



Education and Local Government Interim Committee

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57th Montana Legislature

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FISCAL ANALYST

March 13, 2002

MINUTES

Room 137, State Capitol
Helena, Montana

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 documents.**

JOINT SUBCOMMITTEE ON POSTSECONDARY EDUCATION POLICY AND BUDGET

SUBCOMMITTEE MEMBERS PRESENT

Sen. Royal Johnson
Sen. Ed Butcher
Sen. Emily Stonington
Sen. Don Ryan
Rep. Art Peterson
Mr. Jasmin
Mr. Semmens
Mr. Snezek

SUBCOMMITTEE MEMBERS EXCUSED

Rep. Gary Branae

STAFF PRESENT

Pam Joehler, Legislative Fiscal Analyst
Eddy McClure, Staff Attorney
Lois O'Connor, Secretary

AGENDA & VISITORS

Agenda (ATTACHMENT #1)
Visitors' list (ATTACHMENT #2)

COMMITTEE ACTION

- Adopted the minutes from the January 10, 2002, meeting
- Approved drafting legislation to create a stand-alone postsecondary education committee separate from the Education and Local Government Interim Committee.
- Approved that the structure of the postsecondary education committee with membership to be as currently established. (i.e. Board of Regents, members of the Legislative Finance Committee, and members of the Education and Local Government Interim Committee)
- Approved adopting Option #2 under project scope detailed in exhibit #1
- Adopted goals 1-4 as detailed in exhibit #5
- Adopted language in goal #5 of exhibit #5 to be "To use the Montana University as a leading contributor to the State's economic success and social and political well-being".
- Adopted as a goal a statement which would encourage the closer collaboration and cooperation between higher education units in the state and the Board of Regents.
- Adopted amendment to the above listed goal to include a statement regarding K-12 and other non-MUS educational entities.

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 10:00 a.m. by Sen. Johnson. Roll call (ATTACHMENT #3) was noted with all members present except for Rep. Branae who was excused.

Rep. Peterson moved that the minutes from the January 10, 2002, meeting be approved. The motion passed unanimously.

CONFIRM PURPOSE OF INTERIM PROJECT AND DECIDE ON PROJECT SCOPE

Pam Joehler, Fiscal Analyst, Legislative Fiscal Division, provided an overview of the Subcommittee's interim project purpose and scope and draft legislation. (EXHIBITS #1 and #2 respectively)

Eddy McClure, Staff Attorney, Legislative Services Division, said that the question is who the audience is going to be and whether or not a bill format is appropriate.

Rep. Peterson said that the intent of expanding the project is to encourage cooperation and recognize the contribution of other institutions.

Mr. Jasmin said that there is a large difference between proprietary schools and private schools. He said that a proprietary school is not going to meet the same standards as other schools of higher education.

Rep. Peterson said that proprietary schools may have separate accreditation standards established for them.

Sen. Butcher said the Subcommittee should separate out proprietary schools. He said that a

bonding structure may be set-up in the event of a school's closure, but he would not like to see the establishment of accreditation standards.

Mr. Semmens said that he continues to believe that determining statewide goals and accountability measures should apply to public postsecondary institutions. In reference to the prologue, he said that a statement of acknowledgment is good, however it needs to be broader to state that the citizens of Montana receive services from public and private institutions. Mr. Semmens added that he would be against putting any policy goals or accountability standards in statute.

Sen. Stonington said that she would urge the exclusion of institutions beyond the public system. She said that to reach beyond that, other than an encouraging note, is outside the Subcommittee's authority.

Sen. Butcher said that if the Subcommittee is going to accomplish anything, there must be a mechanism in place to hold the university system accountable.

Dick Crofts, Commissioner, Higher Education, said that the university system and Board of Regents has been pushing for increased communication regarding accountability standards. He said that in terms of goal setting and accountability measures the focus of the Subcommittee should be those institutions that receive state funding. Mr. Crofts suggested that the Subcommittee be careful what they put in statute, identify private institutions in the prologue, and do not include proprietary institutions.

Sen. Stonington asked if it would be helpful to have a description of policy goals in statute or resolution. Mr. Crofts said that goals and accountability standards should not be referenced in a statute or resolution. He said that in statute, the Subcommittee should focus on a mechanism as to how the process will continue. Sen. Stonington asked Mr. Crofts what he meant by the term "mechanism". Mr. Crofts said that he was referencing a committee or other establishment.

