

MINUTES

MONTANA SENATE 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION AND CULTURAL RESOURCES

Call to Order: By **CHAIRMAN DON RYAN**, on April 4, 2005 at 3:25 P.M., in Room 303 Capitol.

ROLL CALL

Members Present:

Sen. Don Ryan, Chairman (D)
Sen. Gregory D. Barkus (R)
Sen. Jerry W. Black (R)
Sen. Kim Gillan (D)
Sen. Bob Hawks (D)
Sen. Sam Kitzenberg (R)
Sen. Jesse Laslovich (D)
Sen. Jeff Mangan (D)
Sen. Dan McGee (R)
Sen. Bob Story Jr. (R)

Members Excused: Sen. Jim Elliott (D)

Members Absent: None.

Staff Present: Connie Erickson, Legislative Branch
Lois O'Connor, Committee Secretary

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

Committee Business Summary:

Hearing & Date Posted: HB 435, 3/30/2005
Executive Action: HB 522; HB 672

HEARING ON HB 435**Opening Statement by Sponsor:**

REP. GARY BRANAE (D), HD 54, said that HB 435 is Governor Schweitzer's postsecondary scholarship bill which would provide approximately 1,000 new scholarships for students entering postsecondary education throughout the state. There are several qualifications for receiving the scholarships, and there is an emphasis on 2-year colleges. The scholarships are available statewide and they are renewable. He hoped that HB 435 would encourage Montana's young people to remain in the state. Students leave to attend postsecondary universities in other states, and in many cases, they do not return.

REP. BRANAE pointed out the changes made to HB 435 since it was originally introduced, such as, provisions to allow students from accredited private schools and at-large students to participate in the program. He also spoke about a proposed amendment which provides that any money coming from private donations will be deposited into a special fund. If the donor of that money specifies, scholarship funds could be given to students who chose to attend private colleges because it is illegal to use state money to provide assistance to secular schools.

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Proponents' Testimony:

THE HONORABLE LIEUTENANT GOVERNOR JOHN BOHLINGER, said that he and Governor Schweitzer spent nine months traveling the state. One of the biggest concerns expressed by the people was how does Montana create jobs and opportunities for the people of their communities. As they reflected on citizens' concerns, it became clear that the mission of the Administration should be to provide the best possible education that it could for Montana's young people, whether that starts with K-12 and continues through higher education. The Administration feels that a college scholarship program is an essential ingredient in providing opportunity for young people because, with the best trained workforce, jobs will come Montana's way.

LIEUTENANT GOVERNOR BOHLINGER added that the state has seen the success of the Workforce Development Program that was enacted in the 2003 Session. He attended the ribbon cutting of the new Bresnan Communication Center in Billings. The Legislature provided \$500,000 for a workforce training program, and of the 200 people working at the Bresnan facility, many received their training as a result of the commitment that the state has made to

providing good paying jobs. HB 435 is a continuation of that thoughtful spirit, and it will provide the opportunity for bright, young people to receive an education in Montana.

In conclusion, **LIEUTENANT GOVERNOR BOHLINGER** said that Montana's graduates are leaving college with approximately \$20,000 of debt which is a huge financial burden for young Montanans. As a result, many must leave the state for higher paying jobs. The Administration feels that the Legislature can create greater opportunities for Montana's young people with the passage of HB 435.

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Sheila Stearns, Commissioner of Higher Education, provided written comments in support of HB 435.

EXHIBIT(eds71a01)

{Tape: 1; Side: A; Time Counter: 18.9}

Stuart Doggett, MT Community Colleges of Flathead Valley, Miles City, and Glendive, said that there are approximately 2,600 full-time equivalent students attending these three community colleges, and they see great benefit in the passage of HB 435.

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Rick Chiotti, Office of Public Instruction (OPI), said that OPI believes that needs- and academic-based scholarships for 2- and 4-year postsecondary training education is a valuable addition for education in Montana. He urged the Committee's support of HB 435.

{Tape: 1; Side: A; Time Counter: 20.3}

Jessica Grennan, Associated Students of the University of Montana (U of M), said that HB 435 addresses the need for Montana to improve the financial aid for Montana university students. No longer is higher education and higher education training a luxury for the nations changing workforce. The state needs to look at traditional 4-year colleges and universities as well as technical schools. HB 435 is a powerful combination that takes into account both education levels. HB 435 is also a good combination of needs- and merit-based scholarships which is needed to keep the best students in Montana and to ensure that the most neediest receive the help they need in order to continue their education.

