





## SENATE STANDING COMMITTEE REPORT

April 7, 2005

Page 1 of 4

Mr. President:

We, your committee on **Education and Cultural Resources** recommend that **House Bill 435** (third reading copy -- blue) be concurred in as amended.

Signed:   
Senator Don Ryan, Chair

To be carried by Senator Jesse Laslovich

And, that such amendments read:

1. Title, page 1, line 19.  
**Following:** "COLLEGES"  
**Insert:** "IF SO DESIGNATED BY THE DONOR"
2. Page 3, line 1.  
**Following:** the second "IN"  
**Insert:** "postsecondary institutions or, when designated by the donor, in"
3. Page 3, line 6 through line 7.  
**Following:** "MEANS"  
**Strike:** remainder of line 6 through "ESTABLISHED" on line 7  
**Insert:** "a school that is accredited"
4. Page 3, line 10 through line 11.  
**Strike:** "ADMISSION OFFICER"  
**Insert:** "admissions office"
5. Page 4, line 26 through line 28.  
**Following:** "PROCESS" on line 26  
**Strike:** remainder of line 26 through "CRITERIA" on line 27  
**Following:** "STUDENTS" on line 27  
**Strike:** remainder of line 27 through "TEST" on line 28
6. Page 5, line 15 through line 16.

**Committee Vote:**  
Yes 11, No 0.

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**Following:** "another" on line 15

**Strike:** remainder of line 15 through "INSTITUTION" on line 16

7. Page 5, lines 25 and 26.

**Following:** "(6)"

**Strike:** remainder of line 25 through "SOURCES" on line 26

**Insert:** ", (7), and (9)"

**Following:** "provided" on line 26

**Insert:** "in each fiscal year"

8. Page 5, line 28.

**Strike:** "OR MONTANA PRIVATE COLLEGES"

9. Page 6, line 1.

**Strike:** "OR A MONTANA PRIVATE COLLEGE"

10. Page 6, line 19.

**Following:** "OR"

**Insert:** ", subject to the availability of private funds, to"

11. Page 6.

**Following:** line 30

**Insert:** "(7) Except when a donor of private funds designates that scholarship funds must be given to students attending a Montana private college, the board, following consultation with the council, shall establish criteria and procedures for distributing funds from private sources for scholarships to students enrolled in postsecondary institutions. Funds from private sources may not be used as an offset to general fund appropriations.

(8) Except when a donor of private funds designates that scholarship funds must be given to students attending a Montana private college, scholarship awards are determined solely by the board following consultation with the council. Scholarship awards are not subject to appeal."

**Renumber:** subsequent subsection

12. Page 7, line 8.

**Strike:** "OR A MONTANA PRIVATE COLLEGE"

13. Page 7, line 9 through line 10.

**Following:** "policy" on line 9

**Strike:** remainder of line 9 through "graduation" on line 10

14. Page 7, line 15.

**Following:** "policy"

**Strike:** "OR"

**Insert:** "and"

**Following:** "BOARD"

**Insert:** ", "

15. Page 7, line 16 through line 17.

**Strike:** "PURSUANT" on line 16 through "scale" on line 17

**Insert:** ", at least part of which must include a grade point average or a numerical score on a standardized college admission test"

16. Page 7, line 19.

**Strike:** "OR A MONTANA PRIVATE COLLEGE"

17. Page 7, line 20.

**Following:** "attendance"

**Strike:** ";"

**Insert:** "."

(2) To be eligible to receive a scholarship, an entering freshman student seeking a certificate or an associate or baccalaureate degree at a Montana private college:

(a) must be classified as a Montana resident for in-state tuition under the board's policy; and

(b) must meet the admission requirements and eligibility criteria established by the admissions office of the Montana private college."

