



Joint Committee On Postsecondary Education Policy and Budget

59TH Montana Legislature

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

SENATE MEMBERS
BOB STORY, VICE CHAIRMAN
BOB HAWKS
JEFF MANGAN

HOUSE MEMBERS
KATHLEEN GALVIN-HALCRO, CHAIRMAN
ELSIE ARNTZEN
ROBIN HAMILTON
MARK NOENNIG

APPOINTED MEMBERS
MICHAEL FOSTER
MARK SEMMENS

MINUTES

PEPB/BOR Subcommittee Meeting

Monday, June 12, 2006
Capitol Building
Hearing Room 102
Helena, MT
8:30 a.m.

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

Attending:

Senator Robert Story, PEPB Vice-Chairman
Senator Bob Hawks
Representative Elsie Arntzen
Representative Robin Hamilton
Representative Mark Noennig
Regent Stephen Barrett
Regent Mark Semmens
Eddy McClure, Legislative Attorney, Legislative Services Division
Alan Peura, Fiscal Analyst, Legislative Fiscal Division
Diane McDuffie, Secretary, Legislative Fiscal Division

Representative Kathleen Galvin-Halcro, PEPB Chairman was excused.

Senator Jeff Mangan and Representative Mark Noennig were absent.

Also present:

Jan Lombardi, Education Policy Advisor, Office of the Governor
Sheila Stearns, Commissioner of Higher Education, OCHE
David Gibson, Associate Commissioner for Research, Technology, and Communication, OCHE

Visitor's List
Attachment #1

Call to Order

The meeting of the Joint Committee on Postsecondary Education and Budget (PEPB) was called to order by **Senator Robert Story, Vice-Chairman** on Monday, June 12 at 8:30 a.m. in room 137 of the State Capitol Building. The secretary noted the roll. (Attachment #2)

Senator Story welcomed Regent Barrett, replacing Regent Foster, to the PEPB subcommittee.

Review and Approve Meeting Minutes Tape 1A, 019

Senator Hawks said that the minutes referred to him as a representative and also was not listed in attendance.

MOTION: Representative Hamilton moved that the minutes of the February 23, 2006, meeting be adopted with changes noted.

VOTE: Motion carried unanimously. *Tape 1A, 027*

Work Group Report on MUS Budget Initiatives Tape 1A, 038

Alan Peura, Fiscal Analyst, Legislative Fiscal Division presented the Work Group on MUS Budget Initiatives – Conference Call – March 20, 2006 report (Exhibit #1), Memorandum of Proposed Decision Package Language for 2009 Biennium (Exhibit #2), and the Montana University System Initiatives handout (Exhibit #3), prepared by the Office of the Commissioner of Higher Education (OCHE).

Senator Hawks, who chaired the work group, said that the group had some questions about improving transferability and student data. He requested that the Commissioner of Higher Education provide information about the 2004 legislative audit and about software and IT coordination.

Tyler Trevor, Director of Institutional Research and Data, OCHE explained that software programming is needed to establish a central hub that coordinates and maintains transfer

information to ensure access and transferability. The new integrated information system would track students from K-12 into the Montana University System, and into the workforce through the Department of Labor. After a detailed analysis of the current data warehouse, the requested \$750,000 one-time-only funding has been reduced to \$350,000 with \$50,000 of ongoing funding. He said that the objective is to increase and provide enough centralized management for the system to have coordinated transfer policies, procedures, and a working mechanism that is transparent and auditable. In order to do that, information has to be controlled at a central level by having common outcomes/common course numbers, articulation agreements, articulation tables, and course applicability systems.

David Gibson, Associate Commissioner for Research, Technology, OCHE referred to the Integrated Information System handout (Exhibit #4) and said that the two critical links are with OPI and the Department of Labor and the Montana University System data warehouse.

Regent Semmens asked if there would be any technical challenges in interfacing the MUS data base between OPI and the Department of Labor.

Director Trevor, OCHE explained that the main issue associated with connecting the MUS data base and K-12 is establishing a unique identifier. The Department of Labor already uses social security numbers. Mr. Trevor suggested that OPI put a unique identifier on each student's transcript. He also said that common course numbers need to be established.

Associate Commissioner Gibson, OCHE said that most importantly, this system will allow students who have transferred credits, to get their degrees with the same number of credits as students who have not transferred.

Discussion followed.

Deputy Commissioner Roger Barber, Academic and Student Affairs, OCHE said that he worked on improving transferability in the nursing program and recommended involving faculty when trying to improve transferability for the MUS as a whole.

Senator Hawks proceeded to the second initiative and requested a list of all of the student assistance programs and a clarification of the award criteria, which students qualify for each, how each is funded, and information about the average award amount. He also requested information on the role that tuition waivers play in the student assistance program and whether Montana Partnering for Affordable College Tuition (MPACT) pulls them into a coordinated system.

