



# Education and Local Government Interim Committee

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## 58th Montana Legislature

### SENATE MEMBERS

DON RYAN—Vice Chair  
GREGORY BARKUS  
WILLIAM GLASER  
RICK LAIBLE  
JEFF MANGAN  
DEBBIE SHEA

### HOUSE MEMBERS

JOAN ANDERSEN—Chair  
NORMAN BALLANTYNE  
SUE DICKENSON  
TOM FACEY  
VERDELL JACKSON  
LARRY LEHMAN

### COMMITTEE STAFF

CONNIE ERICKSON, Research Analyst  
EDDYE MCCLURE, Staff Attorney  
REBECCA SATTTLER, Secretary  
PAMELA JOEHLER, Fiscal Analyst

# Postsecondary Education Policy and Budget Subcommittee MINUTES

December 10, 2003

Room 102, State Capitol

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division.

**Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.**

### COMMITTEE MEMBERS PRESENT

SEN. GREGORY BARKUS  
SEN. DEBBIE SHEA  
REP. SUE DICKENSON

### COMMITTEE MEMBERS ABSENT

SEN. DON RYAN

### STAFF PRESENT

PAMELA JOEHLER, Fiscal Analyst  
EDDYE MCCLURE, Staff Attorney  
REBECCA SATTTLER, Secretary

### AGENDA & VISITORS

Agenda, ATTACHMENT #1  
Visitors' list, ATTACHMENT #2

### COMMITTEE ACTION

- ! Elected Rep. Dickenson as Vice Chairman of the Subcommittee.
- ! Adopted rules.

- ! Decided to invite Dave Gibson to be included on the Subcommittee.
- ! Decided to have Subcommittee staff work out preliminary proposals with the Economic Affairs Committee, and then determine a meeting date to discuss those proposals.

### **CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 1:03 p.m. by CHAIRMAN BARKUS, and the secretary went through the roll call (ATTACHMENT #3).

### **ELECTION OF VICE CHAIRMAN AND ADOPTION OF RULES**

SEN. SHEA *moved* that REP. DICKENSON be nominated for Vice Chairman. The motion carried by a unanimous voice vote.

Pamela Joehler, Legislative Fiscal Analyst, referred to *EXHIBIT 1*, "Rules, Procedures, and Guidelines for Interim Committees". She mentioned that the Subcommittee needs to allow time on the agenda for public input at all meetings. Ms. Joehler added that September 15 is the deadline for the completion of work from the committees. The Subcommittee is able to hold four meetings, but a schedule has not yet been developed as the Subcommittee needs to determine what it wants to study. Eddy McClure added that the full Committee will probably not meet until June.

REGENT MERCER *moved* to adopt the rules. REP. DICKENSON seconded the motion, which carried unanimously by voice vote.

### **SUBCOMMITTEE DISCUSSION**

#### **1. Statutory oversight requirements of subcommittee**

Pamela Joehler went over the "Statutory Requirements of Education and Local Government Committee in regard to higher education", included as *EXHIBIT 2*. She explained that during the last interim, the Postsecondary Education Policy and Budget Subcommittee (PEPB) worked with the Board of Regents to set statewide postsecondary education policy statements, accountability measures and agreement with the Board on reporting.

CHAIRMAN BARKUS wondered about the Committee's requirement to provide the Board of Regents with their own annual budget allocation information. Ms. Joehler explained that the intent was to ensure communication with the Board to discuss state funds allocation. She added that when the bill was drafted years ago, there were no lump sum appropriations; everything was done on a line-item basis.

#### **2. Issues/Options for potential study or review in the 2005 Biennium**

REGENT SEMMENS stated that the Subcommittee has some discretion regarding the options they would like to pursue. He said that a positive process was worked out during the last interim between the lawmakers, Regents, and the executive branch, and the Subcommittee should strive to continue that process. SEN. SHEA inquired what the next step for the Subcommittee should be. REGENT SEMMENS explained that there is no specific expectation, only that he would like to see a continuation of the collaboration started last interim. He said that the scope is open to whatever the Subcommittee deems necessary. Pam Joehler stated

that last interim the accountability measures were defined, and it would be appropriate now to set specific performance standards or guidelines regarding that accountability. REGENT SEMMENS said that he is a part of the Budgeting Committee on the Board of Regents. He said that they are working on a new budgeting process that involves outside reporting in advance of the session. He explained that they will then be able to identify the key initiatives and performance metrics within acceptable “normal” ratios. He stated that he will share that information with the Subcommittee as it becomes available.