Mr. Semmens provided an overview of the Comprehensive Statewide Plan for Postsecondary Education from the state of Nebraska (EXHIBIT #3). He said that the plan is hoping for a shared sense of accountability and ownership between the Executive Branch, the Legislature, and the Board of Regents.

Ms. Joehler said that the current statute provides a framework for this already. She said that when the Subcommittee was established it included a number of required duties. She said that when Senate Bill 11 was passed the Subcommittee was folded into the Education and Local Government Interim Committee.

Sen. Butcher said that the key is to implement what is already in statute and establish a functioning bridge. He said that the Subcommittee could be the mechanism between the Legislature and the Board of Regents.

Sen. Ryan said that there should be a more active body available to get the communication going between the Executive Branch, the Board, and the Legislature. However, he said that the Subcommittee should not overreach its boundaries by establishing new statutes. He would like to see a new process created not new laws.

Ms. Joehler provide a copy of the previous statute (SB 11) (EXHIBIT #4)

Mr. Crofts said that the problem occurred when the interim structure changed. He said that the University System does not get any attention from the Education and Local Government Interim Committee and he would like to see another committee take on the task.

Sen. Johnson asked if the Subcommittee is representative enough. Mr. Crofts said that before the interim restructure he thought that the committee was well represented. In reference to the Subcommittee, he would like to see public members.

Mr. Snezek said that he does not see an adequate dialogue between the executive branch, the legislature, and the Board and would like to create a conduit for increased communication that is not in statute.

Mr. Semmens would like to see a formal process created to continue the postsecondary education discussion.

Sen. Johnson asked if Mr. Semmens would like the Education and Local Government Interim Committee to appoint a subcommittee on a regular basis. Mr. Semmens said that he would like to see a stronger statement of permanence.

Sen. Stonington said that a committee is only funded for a certain number of meetings and it is not logical for one committee to adequately address the postsecondary education issues.

Sen. Butcher said that the Subcommittee does not need public members but it does need different legislators and different Board of Regent members. He said that there needs to be a steady stream of new information coming in.

Sen. Johnson asked about statute 5-5-224, MCA. Ms. Joehler review Exhibit #4. Subsections (a) through (g) and suggested amending the statute so the Subcommittee can establish the type of committee it sees fit.

After much discussion, Sen. Butcher moved that a permanent Subcommittee of the Education and Local Government Interim Committee be established to deal with postsecondary education issues.

Rep. Peterson made a substitute motion to recreate a stand-alone postsecondary education committee separate from the Education and Local Government Interim Committee.

After much discussion, the substitute motion passed 6 to 2 with Sen. Butcher and Sen. Johnson voting no.

Mr. Jasmin moved that the membership of the proposed postsecondary committee be as currently established and that they be appointed from the prospective places (i.e. Board of Regents, members of the Legislative Finance Committee, and the Education and Local Government Interim Committee).

Rep. Ryan moved to amend the motion to include one member of the Board of Public Education. Sen. Butcher objected because a member of the Board of Public Education would bring K -12 education into the Subcommittee. Rep. Ryan withdrew his amendment.

Mr. Semmens said that the Subcommittee needs to determine the new duties, monitoring goals,

and policies for postsecondary education issues. The Subcommittee agreed to let staff work out the details.

Rep. Peterson moved that option two under the project scope paper (EXHIBIT #1) be the direction that the Subcommittee takes. The motion passed unanimously.

DEVELOP PUBLIC POSTSECONDARY EDUCATION POLICY GOALS

Policy Goal Options Report

Ms. Joehler provided an overview of the Montana Public Postsecondary Education Policy Options and Analysis (EXHIBIT #5).

Subcommittee Work Session

Sen. Johnson asked about Mr. Semmens suggestions to the Board of Regents. Mr. Semmens said that a revised draft will be discussed further and provided to the Subcommittee. Sen. Johnson said that the suggestions were not policy goals, but actions that could be taken by the university. Mr. Semmens said yes. Sen. Johnson asked if he included items from the Governor's plan on economic development. Mr. Semmens said yes.

Mr. Jasmin said that he cannot argue with any of the goals presented by Ms. Joehler, but he feels that the policy goals need to be well defined and measurable. He hopes to create a good commonality and understanding.

