,000, a portion might be used in other areas that also need funding.

Mr. Bruno suggested that if this proposal is approved that a OTO flag be placed on it. **MADAM CHAIR FRANKLIN** agreed.

Motion/Vote: SEN. RYAN moved NP 1011 DISTANCE LEARNING OTO \$300,000 BE ADOPTED. Motion carried 5-2 by voice vote with SEN. ESP and REP. GLASER voting no.

{Tape: 1; Side: B; Approx. Time Counter: 5.9 - 7.7}

Language Adoption
Departmental

Lump-sum appropriation
Budget Transfers
Standard accounting practice
Access To Banner

The narratives for the proposed department level language starts on page E-86 of the Legislative Budget Analysis 2007 Biennium and is Exhibit 7.

EXHIBIT(jeh27a07)

With the language for the lump sum appropriation, **Mr. Peura** explained that by adopting this language it would confirm that the legislature is once again going to roll funds given for some of the programs under the Office of Commissioner of Higher Education (OCHE) into a single biennial lump-sum and appropriate them to the Board of Regents for their distribution.

The programs are OCHE: 01-Administration, 02-Student Assistance, 03-Improving Teacher Quality, 06-Talent Search, 08-Workforce Development, 09-Appropriation Distribution (Educational units), 12-Guaranteed Student Loan, and 13-Board of Regents.

Motion/Vote: SEN. RYAN moved that LUMP SUM APPROPRIATION AND BUDGET TRANSFER LANGUAGE [Page E-86 & E-87] BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 7.7 - 9.7}

MADAM CHAIR FRANKLIN told the Subcommittee that the standard accounting practice language is on page E-87 and read what the executive recommends. The language dealing with Access to Banner is also on page E-87.

Motion/Vote: SEN. WILLIAMS moved that THE STANDARD ACCOUNTING PRACTICE LANGUAGE [Page E-87] BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 9.7 - 10.1}

Motion/Vote: SEN. ESP moved that THE ACCESS TO BANNER LANGUAGE [Page E-87] BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 10.1 - 10.6}

Language Adoption
Specific to Program (09)

Exhibit 8 is the narrative for some of the language recommendations that the executive has asked the Subcommittee to consider. In addition to these pages, E-147, E-148 and E-149, the forth page to Exhibit 8 is the recommended language for "General Fund Appropriation Subject to Reversion" that Mr. Peura provided to the Subcommittee. The reason why the change was needed is stated on this page.

EXHIBIT(jeh27a08)

Statement on Tuition
Investment Earnings Revenue

The first topic of language dealt with the statement on tuition. **MADAM CHAIR FRANKLIN** said that since it is known that tuition rates are not subject to legislative appropriation this language is not necessary. **Mr. Bruno** confirmed that the Governor's office agrees with that position. The Subcommittee, therefore, took no action on language dealing with tuition.

{Tape: 1; Side: B; Approx. Time Counter: 10.6 - 11.6}

MADAM CHAIR FRANKLIN said that the language for investment earnings and revenue can be found on page E-147.

Motion/Vote: SEN. ESP moved that INVESTMENT EARNINGS AND REVENUE LANGUAGE BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 11.6 - 12.2}

General Fund Appropriation Subject to Reversion

Concerning the language which deals with the general fund appropriation subject to reversion, **Mr. Peura** told the Subcommittee that there was an oversight both in the Governor's Office and LFD.

Mr. Peura said that legislation was passed in the last session to amend the reversion calculation process. He explained what he recommended and this is in the last page of Exhibit 8. With enrollment, statute has allowed MUS to use a rolling three-year average rather than just taking the one-year enrollment figures.

Motion/Vote: SEN. RYAN moved that REVERSION LANGUAGE AS RECOMMENDED BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 12.2 - 14.3}

Shared Leadership Fund Match
DP 78's Language Only

MADAM CHAIR FRANKLIN stated that with DP 78 there is also recommended language requiring MUS to find matching funds. The narrative can be found on page E-147 of the Legislative Budget Analysis 2007 Biennium, Exhibit 8.

Mr. Bruno informed the Subcommittee that when this concept was developed in the Martz Budget, he had several conversations with budget director Chuck Swysgood. Mr. Swysgood wanted to make the language flexible and if needed, let MUS be creative to come up with the match.

Mr. Bruno said that he likes the idea of the match. It creates the opportunity for the State to acquire more equipment.

SEN. ESP would like to see the match language be for equipment grants with no match language for the portion that is dealing with program development.

Through a question from **MADAM CHAIR FRANKLIN** to **Dr. Stearns**, the Subcommittee learned that with DP 78, a competitive grant application process will be used.

MADAM CHAIR FRANKLIN asked if it would be possible for the programs that had an associated match to be given a high priority point when the decision of granting occurred. In other words, if the application included matching funds then it would receive a higher priority score.

Dr. Stearns said that would allow a little more flexibility and OCHE could work that into the draft Request for Proposals (RFP) process for the equipment.