Ms. Grennan added that the average college student in Montana graduates with approximately \$20,000 in debt which is a ridiculous amount of money in a state where average wages are lower than what their peers are making around the nation. HB 435 will encourage more people to stay in Montana and to pursue a higher education which is a necessity for quality of life. She provided written comments in support of HB 435 from **Connie Summers, ASMSU-Billings Lobbyist**.

EXHIBIT(eds71a02)

{Tape: 1; Side: A; Time Counter: 22.4}

Patricia Bassett, Student Political Action Director, U of M, said that she works two jobs and still takes out loans to pay for her education. She urged the Committee's support of HB 435.

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Derek Duncan, Junior, U of M, provided written comments in support of HB 435. He also provided testimony from students-at-large around the U of M.

EXHIBIT(eds71a03)

EXHIBIT(eds71a04)

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Kala French, Student Regent, spoke in support of HB 435.

Megan Dumis, Associated Students of Montana State University, said that education costs and student loans are very high while the average income in Montana is slightly below \$18,000. The Associated Students were excited about the scholarship opportunities that HB 435 provides.

Opponents' Testimony: None.

Informational Testimony: None.

{Tape: 1; Side: B; Time Counter: 8.8}

Questions from Committee Members and Responses:

SEN. DANIEL MCGEE, SD 29, asked if HB 435 was providing scholarships to individuals or was it providing grants to the university systems for scholarships. **Commissioner Stearns** said that HB 435 provides the university systems with grants for

scholarships. **SEN. MCGEE** asked why tuition for Montana's universities was \$703 above the western states mean' for tuition. **Commissioner Stearns** said that, over the years, the erosion of state support has resulted in universities picking up the slack through tuition. **SEN. MCGEE** said that the Legislature does not set the university budgets, it simply writes the check for the Board of Regents who ultimately decides how to spend the money. He asked if it were correct that the Legislature has continued to increase university system funding while the amount of spending has also skyrocketed at a rate that makes it look like state support has decreased. **Commissioner Stearns** said, yes, adding that, although the amount of spending has increased, the Regents have conducted a study that shows the amount of spending has not increased at the same rate that the amount of tuition has had to increase. **SEN. MCGEE** asked how much money has the university system spent since 1994 on attempts to win national championships at either Montana State University or the U of M by building new stadiums and offering tuition fee credits--\$15 million in 2003 for discretionary tuition credits according to the Legislative Audit Division (LAD). **Commissioner Stearns** said that the operation of athletic programs has been a public/private and student partnership. Some units of the system that were training one-third of the future coaches and physical education instructors in the state were a very big part of the Regents' mission. She added that, although a major source of athletic funding comes from private donors and fee waivers, the Regents establish a cap for discretionary fee waivers. Whether they are athletic or otherwise, campuses need to stay under that cap. **Commissioner Stearns** added that the percentage for fee waivers has stayed the same. What has increased is the university system's share for funding the basic infrastructure of the cost of education, and they have had to supplement with tuition to do that.

{Tape: 1; Side: B; Time Counter: 17.7}

SEN. MCGEE listed a number of tuition and fee waivers by the university system from the years 2000 through 2005 totaling approximately \$15 million. He asked if the goal is to worry about children graduating from high school so that they will stay in state, why does the Board of Regents not put a stop to the discretionary fee waivers.

{Tape: 1; Side: B; Time Counter: 19.8}

SEN. DON RYAN, SD 10, said that HB 435 allows for scholarships for in-state students. Tuition fee waivers are a university policy that can be debated during Executive Action. **SEN. RYAN** ruled **SEN. MCGEE'S** question out of order because it was not

relevant to HB 435. **SEN. MCGEE** said that the Committee is being asked to approve a bill that would give tuition credits to students and to increase funding from the state coffers. He questioned why HB 435 was needed when the university system had \$15 million in discretionary waivers and why his question was not relevant. **SEN. RYAN** said that the question relates to policies enacted by past Legislatures on how tuition waivers are given to different groups and university units.

{Tape: 1; Side: B; Time Counter: 21.3}

Closing by Sponsor:

REP. BRANAE said HB 435 is an opportunity to provide opportunities for Montana's young people to develop their abilities and use those abilities to move the state forward. He hoped that HB 435 could be fully funded but, if not, he asked the Committee to provide guidance on how to implement the \$1.5 million funding cut.

{Tape: 1; Side: B; Time Counter: 22.7}

SEN. MCGEE spoke in a point of personal privilege stating that **SEN. RYAN** used his weight as Chairman to disallow him asking the **Commissioner of Higher Education** questions regarding HB 435 and tuition in general. He felt that **SEN. RYAN** over-stepped his bounds as Chairman, and he strongly objected to the ruling. **SEN. RYAN** said that **SEN. MCGEE'S** questions should have been directed toward the sponsor of HB 435 not **Commissioner Stearns** who is not responsible for the Board of Regents' past policies.