SEN. SHEA inquired about the limitations of the Legislature and the Board with regard to rulemaking. Eddy McClure responded that it is very well-defined. She said that the Board is exempt from MAPA so the Subcommittee does not review their rules. She added that curriculum policy is not as specifically defined. REGENT MERCER added the example that the Legislature cannot require that a dental hygiene program be instituted in Great Falls, but they can line-item money that the Board can only use if they put in the program. Ms. McClure interjected that the Board is accountable for all money, but they do not have the power to appropriate it.

SEN. SHEA asked if the Board rulemaking defines graduation rates. REGENT MERCER explained that it only assesses how many students graduate versus the number that enters the college. REP. DICKENSON said that there are two possible results of more specific definitions. One result would be more support, with less hassle in funding the Board’s programs from the Legislature. The other possible result would be less support if the Legislature does not agree with the Board. She added that it is still a positive process, regardless of either result.

REGENT MERCER expressed his appreciation for this Subcommittee including two Regents in its membership. He said that the biggest problem with Montana and higher education in the past was that the entities have been too independent and distant from each other. He stated that progress would be to draw the two together for the combined horsepower. He understands the struggle with accountability measures, and added that he would like to see the Subcommittee focus on the true problem of the State: economic activity. REGENT MERCER said that a partnership needs to be formed with the common question of “What can we do to promote economic activity and preserve the Montana way of life?”. He explained that there ought to be a way to combine resources to achieve the economic and societal goals for Montana. When the focus is put on the economic side, everyone works together to grow Montana and share in the benefits, instead of being an expense to the government. He made the following suggestions:

1. Coordinate communication, continue a long-range plan. He suggested that the Board could provide the stability since it doesn’t change membership like the executive branch or the legislators.
2. The University System has smart people (students and faculties) to brainstorm and evaluate the problems and solutions. That way, the decisions would be based on research and facts, while allowing room for new thinking.
3. Create economic development. Regent Semmens is very knowledgeable in generating money within and outside of the University System.

REGENT MERCER stated that this entails a different way of thinking. It could be developed in the Subcommittee, then spread to everyone. He said that this kind of plan would change the reception of the University System to be seen as an asset, and create a whole leadership team.

REP. DICKENSON said that she likes the idea of partnering, but worried that sometimes projects and programs take away from the time and energy for teaching. She stated that the function of the University System is to educate, not solve the problems of the state, and she has concern with any limitations to do so. SEN. SHEA wondered if REGENT MERCER had this same vision when he was a legislator, and if he had any ideas to help legislators “buy in” to this idea. REGENT MERCER explained that higher education is a big expense. His objective as a legislator was to give them the least amount of money possible and put it to other more important uses. He said that if the legislators can see the value of the University System in achieving the overall goals of the State, they will support the idea.

REGENT SEMMENS stated that he agrees with Regent Mercer in general, but thinks it important to define specific levels regarding the accountability measures set last interim, as well as creating this new leadership system. He said that other states’ examples should be evaluated to follow in their successes and better their failures. REGENT SEMMENS added that the Economic Affairs Committee is also interested in this, and suggested that they be involved. He said that his main suggestion is to look at the ways that other states are using their University Systems to leverage resources into meaningful economic activity. Three areas that need improvement are: 1) Research and commercialization potential; 2) Workforce development; and 3) Need-based financial aid.

CHAIRMAN BARKUS wondered about the measurement standards for the return on investment with regard to economic development. REGENT MERCER used the example of a drugstore owner who needs \$10,000 so he cuts advertising, inventory, and workforce. A worker suggests that the owner invest in the company instead, following the adage that it takes money to make money. He said that the ideas and resources that could be generated are the results, which could be used as measurement standards.

Sheila Stearns, Commissioner of Higher Education, said that she is willing to work together on the economic roadmap. She said that she is making it the University System’s passion to educate, share knowledge, and develop knowledge in this manner, even if it wasn’t their vision. She stated that the University System is simply one of the engines for economic development in the State, but it’s not driving the train. She believes this new objective can be achieved without diminishing the core functions of higher education. One key source of capital is intellectual capital, but they can only do it by working with everyone else. She stated that improving the state’s economy and utilizing students’ ideas to do so is the best way to lower tuition while increasing learning. Commissioner Stearns said that there is a need to look at other states and determine the ways in which Montana wants to change. Helpful questions could be, “What will Montana’s University System look like in the year 2010?” and, “What will have to be done in the legislative sessions between now and then?” She added that it is all tied to economic development.