Dr. Stearns agreed with SEN. ESP's point about finding matching funds for program development; it would be much harder than finding match for equipment. She ended by saying that OCHE would honor the decision of having matching funds in the process of the competitive grant application.

MADAM CHAIR FRANKLIN asked if any member would like to make a motion.

SEN. ESP said that at this time, making this motion is a little tough to comprehend. He suggested that Mr. Peura draft language that can be addressed the next time executive action will take place.

MADAM CHAIR FRANKLIN said that idea would work and when the Subcommittee takes executive action on the remaining Sub-programs for Program 09, this shared leadership funding match language would be voted on.

Audit Costs for the University Educational Units

MADAM CHAIR FRANKLIN said that the language for audit costs is on Page E-148.

Motion/Vote: **SEN. WILLIAMS** moved that **AUDIT LANGUAGE BE ADOPTED**.
Motion carried unanimously by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 14.3 - 19.2}

Miscellaneous Language Energy Conservation Transfer National Resource Information System

Concerning the language which deals with the energy conservation transfer, **Mr. Peura** explained that with part of the lump-sum appropriation, the State is requiring that a certain amount from each of the university units be transferred to the Energy Conservation program account. The money that is in the Energy Conservation program account is used to help make buildings more energy efficient.

Mr. Peura said that with the second language item, the State is asking that MUS allocate approximately \$88,000 to the Natural Resource Information System (NRIS).

Motion/Vote: REP. JACKSON & SEN. ESP moved ENERGY CONSERVATION TRANSFER LANGUAGE AND NATURAL RESOURCE INFORMATION SYSTEM LANGUAGE BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 19.2 - 20.4}

Issue Options

The Subcommittee addressed the various options. These can be found on the back of Exhibit 1, Number 6.

MADAM CHAIR FRANKLIN said that the first bulleted item is dealing with the PEPB Accountability Measures. She explained that with a community college executive action item that occurred on January 27, 2005, the Subcommittee asked that PEPB provide a report to the Subcommittee on the re-calibration of the funding formula that is used by the community colleges.

Mr. Peura suggested that it might be advisable to have this Subcommittee request a study resolution bill. This bill would be asking for a study to be undertaken by the legislative finance committee during the interim that would address all of the current funding issues and formula problems related to the post-secondary education budget. He attempted to synthesize all of the issues that have been raised through these meetings and was wondering if the Subcommittee would like to pursue this avenue.

{Tape: 1; Side: B; Approx. Time Counter: 20.4 - 23.1}

SEN. ESP wanted to know if the Commissioner was of the opinion that a study would be beneficial or if OCHE could provide an internal process that could study the allocation model and other issues related to higher education and provide a document next session.

Commissioner Stearns said that OCHE is in the process of addressing funding issues related to its own allocation model for distributing the State funds that it receives.

Commissioner Stearns said that OCHE would participate in a legislatively-commissioned study and would invite all of the people involved in the legislative process to participate. If the study is generated or initiated by OCHE, the invitation to participate in the study would be there. She left it up to the Subcommittee to decide on this issue because either way it would work for OCHE.

With the meetings that OCHE is hosting, **SEN. ESP** thought it would make more sense if the legislature could fund staff and some of the travel expenses that the legislators would have going to these non-legislative meetings. This would help the current process, as opposed to starting up a new entity that will most likely be doing the same thing. He didn't know if this was a legal thing to do but offered it as a suggestion.

SEN. RYAN thought that if this Subcommittee asked the Board of Regents to look at the allocation model and to come to the PEPB with a recommendation, it might be the way to go.

SEN. RYAN was of the opinion to let the people that are dealing with these issues, deal with them, and then bring back the results to the Legislature. He said, "Let them defend their rationale, rather than the legislature fighting through a process."

MADAM CHAIR FRANKLIN said that she would consider that a motion.

REP. JACKSON thought that the Legislative Audit Division might be able to deal with this issue.

MADAM CHAIR FRANKLIN said that their sole function is for auditing. They may be used as a resource.

MADAM CHAIR FRANKLIN wanted to know how the Subcommittee felt about this idea of addressing the funding issues that MUS is facing.

MADAM CHAIR FRANKLIN said that she could accept **SEN. RYAN's** motion.

{Tape: 1; Side: B; Approx. Time Counter: 23.1 - 28}

SEN. RYAN said that he felt the Board of Regents is aware that the legislature is concerned about the allocation model. Reporting back to the legislature the findings would be the simplest way to resolve this issue. He said that he would not move a study bill.

SEN. ESP agreed with **SEN. RYAN**.

SEN. ESP suggested that if the Board of Regents wants to work more closely in the interim with legislators, those legislators might be able to be compensated for the expenses and travel to attend the meetings. Reimbursements might be legal through the way that OCHE will be funded in this session.

MADAM CHAIR FRANKLIN suggested that this Subcommittee not move on a study resolution bill at this time.