Mr. Semmens said that the policy goals should be few in number, understandable, and fairly broad. He said that Montana's policy goals are very consistent with the themes of other states. Mr. Semmens asked Ms. Joehler if she continued to find the same themes in her broader research. Ms. Joehler said yes. Mr. Semmens reviewed for the Subcommittee Nebraska's statewide policy plan (Exhibit #3) and stated that this was the best document he has found relating to policy goals.

Sen. Butcher said that it is important that the Subcommittee be focused on its duties and be aware that it is a funding body. He said that the Subcommittee cannot be all things to all people and the biggest goal is to provide a good education to the largest number of students possible. He said that the role of the Subcommittee is to slightly alter the larger goals of the Board of Regents and then focus in on some specialized issues.

Sen. Johnson reminded the Subcommittee to keep in mind the objectives and remember that the Montana Constitution governs the University System. Sen. Johnson added that the second policy goal of the Board of Regents should address Sen. Butcher's concerns of accessibility.

Rep. Peterson reviewed for the Subcommittee the difference between substantive and procedural goals or values (EXHIBIT #6).

Mr. Jasmin said that one concern is efficiency and how it can be measured. He said that the legislature should be aware as to how fiscally efficient the University System is. He said that he would like the legislature to establish an efficiency ratio so that the University System could state whether or not they are meeting the expectations of the legislature.

Mr. Semmens said that that is an example of an accountability measure that can be addressed in exhibit #5. He said that Rep. Peterson's presentation on the difference between substantive

and procedural goals is accurate, however, the Board decided that unless they made their strategic plan more pragmatic, conveying the accomplishment of goals would be difficult.

After much discussion, the Subcommittee agreed to add Rep. Peterson's ideas detailed in exhibit #6 into the prologue.

Mr. Crofts said that when the Subcommittee is reviewing the five goals of the Board's strategic plan, the Subcommittee is only looking at one of four parts of the strategic plan. He said that some of the issues the Rep. Peterson expressed are reflected in the vision and mission portion of the Board's strategic plan.

Sen. Johnson asked Mr. Crofts if there were established, measurable outcomes for the four goals. Mr. Crofts said that there are a series of action plans being developed that cover one-half of the current objectives. Sen. Johnson asked if Mr. Crofts had subjective goals and measures that the Legislature could review. Mr. Crofts said that information has been provided, but there have been no agreed upon goals or objectives on which to report. Sen. Johnson asked how many students are completing their education on the established four-year plan. Mr. Crofts responded 15% to 18%. Mr. Crofts said that the nationwide trend is for students to finish their degree in over four years.

Sen. Ryan asked about the number of students that the University System has had to pay for because the student did not finish their degree in four years. Mr. Crofts said that he did not know of any.

Mr. Semmens said that objective accountability measures that can be monitored should be reviewed. However, he said that some of accountability measures can conflict. He said that benchmarks need to be developed.

Mr. Jasmin concurred and said that the Subcommittee should agree on certain measurable criteria.

Sen. Johnson asked what the legislature and communities feel is important in how the University System functions. **Kathy Conover, Montana State University**, said that people are not interested in other states. **Bill Johnson, Lobbyist, University of Montana**, said that the real questions is benchmarks, what they mean and how to use them.

Sen. Butcher said that there is a real fundamental problem in obtaining a four-year education and being able to meet core requirements on the semester system.

Sen. Johnson responded that the Regents are listening and that they do make changes.

Sen. Stonington said that in reference to the policy goals from other states, the survey from legislators had three goals that were very succinct and focused toward economic development. She said that her perception is that that is what constituents want. She said that the current list of goals are complicated in the way they are written and she would like them to be simplified and reordered. She also said that when the five goals are agreed upon, then the Subcommittee can determine if they can be measured and how. She said that she would not like to close the door on putting anything in statute.

Mr. Semmens asked the Subcommittee if the goals put forth by the Board of Regents are

worthwhile, at least in concept if not in words, and if there were any other goals that need to be added.