Bruce Marks, Director of the Montana Guaranteed Student Loan Program Agency, presented his handout (Exhibit #5). He explained that financial aid is divided into two categories, merit aid and need-based aid and both of those categories are divided into two additional categories, federal aid and state aid. Director Marks stated that Montana under funds the need-based category. He then asked for questions.

Associate Commissioner Gibson, OCHE, handed out Revised: Montana University System Summary Fee Waivers (Exhibit #6).

Senator Story, without objection, interrupted the budget initiatives discussion to permit the Budget Director to provide an update.

2009 Biennium Executive Budget Update Tape 2A, 001

David Ewer, Budget Director, Office of Budget Policy Planning (OBPP) said that he anticipates a one percent increase for the MUS, plus funding of all present law adjustments, and a pay plan. Director Ewer explained that the Governor's definition of covering present law adjustments is funding the MUS so that it can provide the same level of goods and services to Montanans. He said that one-time-only money would be used to address the transferability issue through system upgrades. Director Ewer anticipates that \$30 million or more one-time-only money will be given to the MUS, depending what the direction the Governor wants to go and if the ending fund balance is \$100 million in the 2007 session.

Regent Semmens said that he hopes that public policy is taken into consideration when deciding how the MUS is funded, rather than just the left over one-time-only money. Regent Semmens believes that addressing affordability is important and outside of need based aid, current unrestricted funding is the only way to address the problem.

Regent Barrett said that the downward spiral of state support needs to be addressed. He believes a public policy change should be articulated in order to challenge the legislature to slowly gain back the state share

to something like 50 percent so that the state can at least say that they are meeting Montana citizens half way, then figure out how to make the numbers work.

Senator Story thanked Director Ewer for the budget update and the discussion about the budget initiatives resumed on the topic of student assistance and fee waivers.

Mick Robinson, Associate Commissioner for Fiscal Affairs, MUS, referred to Revised: Montana University System Summary Fee Waivers (Exhibit #6) and explained that the waivers are divided into two different categories; discretionary and mandatory. The total fee waiver expense for FY 2006 is \$21,953,528. He said that there was an increase in the waiver expense because of an increase in the number of waivers and the cost of fee waivers has increased due to an increase in tuition. Associate Commissioner Robinson explained that fee waivers are funded by the students through tuition.

Eddy McClure, Legislative Attorney, Legislative Services Division, noted that the statute has been changed in reference to the new constitution, from saying that the Regents ‘shall’ to the Regents ‘may’ grant mandatory fee waivers.

Regent Semmens said that the total dollar amount of fee waivers has increased by a compound annual growth rate of 18 percent per annum over the last five years, which has been a contributor to tuition increases.

Ms. McClure, LSD, added that even without changing the statute, the words “active military,” because of what’s happening in Iraq and the wars that we have been fighting, automatically expands the list of who is eligible for active military and reserve fee waivers.

Regent Barrett asked for more details on the discretionary fee waivers.

Associate Commissioner Robinson, MUS, explained that discretionary fee waivers are divided into resident and non-resident categories. There is a 6 percent cap on resident undergrads, a 4 percent cap on resident graduates, and a 2 percent cap on the number of waivers that can be provided to non-residents. Most of the non-resident waivers are partial waivers to attract non-resident students into the state.

Discussion followed.

Assistant Commissioner Gibson, OCHE, in regard to coordinating and expanding distance learning (the third budget initiative), said that \$900,000 was asked for in the last session to hire someone to focus on distance learning in the Office of the Commissioner of Higher Education and to get all of the Montana Universities online in a consistent format, such as common courses, common pricing, common admission policies, financial aid, and transferability.

Discussion followed.

Assistant Commissioner Gibson, OCHE, in regard to healthcare worker education (the fourth budget initiative), said that there are regional healthcare worker shortages. He said that Montana has a one time only chance to expand the WWAMI program. There are currently 20 slots, and to expand up to 10 more slots is expensive. Assistant Commissioner Gibson explained that the real problem is in rural health clinics and the shortages need to be addressed. He said he would provide more information about WWAMI later in that meeting.

Discussion followed.

Regent Semmens presented the Analysis of Funding, Expenditures, and Tuition for the Montana University System handout (Exhibit #7) and explained the charts. He also addressed some of the initiatives on the Board of Regents Priority List from Exhibit #3 and talked about the funding for each.

Mark Bruno, Executive Budget Analyst, OBPP, commented that the pay plan is included in the funding for the first initiative.

MOTION: Senator Hawks moved that initiatives 1, 2, and 3 be forwarded to the Governor's office for consideration in the budgeting process.