MADAM CHAIR FRANKLIN said that the record should reflect the intent of the Subcommittee is, that the issues which are related to higher education are already being looked at by OCHE so another entity doesn't need to be created. OCHE is committed to analyze the allocation model. They will supply a report to the interim committee and the standing committees on their findings.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 2.1}

Proposed Motion - NP 10 (No Additional Digits Assigned)
Indian Education For All Montanans

REP. JUNEAU said that she has a motion for the Subcommittee to consideration. Mr. Peura distributed copies of the motion, Exhibit 9.

EXHIBIT (jeh27a09)

REP. JUNEAU said that through the Working Group, it was learned that MUS has recognized that they have responsibility to ensure that Indian Education For All Montanans is a part of their system.

REP. JUNEAU said that MUS is working with their teacher education programs in providing appropriate American Indian culture studies in their education program classes. MUS recognizes that they need to do some planning over the next biennium to see what steps are needed to implement the constitutional language in Article X Section 1 Subsection 2. This motion would allow \$250,000 for the planning phase.

REP. JUNEAU said that she could make a motion if needed but would like to have some discussion before the motion was made.

{Tape: 2; Side: A; Approx. Time Counter: 2.1 - 4.7}

REP. JACKSON asked where this amendment originated. **REP. JUNEAU** said that OCHE provided it to her. **SEN. WILLIAMS** clarified this by saying that this motion is coming as a result of the Working Group's meetings and that the committee members asked OCHE to provide this motion.

{Tape: 2; Side: A; Approx. Time Counter: 4.7 - 5.6}

SEN. ESP wanted to know if the money that is being requested by OCHE is part of the \$2 million that is in the Governor's Budget.

REP. JUNEAU said that this would be an additional amount which is specifically identified for MUS.

REP. GLASER said that he would rather look at what the working group is recommending as a whole and then address this issue at that time. He was of the opinion that by waiting it would allow the Subcommittee to see how well the total resources for Indian Education for All are being allocated.

REP. GLASER said that he would not support this motion at this time and wished that this motion could get addressed next Thursday when all of the Indian Education for All issues are before this Subcommittee.

{Tape: 2; Side: A; Approx. Time Counter: 5.6 - 7.8}

SEN. WILLIAMS said that she has no objection at looking at the Indian Education for All decision packages as a whole. She thought that since the Subcommittee was addressing MUS's budget today, this would be an appropriate place to address this issue.

REP. JUNEAU said that if the Subcommittee wishes, this motion can be included in the report that will be supplied to the Subcommittee on February 9, 2005.

REP. JUNEAU wanted the Subcommittee to be aware that this money is an additional request that is above the K-12 proposal of \$2 million.

MADAM CHAIR FRANKLIN asked if **REP. JUNEAU** is going to wait until next week to make the motion. **SEN. WILLIAMS** said, "Why don't you make a motion."

{Tape: 2; Side: A; Approx. Time Counter: 7.8 - 8.9}

Motion: **REP. JUNEAU** moved **THE UNIVERSITY SYSTEM'S INDIAN EDUCATION FOR ALL MONTANANS PROPOSAL BE ADOPTED.**

[The entire language can be found on Exhibit 9]

Discussion:

SEN. RYAN said that he knows how hard **REP. JUNEAU** and her colleagues have worked on Indian Education for All Montanans.

SEN. RYAN said that he has been trying to determine the total available money for this session and has realized that the hole has been dug too deep to get out of this session. The legislature cannot do everything that is needed. Funding this issue is one of those pieces of the puzzles that needs to be figured out.

SEN. RYAN said that with Indian Education for All, the legislators are going to have to determine how much money is going to be appropriated and where it can be spent to give the State "the biggest bang for our buck." He believes that MUS is one of those areas in which the funding would be used wisely.

SEN. RYAN said that the funding may be better used at the university level rather than just putting money into K-12. He said that the learning would filter down through knowledge of professionals to help with K-12.

SEN. RYAN said that he is not ready to support this motion at this time, but he supports the concept. He commented that at the beginning of the session it looked like a lot of money would be available. He said that there are many needs all across the board and money allocation has become tight.

Vote: Motion failed 2-5 with **REP. JUNEAU** and **SEN. WILLIAMS** voting aye by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 8.9 - 11.3}

Exhibit 10 is the agenda.

[EXHIBIT\(jeh27a10\)](#)

Other Subcommittee Actions

MADAM CHAIR FRANKLIN informed the Subcommittee that there will be no meeting on Friday, February 4th. **Mr. Peura** told the Subcommittee that if the Indian Education for All Working Group is to meet, please use Room 472.

MADAM CHAIR FRANKLIN said that the Working Group will meet on February 4th in Room 472. No further testimony will be taken at that time. They will sit down and sort through the documents so they can prepare pertinent information to this Joint Subcommittee for February 9th. **SEN. WILLIAMS** said that the Working Group will meet in Room 472 at 9:00 A.M.

MADAM CHAIR FRANKLIN thanked all the Subcommittee members for their work and adjourned until Monday morning.

ADJOURNMENT

Adjournment: 9:15 A.M.

REP. EVE FRANKLIN, Chairman

DIANA WILLIAMS, Secretary

EF/dw

Additional Exhibits:

EXHIBIT ([jeh27aad0.PDF](#))