REGENT SEMMENS stated that he attends many capital stimulation and economic growth conferences. He said the recent thinking indicates that human capital is the most important thing to invest in with great evidence of success, but the results aren’t immediate. He explained past Utah Governor Mike Leavitt’s testimony of investing in people and the results they are seeing from that investment. REGENT MERCER gave an example of the importance of adequate research in making decisions. He said that the shortage of nurses in the state could indicate that the University System needs to educate more nurses. However, when analyzed

further, it can be seen that plenty are being educated, they are just leaving the state to work elsewhere. The problem is not education, but retention. He added that there must exist a global way to raise everyone's income. He said that Montana has two powerful U.S. Senators with a lot of "political muscle" to bring markets that otherwise wouldn't be in Montana. One example would be to obtain military contracts on a national level that could be implemented in the rural areas of the state.

Pam Joehler inserted that she is trying to figure out how to help the Subcommittee get the results that the regent members of this Subcommittee have described. She offered a summary of the points mentioned in the meeting so far:

- Broader perspective with citizenry for goals
- Look at how other states leverage university resources
- Cooperate with Economic Affairs Committee
- Invite the Governor's staff to sit in on the Subcommittee

CHAIRMAN BARKUS suggested that Dave Gibson would be a good representative from the Governor's Office.

### **SUBCOMMITTEE DECISION/INSTRUCTIONS TO STAFF**

The Subcommittee discussed potential actions to take. REGENT SEMMENS said one possibility would be for the Subcommittee to develop ideas and proposals of how the University System could be used to stimulate economic success and job development, and then develop specific ideas to achieve the policy goals set last interim. REGENT MERCER apologized for commandeering the meeting, and wanted to hear the legislator members' opinions. He suggested that the Subcommittee start to work on options, brainstorm ideas, and then coordinate that information to be finalized in written form at the next meeting.

REP. DICKENSON said that the Subcommittee ought to come up with individuals who could serve as resources and give members assignments to solicit that input. She also stated the need to involve the Governor's Office and analyze other states' experiences. SEN. SHEA agreed that the Subcommittee needs to work with the Governor's Office and the Economic Affairs Committee, as well as receive public input on the matter. She added that they should look at other unique resources in Montana as sources of revenue instead of only tourism.

REP. DICKENSON offered John Cramer's name as a good resource as the development authority in Great Falls. REGENT MERCER inserted that the last Board of Regents meeting included a panel of local development authorities, so that information and those contacts might be useful to the Subcommittee. Commissioner Stearns suggested a joint brainstorming meeting with the Economic Affairs Committee to determine the next steps. REGENT MERCER stated that he would like to see more developed plan suggestions before meeting with others. He asked that the Commissioner and the staff of this Subcommittee and the Economic Affairs Committee brainstorm and send back their preliminary ideas to the Subcommittee members. He said that information could then be finalized in the next meeting and then taken to other entities.

SEN. SHEA expressed concern over taking on too much with this project with the Subcommittee's limited time. REGENT SEMMENS agreed that the scope of the project is right, but the resources are limited. REGENT MERCER gave an analogy of instrument players in an

orchestra, suggesting that the most important factor for success is coordination of everyone. He said that the Subcommittee doesn't have to solve every problem, just put the overall communication process in place. SEN. SHEA agreed that this project is bold, innovative and a good direction to take. CHAIRMAN BARKUS also agreed, stating that he is intrigued with linking measurable standards to possible funding.

REGENT SEMMENS *moved* to invite Dave Gibson to be included on the Subcommittee. SEN. SHEA seconded the motion, which carried unanimously by voice vote. REGENT MERCER suggested that the Subcommittee ask for the economic adviser instead of the education adviser, or to work with both.

## **SUBCOMMITTEE BUSINESS**

### **1. Future Meeting Dates**

CHAIRMAN BARKUS said that the members should go back to their respective communities and solicit suggestions from key players of the area. REGENT MERCER stated that the staff could work out some preliminary ideas and then determine when an appropriate time for the next meeting would be. REP. DICKENSON reminded the Subcommittee that the full Committee will meet on January 9. REGENT MERCER added that the Board of Regents will meet in Helena January 15-16, so January 14 would be a good time for a meeting.

Pam Joehler referred to the interested persons' lists (*EXHIBIT 3*) and stated that the Subcommittee members should look them over to determine if anyone should be added.

### **2. Travel claims**

Ms. Joehler explained the document regarding legislator claims for reimbursement (*EXHIBIT 4*).

## **PUBLIC INPUT**

Jim Kembel provided the Subcommittee with his written remarks, included as *EXHIBIT 5*. He suggested that the Subcommittee review why Montana lost value-added industries such as canneries and meat processing plants. He also stated that resources graduating from college each year could be analyzed to determine the type and number of degrees graduated, and which of those graduates that do not stay in Montana. Finally, he suggested that the government and the University System could partner together with major corporations to have students work in laboratories or to have recent graduates work in small operations of the corporation.

## **ADJOURN**

The meeting adjourned at 3:35 p.m. The next meeting date is yet to be determined.