**Renumber:** subsequent subsections

18. Page 7, line 23.

**Following:** "(1)(a)"

**Insert:** "or (2)(a)"

19. Page 7, line 24.

**Following:** "DETERMINED"

**Insert:** "through procedures established"

20. Page 7, line 28.

**Following:** the second "a"

**Insert:** "merit-based"

**Following:** "scholarship"

**Strike:** "based on financial need"

21. Page 8, line 5.

**Strike:** "(5)"

**Insert:** "(6)"

22. Page 8, line 7.

**Following:** "(1)(a)"

**Insert:** "or (2)(a)"

23. Page 8, line 8.

**Following:** "DETERMINED"

**Insert:** "through procedures established"

24. Page 8, line 14.

**Strike:** "(5)"

**Insert:** "(6)"

25. Page 8, line 16.

**Following:** "(1)(a)"

**Insert:** "or (2)(a)"

26. Page 8, line 17.

**Following:** "DETERMINED"

**Insert:** "through procedures established"

27. Page 8, line 30.

**Following:** "circumstances"

**Insert:** "as determined through procedures established by the board"

28. Page 9, line 14.

**Following:** line 13

**Insert:** "NEW SECTION. Section 9. Implementation. (1) The provisions of [this act] may not be implemented without a line item appropriation provided for the purposes of [this act].

(2) If the appropriation provided pursuant to subsection (1) is insufficient to fully fund the scholarship program provided for in [this act], the board shall reduce the number of scholarships in proportion to the amount of money appropriated and notify the office of budget program and planning of the reduction. Following consultation with the council, the board shall adopt procedures to implement this section."

**Renumber:** subsequent sections

- END -

Agriculture  
Manufacturing Industry  
2005 National Legislative

Senator  
Faslovich has

my proxy 4505.

Alton  
Sam Stephens  
Agricultural Initiative

PROXY VOTE

I, the undersigned, hereby authorize Senator Laslovich to  
vote my proxy on any issue before the Senate Education  
Committee held on March 16, 2005.

  
\_\_\_\_\_  
SENATOR  
STATE OF MONTANA

**MONTANA STATE SENATE  
2005 LEGISLATURE**

VISITOR REGISTER

DATE April 6, 2005

SENATE COMMITTEE ON Education

BILLS BEING HEARD TODAY: Executive Action

HB-435

PLEASE PRINT

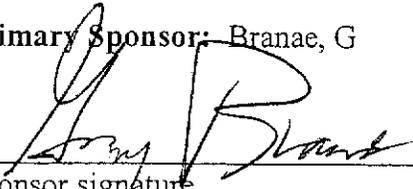
NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
<i>L. Milton</i>		<i>MTSBA</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Ann Brodsky</i>		<i>Gov's Office</i>		<input type="checkbox"/>	<input type="checkbox"/>
<i>Shula Stearns</i>		<i>Com. of Higher Ed</i>		<input type="checkbox"/>	<input type="checkbox"/>
<i>Dave Gibson</i>				<input type="checkbox"/>	<input type="checkbox"/>
<i>M. Quinlan</i>		<i>OPE</i>		<input type="checkbox"/>	<input type="checkbox"/>
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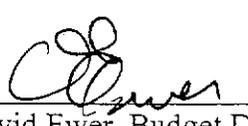
PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

# FISCAL NOTE

Bill #: HB0435 Title: Governor's Postsecondary Scholarship Program

Primary Sponsor: Branae, G Status: As Amended by House Education

  
 Sponsor signature \_\_\_\_\_ Date 2/23/05

  
 David Ewer, Budget Director \_\_\_\_\_ Date 2/22/05

## Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<b>Expenditures:</b>		
General Fund	\$1,077,350	\$2,094,350
<b>Revenue:</b>		
General Fund	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	(\$1,077,350)	(\$2,094,350)

- |  |   |
|--|---|
| <input type="checkbox"/> Significant Local Gov. Impact<br><input checked="" type="checkbox"/> Included in the Executive Budget<br><input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Technical Concerns<br><input checked="" type="checkbox"/> Significant Long-Term Impacts<br><input checked="" type="checkbox"/> Needs to be included in HB 2 |
|--|---|

## Fiscal Analysis

### ASSUMPTIONS:

#### Office of Commissioner of Higher Education (OCHE)

- The bill establishes the Governor's postsecondary scholarship program. The Board of Regents, through the OCHE, will administer the program with assistance from a three-member council. The Governor will appoint the council.
- The bill provides the following number of scholarships and students:

