



# Joint Subcommittee On Postsecondary Education Policy and Budget

## 60<sup>TH</sup> Montana Legislature

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

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**LFD Staff:** Alan Peura

**DATE:** March 14, 2008

**TO:** Legislative Finance Committee (LFC)

**FROM:** Alan Peura, Fiscal Analyst II

**RE:** Postsecondary Education Policy and Budget Subcommittee Update to LFC

The Postsecondary Education Policy and Budget Subcommittee (PEPB) is a subcommittee of the Interim Committee on Education and Local Government (ELG). Thus far during this interim, the PEPB has met twice, in September and in December.

The following are the primary items on the PEPB interim workplan:

### **Bitterroot Valley Community College (BVCC)**

On May 8, 2007, voters in the Bitterroot Valley approved the creation of a community college district and elected seven members of a local board of trustees. The election results were certified by the Montana Board of Regents on July 11, 2007, and the newly elected community college trustees are holding bi-monthly meetings to move forward plans for establishing a new community college. The trustees, however, will have no formal authority to create that college unless the legislature approves the new community college district.

According to statute, 20-15-209, MCA, subsequent to the local election, "approval for the organization of a new community college district shall be granted at the discretion of the legislature acting upon the recommendation of the regents," though that recommendation is not binding upon the legislature. In addition, the state budget includes an appropriation for general fund that is appropriated to the community colleges.

Therefore, decision points that may be anticipated at the 2009 legislative session include a decision by the legislature on the approval for the new community college district, as per 20-15-209, MCA, as well as a potential general fund budget appropriation in House Bill 2 (HB 2) for a Bitterroot Valley Community College.

In December, PEPB heard an extensive report by members of the board of trustees for the Bitterroot Valley Community College, including a proposed college start-up budget for the 2011 biennium. Legislative staff has completed an analysis of that budget that will be discussed at the next PEPB meeting (March 13, 2008).

In the meantime, the subcommittee has some additional questions about the BVCC process and proposal that will be addressed at subsequent meetings. Included in these upcoming meetings will be discussion of whether to request a Joint Resolution for the 2009 session to make the legislative decision about the community college district. Legislative staff recommends a joint resolution in order to comply with the statute, as interpreted by the Attorney General, that the legislature has “final authority” on this matter, so that the resolution would be the vehicle rather than a bill that would give the executive the final authority with a signature or veto option.

### **Two-Year Education Strategic Plan**

On a related topic, the PEPB has asked the Commissioner of Higher Education and the Board of Regents for a detailed report on the strategic directions and future of two-year education in Montana; specifically addressing the institutional model, governance and funding.

The commissioner will be presenting a preliminary draft of this strategic plan at the next PEPB meeting and it is likely that some of the information in this plan will provide some context for the likely legislative discussion of the Bitterroot Valley Community College.

### **HJR 22 Dental Study Working Group**

During the regular session in 2007, the legislature approved HJR 22 and this interim study was assigned to the PEPB to complete. This study, which is a follow-on from a prior interim study under HB 522 and the subsequent Regional Initiatives in Dental Education (RIDE) bill in the 2007 regular session, seeks more data and certainty that any specific state government efforts to create programs (e.g. student loan repayment, tax credits, dental student tuition support, RIDE, etc.) would have a high degree of success in addressing the critical needs for dental professionals to meet the need for dental care in Montana communities, in particular the most underserved rural communities.

Therefore, to complete this study, PEPB has appointed a working group, chaired by Senator Bob Hawks and including Rep. Bill Jones. That working group has met one time, in December, and will be meeting again next week, on March 12, 2008. At this point the working group is considering and hearing reports in the following areas:

- Dental Incentive Student Loan Repayment Option
- Additional Dental Slots for Professional Student Exchange Programs
- Community Health Center Dental Options
- General Dentistry Residency Program
- Regional Initiatives in Dental Education (RIDE)
- Dentist Income Tax Incentive Option
- Student Service Payback/Clawback Options

The HJR 22 working group is scheduled to present a report and recommendations to PEPB at their meeting in June.

### **Shared Policy Goals and Accountability Measures (Performance Measurement)**

Once again this interim, the PEPB is working on updates to the series of shared policy goals that the legislature has negotiated with the Board of Regents. The function of this document is to identify the public policy goals and corresponding performance measures that clearly define what the legislature is seeking to achieve through the state funding that is appropriated to the university system.

This process, which PEPB is coordinating with the Legislative Finance Committee (LFC) project on performance measurement, is uniquely important in providing guidance on state appropriations and accountability since there is no constitutional requirement for a state general fund appropriation to the

university system. Rather, the decision to fund higher education is at the discretion of the legislature and, given the constitutional authority of the Board of Regents over the university system, the shared policy goals and accountability measures help to provide a policy framework for the state appropriation of general fund.

At the March meeting, PEPB will be considering additional policy goals in the area of faculty/staff retention and in the area of remedial education.

At subsequent meetings, PEPB will be hearing performance measurement reports from the Commissioner of Higher Education on four shared policy goal areas:

- Transferability of student credits
- Distance learning/Online education
- Student assistance and financial aid
- Tuition affordability (the tuition CAP approved by the legislature)

### **2011 Biennium Higher Education Budget Initiatives and Related Performance Measurement**

At the March 13<sup>th</sup> meeting, PEPB will be hearing a report from the university system on their proposed budget and funding initiatives for the 2011 biennium budget. The subcommittee will be reviewing these initiatives and considering making recommendations to the executive for consideration as part of the executive budget process.

In addition to funding recommendations, PEPB will be considering specific performance measures for accountability to be part of the HB 2 budget process, including the consideration of using a companion bill to the budget bill as a means to institutional the performance measures.

Once again, given the split constitutional authority over the university system between the Board of Regents and the legislature, legislative legal staff has recommended the use of a companion bill as the means to fully operationalize performance measures as part of the university system budget.

For more information or copies of any PEPB reports, please feel free to contact me or you may want to visit the PEPB website at [http://leg.mt.gov/css/fiscal/PEPB\\_Subcommittee.asp](http://leg.mt.gov/css/fiscal/PEPB_Subcommittee.asp)