Mr. Peura, LFD, asked if the motion included the recommendations for the initiatives in the decision packages.

Ms. McClure, LSD, said that it would be more appropriate to bring the recommendations to the Education and Local Government Committee and for that committee to forward it to the Governor's office, because PEPB is a subcommittee.

AMENDED MOTION: Senator Hawks amended his original motion to report to the Education and Local Government Committee, rather than to the Governor's office. He also included decision packages 1 and 2 in his motion.

VOTE: Motion carried unanimously. *Tape 3B, 265*

Discussion of the wording of initiative DP 3, coordinate and expand distance learning (from Exhibit #2) followed. The word 'expand' was changed to the word 'improve'.

MOTION: Senator Story moved that initiative DP 3 (from Exhibit #2) be forwarded to the full Education and Local Government Committee with the adjustment mentioned.

VOTE: Motion carried unanimously. *Tape 3B, 420*

Mr. Peura, LFD, discussed how to build the healthcare worker education and other initiative DP's into HB 2. He suggested creating a 'companion bill to HB 2' that builds in accountability rather than putting it right into the language.

Discussion about one-time-only money versus ongoing funding followed.

MOTION: Regent Barrett moved to forward the recommendation of a restricted general fund appropriation of \$1 million to support an increase of WWAMI slots, up to 10, for Montana resident students. (Exhibit #2 – DP #4) to the full Education and Local Government Committee.

VOTE: Motion carried unanimously. *Tape 4A, 034*

MOTION: Regent Barrett moved to recommend a restricted, one-time-only general fund appropriation of \$3 million to support Healthcare Worker Education, initiative DP 4, from Exhibit #2, to the full Education and Local Government Committee and to recommend it be forwarded to the Governor's Office with more detail included.

Mr. Peura, LFD, explained that the money for healthcare worker education is labeled one-time-only in order for the PEPB to place accountability measures on it. Funding would be contingent upon the Office of the Commissioner of Higher Education providing a report to PEPB by May 15, 2008 that demonstrated that the accountability measures were met.

Commissioner Stearns, OCHE stated that the university system is invited to request ongoing, sustainable funding but asked how programs can be created without the assurance that the funding is going to continue?

Mr. Peura, LFD, answered that the university system would either have to be confident that it could meet its deliverables or if it is wasn't sustainable, that it is important enough to find other funding.

Discussion followed.

Mr. Peura, LFD, recommended striking the accountability measure bullet points.

AMENDMENT TO MOTION: Regent Barrett amended his previous motion to remove the accountability measure bullet points (Exhibit #2).

VOTE: Amendment carried unanimously. *Tape 4A, 232*

VOTE: Amended motion carried unanimously. *Tape 4A, 240*

MOTION: Senator Hawks moved to forward initiative #5 (Exhibit #3), Improve Indian Education for All to the full Education and Local Government Committee.

Commissioner Stearns, OCHE, said that there will be a special emphasis on teacher education in expanding Indian Education for All.

VOTE: Motion carried unanimously. *Tape 4A, 364*

Commissioner Stearns, OCHE, suggested that the 3 remaining initiatives be combined.

Senator Hawks moved that 7, 8, and 9 be forwarded to the full Education and Local Government Committee. Detail will be added to the DPs by August.

VOTE: Motion carried. *Tape 4A, 420*

Mr. Peura, LFD, suggested that the agenda item, Alternative State Budget Formulas for the MUS be deferred to the August meeting.

Discussion about funding formulas followed.

Commissioner Stearns, OCHE, said that the agenda item, Regents Allocation Model Redesign Update can be deferred to the August meeting.

Discussion/Update on the MUS Six Mill Levy *Tape 4A, 605*

Ms. McClure, LSD, presented the Six-Mill Levy Decision Pathway (Exhibit #8), a copy of HB 0193/02 (Exhibit #9), a copy of LC8888 (Exhibit #10) and Six Mill Levy – Historical Background (Exhibit #11).

Ms. McClure, LSD, presented a report and bill draft that recommends that some changes be made to the legislative referendum. In particular that the process be changed so that the referendum vote would provide the authority to put the revenue into HB 2, rather than still requiring that legislative step. This would essentially make the levy and the appropriation a result of the popular vote.

Discussion about the six mill levy followed.

Senator Story said that he would inform the Education and Local Government committee of the options regarding legislation on the six-mill levy.

Public Comment

None.

Mr. Peura, LFD, stated that the next and final PEPB meeting is scheduled for Thursday, August 17, 2006. The time is to be determined depending on the subcommittee's agenda.

Adjournment Tape 4B, 465

The meeting was adjourned at 4:15 p.m.

Approved by the Postsecondary Education Policy and Budget Subcommittee on

(Date)

Representative Kathleen Galvin-Halcro, Chairman

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