EXECUTIVE ACTION ON HB 522

{Tape: 1; Side: B; Time Counter: 24.7}

Motion/Vote: **SEN. SAM KITZENBERG, SD 18**, moved that HB 522 BE CONCURRED IN. Motion carried on a 7 to 4 voice vote with **SENATORS BARKUS, BLACK, MCGEE, and STORY** voting no. **SENATORS MCGEE and BLACK** voted nay by proxy; **SEN. ELLIOTT** voted aye by proxy. **SEN. KITZENBERG** will carry the bill.

EXECUTIVE ACTION ON HB 672

{Tape: 1; Side: B; Time Counter: 27.8}

Motion: **SEN. STORY** moved that HB 672 BE CONCURRED IN.

Motion: SEN. STORY moved the approval of amendment #HB067201.ace.

EXHIBIT(eds71a05)

Discussion:

SEN. STORY said that the title of HB 672 states that the 10% is to be used only for facility repair and maintenance which was also the sponsor's intent. HB067201.ace requires the money deposited into the flexibility (flex) fund to be used only for that purpose.

SEN. RYAN asked if the entire flex fund would be limited to facility repair and maintenance or just the 10% that will now be deposited into it. **SEN. STORY** said that the 10% would become a sub-fund within the flex fund and the 10%-sub-fund could only be used for repair and maintenance. **SEN. RYAN** asked if the flex fund money could currently be used for repair and maintenance. **SEN. STORY** said that without HB 435, flex fund money cannot be used for repair and maintenance. It can be used for certain things enumerated in HB 435, none of which is repair and maintenance. He was attempting to make the language in HB 435 comport with the Title.

Vote: SEN. STORY'S motion that #HB 067201.ace be approved carried unanimously by voice vote.

Motion: SEN. STORY moved that HB 672 BE CONCURRED IN AS AMENDED.

Discussion:

SEN. STORY said that during the hearing on HB 672, Committee members were confused about the volume of money associated with the bill. After districts spend their general fund and have some money left over, there was confusion as to whether districts could put the entire remaining money into the flex fund for repair and maintenance instead of reappropriating it. HB 672 only allows 10% to be deposited into the flex fund for repair and maintenance while the remaining 90% has to be reappropriated.

SEN. RYAN said that according to the fiscal note, HB 672 would allow K-12 school districts to transfer into their flex funds \$1 million that would have been reappropriated to lower their GTB aid. He asked if districts currently had the ability to do that.

SEN. STORY said no, adding that the proponents of HB 672 were trying to stop schools from spending all of their money at the end of the year. HB 672 would give them incentive to put 10% into

the flex fund to accumulate for repair and maintenance and reappropriate the remaining 90%.

{Tape: 2; Side: A; Time Counter: 3.7}

SEN. BOB HAWKS, SD 33, quoted **Steve Johnson, Business Manager, Bozeman School District**, by saying, "This bill would provide encouragement for our district to save money at the end of the year rather than encourage us to spend it, which is what the current system does. I have been trying to accomplish that in one form or another for years." **SEN. HAWKS** felt that while 10% of a district's remaining funds is not a lot of money, it was a move in the right direction.

SEN. JEFF MANGAN, SD 12, said that HB 672 with **SEN. STORY'S** amendment would provide another flexibility option for local school districts.

Vote: **SEN. STORY'S** motion that HB 672 BE CONCURRED IN AS AMENDED carried on a 6 to 5 voice vote with **SENATORS MCGEE, BLACK, GILLAN, RYAN, and LASLOVICH** voting no. **SENATORS MCGEE and BLACK** voted nay by proxy and **SEN. ELLIOTT** voted aye by proxy. **SEN. STORY** will carry the bill.

Further Discussion on HB 435

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SEN. STORY requested that since **SEN. LASLOVICH** will be carrying HB 435 that he meet with **REP. BRANAE** to get a good understanding of the amendments to HB 435 because they will be fairly extensive.

SEN. RYAN advised that there were also recommendations by **Commissioner Stearn's** office in light of the reduction of funding on how the reductions should be made. He appointed **SEN. LASLOVICH** and **SEN. KITZENBERG** to a subcommittee regarding the amendments to HB 435 and the reduction of funds.

ADJOURNMENT

Adjournment: 4:15 P.M.

SEN. DON RYAN, Chairman

LOIS O'CONNOR, Secretary

DR/lo

Additional Exhibits:

EXHIBIT ([eds71aad0.PDF](#))