Sen. Johnson asked Mr. Semmens to explain goal #5 as detailed in exhibit #5. Mr. Semmens said that the University System needs to do a more thorough and effective job communicating with the public. He said that there also needs to be a better dialogue discussing the economic importance of continued education. He would also like to see strengthened relationships with the legislature, business, and agricultural community to build a sense of cohesion. Sen. Johnson said that the only way the Legislature can show its "support" is through funding and he would have difficulty putting that in statute. He said that the number of dollars given to the University System is based upon what's available and he would not like it to be interpreted that the Legislature did not "support" the University System adequately. Mr. Semmens said that "support" is intended to be used in a broader sense and that it is an appropriate goal in the Board's sense.

Sen. Ryan said that if you take out the term "the support for and", this would create a reasonable goal.

Sen. Johnson and Mr. Semmens concurred with Sen. Ryan.

Sen. Stonington said that the first four goals are very substantive of the system, but the fifth goal is more procedural. Sen. Stonington moved to accept the first four goals with instruction to the staff to simplify the wording. Sen. Stonington commented that the goals are written from the point of view of the student first. And asked if the role of the University System is first to serve the students or first to serve the state.

Mr. Jasmin said that he assumed it was the state but the University System focuses on the students because that is who they serve. Mr. Semmens said that it is the students first because if they do not do a good job of serving the students, they will never be able to serve the state.

Sen. Johnson asked if the Regents prioritized its goals. Mr. Semmens said no because they are all closely related. Sen. Johnson said that it was immaterial which goal was listed first.

Sen. Stonington's motion passed unanimously.

Sen. Johnson moved to strike from goal #5 "the support for and" statement. Sen. Stonington said that she hesitates on goal number five because it does not fit with the policy goals of the state higher education system as it is a process goal. Sen. Johnson withdrew his motion.

Sen. Butcher moved to reject goal #5. Sen. Stonington made a substitute motion to change the language in goal #5 to be "To use the Montana University as a leading contributor to the State's economic success and social and political well-being". The motion passed unanimously.

Sen. Johnson moved to add to the list of goals a statement which would encourage the closer collaboration and cooperation between non-public higher education units in the state and the Board of Regents. He said that this would add to the student opportunities and a more effective way to cement the fact that the University System would like this type of collaboration.

Mr. Semmens suggested that the language be changed to build partnerships between K-12, tribal colleges, private institutions, and other educational institutions across the state.

Ms. McClure suggested adding the language "to the extent allowed by law" which means that the state will not inadvertently encourage private schools in an inappropriate manner.

Mr. Crofts said that he would like K-12 language to be added to Sen. Johnson's motion. Sen. Johnson said that K-12 guidelines are set forth in the constitution where there is not a current mechanism for higher education.

Mr. Semmens amended Sen. Johnson's motion to include K-12 and other non-MUS education units. The motion passed 5 to 2 with Sen. Butcher and Sen. Johnson voting no.

The Subcommittee voted on Sen. Johnson's motion. The motion passed unanimously.

Ms. Joehler directed the Subcommittee to work through the provided matrix in exhibit #5.

Goal #1: To provide a stimulating, responsive, and effective environment for student learning, student living, and academic achievement.

Needs addressed: higher student participation and retention; giving students the skills to succeed as citizens

Priority: High

Outcomes: increased participation and retention rates; parent/student satisfaction

Clearly Stated: Yes

Goals met: participation and retention rates; post-graduate surveys; completion rate; faculty retention

Goal #2: To make a high quality, affordable, higher education experience available to all qualified citizens who wish to further their education and training.

Needs addressed: broader participation in higher education institutions among students, tribal members, and honor students; workforce availability; employment need; affordability; track qualified citizens; broader access to the short and long period of times of education; access through different delivery channels; appropriate remediation services

Priority: High

Outcomes: increased participation; work force availability in areas of need; and lowered student debt

Clearly Stated: Yes, but would like to see a statement that addresses cost and quality.

Goals met: surveying affordability; increased financial aid; increased participation; increased accessibility; number of students in high paying jobs; employer surveys; student loan default rates; track students who seek

similar education opportunities out of state; increase in non-traditional students

Ms. Joehler asked if there was some way to measure the exodus of students because of cost. Mr. Crofts said that a survey could be completed but he would not put much emphasis on it. He said that they have begun to track high school honors scholarships and why a scholarship has been turned down.

Sen. Butcher said that we should not worry about some states who are subsidizing to the point of recruitment. He said that if a student can obtain a less expensive education in another state they should.