#### Merit Based Component

Type	Scholarships Awarded <sup>1</sup>	Per Student	2007 Biennium		2009 Biennium	
			FY 2006	FY 2007	FY 2008	FY 2009
4 - Year Ed. -- Per H.S.	185	1,000	185,000	370,000	555,000	740,000
4-Year Ed -- At Large	40	2,000	80,000	160,000	240,000	320,000
2 - Year Ed. -- Per H.S.	185	1,000	185,000	370,000	370,000	370,000
2 - Year Ed. -- At Large	70	1,000	70,000	140,000	140,000	140,000
<b>Total</b>	<b>480</b>		<b>520,000</b>	<b>1,040,000</b>	<b>1,305,000</b>	<b>1,570,000</b>

**Fiscal Note Request HB0435, As Amended by House Education  
Amended by House Education  
(continued)**

Need Based Component (only for two-year schools)

Type	Scholarships Awarded <sup>1</sup>	Per Student	2007 Biennium		2009 Biennium	
			FY 2006	FY 2007	FY 2008	FY 2009
Students inc. Nontraditional	180	1,000	180,000	360,000	360,000	360,000
Health Sciences Area	100	1,000	100,000	200,000	200,000	200,000
Technology Area	220	1,000	220,000	440,000	440,000	440,000
<b>Total</b>	<b>500</b>		<b>500,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

<sup>1</sup> In the first year there would be 980 scholarships awarded. In the second year, the number would climb to 1,960 scholarships awarded.

3. The OCHE will need to hire a program specialist at a grade 18 to interact with high schools, university and college campuses, the Governor's Office, the newly created council, and the Board of Regents. This person will need to have data management and programming skills to be able to maintain the records necessary to administer this program.
4. The program will require start-up funds to purchase desk, files, computer and printer for the program specialist (\$3,000). There will be continuing expenses for communications (phone, mailing, travel) (\$2,000).
5. The council will meet at least quarterly the first year, and twice a year thereafter.
6. The council meetings will take place in Helena; at least one council member will reside in Helena (no travel expenses or hotel expenses); the other members will be from Missoula or Bozeman and will be employees of the Montana University System (MUS).
7. The MUS campuses will absorb the expenses of travel and lodging of the council.
8. OCHE is not able to estimate the amount of private funds that would be collected under this program.

**Office of Public Instruction (OPI)**

9. There are 175 public high schools in Montana, including Montana School for the Deaf and Blind, Riverside and Pine Hills. There are 10 accredited nonpublic high schools.
10. The OPI will assist with the promotion of the scholarship program using electronic means within its existing resources. Schools, applicants and parents will be able to access application information from the OPI website. OPI will notify schools of scholarship program updates through its electronic newsletters and messaging systems. OPI will coordinate with the university system and the scholarship advisory council to promote the scholarship program.
11. The Executive Budget includes funding for an Education Data Warehouse and Student Information System. If approved, this system would be a useful tool for schools to report to the OCHE the names of high school seniors who are eligible for the postsecondary scholarships proposed in HB 435.
12. HB 435 does not create any additional costs for the OPI and is not likely to create a burden for schools provided that an individual at the OCHE is available to provide guidance to schools about the program.

Fiscal Note Request HB0435, As Amended by House Education  
 Amended by House Education  
 (continued)

FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Expenditures:</u>		
FTE	1.00	1.00
Personal Services	\$52,350	\$52,350
Equipment	5,000	2,000
Benefits	<u>1,020,000</u>	<u>2,040,000</u>
TOTAL	\$1,077,350	\$2,094,350
<u>Funding of Expenditures:</u>		
General Fund (01)	\$1,077,350	\$2,094,350
<u>Revenues:</u>		
General Fund (01)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$1,077,350)	(\$2,094,350)

LONG-RANGE IMPACTS:

1. Although the OCHE may be able to administer the program the first biennium without the acquisition of a software package, it is unlikely that the program can be adequately administered in the future without the acquisition of a more sophisticated database than Excel or Access.
2. When fully implemented in the fourth year, the Governor's postsecondary scholarship program will cost approximately \$2.6 million a year.

TECHNICAL NOTES:

The "Education Appropriation Subcommittee" has approved 2 decision packages (NP 101 and NP 102) for \$3,030,000 in HB 2. These decision packages are related to the scholarships, not administration of the program.