Goal #3: To deliver higher education services in a manner that is efficient, coordinated, and highly accessible.

Needs addressed: efficient use of resources; improved educational services via collaboration; improved access for Montanans; coordination between higher education units, K-12, and the University System; continued taxpayer support of the University System; reduce costs; shorter stays; happy parents; courses completed; workers available

Priority: High

Outcomes: sharing of resources; most bang for the buck; effective use of technology; improved educational services; student, legislature, and executive satisfaction; trust in the management of resources

Clearly Stated: Yes

Goals met: increased administrative collaboration; effective expenditures compared to peer states; increased use of technology; transferability among institutions; clear expectations for K-12 graduates; some means to measure efficiency; legislature satisfaction; administrative expense of total resources; the cost of educating a student compared to previous years and peer states; more students graduating and staying in Montana

Goal #4: To be responsive to market, employment, and economic development needs of the State and the nation.

Need addressed: increased jobs; higher income levels; higher success in recruiting businesses; improved responsiveness from employers; recognition of the University System's role in the economy

Priority: High

Outcomes: increased interaction between the University System, businesses, and employers; increased private/public partnerships; keeping graduates in Montana

Clearly Stated: Yes

Goals met: increased recruitment and retention of businesses; increased employment and income levels; increased development of business clusters; business surveys determining how much the educational system affected economic development; job placement rates of graduates within Montana; shift from tourism related positions to production

Mr. Crofts said that the state should complete a needs assessment survey to determine the market employment needs in Montana. He said that they currently determine anecdotally what the state needs in terms of education and training.

Goal #5: To improve the support for and understanding of the Montana University System as a leading contributor to the State's economic success and social and political well-being.

Needs addressed: expanded technology transfers; increased research and development funding; increased responsiveness to employment needs; improved agricultural productivity; workforce training; improving job opportunities for Montana; develop and expand more programs in knowledge and technology based industries

Priority: High

Outcomes: sharing of resources; most bang for the buck; effective use of technology; improved educational services; student, legislature, and executive satisfaction; trust in the management of resources

Clearly Stated: Yes, with changes previously stated

Goals met: expanded research activities; technology transfers; collaboration between MUS and agricultural communities; recognition of the role MUS plays in the economy; a workforce trained for tomorrow's world; survey businesses for adaptability of education toward needs; survey why businesses are not coming into the state

Mr. Crofts said that outside of Montana information technology areas are growing and the state needs to put more emphasis in those areas.

Mr. Jasmin said that we must train people to think and philosophize not just how to become an expert in a subject area.

Goal #6: To encourage the closer collaboration with the K-12 school system and, to the extent allowed by law, with non-Montana University System higher education units in the state of Montana.

Needs addressed: resource and academic collaboration; improved secondary education in anticipation of higher education; more cost effective way to provide services; increased student opportunities

Priority: Medium

Outcomes: improved working relationships and collaborations with postsecondary institutions; increased examples of resource sharing; better understanding and preparedness of high school students for college; student satisfaction with ease of movement between systems in state; measure academic credits between units; appreciation of each other's missions and policy goals

Clearly Stated: Yes

Goals met: better high school student preparedness for college; increased interaction and collaboration between institutions; greater articulation between tribal and private institutions

Mr. Semmens said that the concept of quality needs to be incorporated into goal #1 rather than goal #2 when staff rewords the language.

SUBCOMMITTEE BUSINESS AND ADJOURNMENT

Ms. Joehler provided an overview of the Subcommittee's work plan for the remainder of the interim (EXHIBIT #7)

Mr. Jasmin said that the Board of Regents will be providing their legislative proposals in September.

Mr. Crofts said that he would like to send the Subcommittee his thoughts on accountability measures that have not been adopted by the Regents. He said that he will send to the Subcommittee a draft version of the budget request as well. He said that that document covers the base funding request as well as four initiatives.

Ms. Joehler provided additional reports for the Subcommittee to review entitled *Linking Higher Education Performance Indicators to Goals* (EXHIBIT #8) and *Linking State Resources to Campus Results: From Fad to Trend the Fifth Annual Survey* (EXHIBIT #9).

The Subcommittee determined that they would move their June meeting to July 2, 2002.

ADJOURNMENT

The meeting adjourned at 4:35 p.m. with the next meeting scheduled for May 17, 2002.

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