

**MINUTES
POSTSECONDARY EDUCATION POLICY AND BUDGET
SUBCOMMITTEE MEETING**

December 1, 2005

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, Vice-Chairman; Senator Bob Hawks; Representative Elsie Arntzen; Representative Robin Hamilton; Representative Mark Noennig; Regent Mike Foster
Regent Mark Semmens; Eddy McClure, Esq., Legislative Services Division; Alan Peura, Legislative Fiscal Division; Cassie Rice-Wetzel, Secretary

Representative Kathleen Galvin-Halcro, and Senator Jeff Mangan were excused.

Also present Jan Lombardi, Office of the Governor; Sheila Stearns, Commissioner of Higher Education

Visitor's List

Attachment #1

Call to Order (Tape 1 A-001)

The meeting of the Joint Committee on Postsecondary Education and Budget (PEPB) was called to order by **Senator Robert Story, Vice-Chairman** on Thursday, December 1, 2005 at 9:00 a.m. in Room 317 of the State Capitol. The secretary noted the roll (Attachment #2).

Review and Approve Meeting Minutes (Tape 1A-011)

MOTION: Regent Foster moved the minutes of the October 6, 2005 meeting be approved as submitted. **VOTE:** Motion carried unanimously.

Review and Approve Six Workplan Project Action Plans (Tape 1A-018)

Alan Peura, Legislative Fiscal Division (LFD), explained that at the last meeting the committee approved six workplan items that were included in the mail out (Exhibits 1-6). Mr. Peura provided an explanation of the workplan items and provided a spreadsheet outlining the proposed timeline through the August meeting (Exhibit 7)

Regent Semmens expressed the importance of the committee discussing the items and agreeing on the areas of emphasis in terms of moving forward.

Present /Discuss Shared Policy Goals Document (Tape IA-268)

David Gibson, Commissioner of Higher Education, (CHE) presented a copy of the Shared Policy Goals and Accountability Measures for the Montana University System 2007 Biennium. (Exhibit 8) Mr. Gibson explained that this shared policy goals and accountability measures document is a draft and represents a merging of the Board of Regents strategic goals and objectives, PEPB performance indicators and policy goals, the Shared Leadership for a Stronger Montana Economy initiatives, and the University System campus quality measures.

The three shared policy goals are:

1. Shared Goal I: Increase the overall educational attainment of Montanans through increased participation, retention and completion rates.
2. Shared Goal II: Assist in the expansion and improvement of the state’s economy through the development of high value jobs and the diversification of the economic base.
3. Shared Goal III: Improve institutional and system efficiency and effectiveness.

Shared Policy Goal II

Senator Hawks expressed concern as to the meaning with Shared Goal I: Prepare students for success through high quality education. Mr. Gibson explained the premise is that for success in this century you need to have some postsecondary education.

After an extensive discussion on the quality of education, expanded outreach, promoting postsecondary education affordability, and increase acceptance of credit for advance placement coursework Alan Peura presented the follow changes discussed by the committee:

- o Add “in the Montana University System (MUS)” to Shared Policy Goal #1
- o Add “in life” to bullet item 1.
- o Add “including Montana residents attending MUS institutions” to sub bullet item 1

There were no changes to bullet item 2.

Bullet item 3 had the following changes:

- o Remove sub bullet 1
- o Add “total” to personal income and “relative to peer states and historical levels” in sub bullet 2
- o Remove sub bullet 3
- o Add “household” to income in sub bullet 4

Bullet item 4 had the follow changes:

- Add “and advance placement” to programs in sub bullet 1
- Change sub bullet 2 to “Expanded outreach to students as to the importance and accessibility of postsecondary education and the quality of the Montana University System, including:
 - Expanded outreach to at-risk and disadvantaged students
 - Expanded outreach to top academic achievers graduating from Montana high schools”.

The committee concurred with the above changes.

Shared Policy Goal II

There were no changes to Shared Policy II

Shared Policy Goal III

Alan Peura presented the following changes discussed by the committee:

- Add bullet “Expenditures per student relative to peer institutions and historical levels” to bullet item 2; and
- Change bullet item 3 to either “Reconstruct the budget allocation model to ensure consistency with system policy objectives”. Or “Reconstruct the budget allocation model to ensure consistency with:
 - MUS goals,
 - Agreement with tuition and fee strategies, fairness and a reasonable change of viability for all campuses.

Committee agreed to the following change to bullet item 3:

- “Reconstruct the budget allocation model to ensure consistency with the university system goals and policy objectives”.

Consideration of Renewed Policy Goals Agreement (Tape 2B-154)

Eddy McClure, LSD, briefly discussed the Memorandum of Agreement. The purpose primarily is to promote communications between the legislature and the Board of Regents. This Agreement identifies the statewide public postsecondary education policy goals and related accountability measures that will be used as a policy goal setting and assessment tool for policymakers, the university system, and the public in evaluating the achievement of the policy goals; and will be used as a guide to drive decision packages and funding mechanisms for the state funding that is appropriated by the legislature to the university system.

Regent Semmens said the one goal missing is the shared goal of maintaining the quality of the Montana University System and is the committee comfortable with not having a goal that emphasis that the quality of the system is important.

Alan Peura said that there was no measure specifically that discussed quality education in the documents these goals are from. A reference to the other documents could be added to this document to provide background information.

Eddy McClure, LSD, said that if you add something pertaining to quality education you would need a benchmark to measure “quality”.

Regent Semmens said perhaps a brief introduction or preamble to this document that the committee recognizes that a high quality postsecondary education system is very much in the interest of the state and the goal of this document is to identify measurable, identifiable objectives toward the goal of enhancing participation in improving the economy and maintaining the quality system.”

Revised Shared Policy Goals (Tape 2B-357)

Alan Peura provided copies of the revised Shared Policy Goals (exhibit 9).

Shared Policy Goal I

Commissioner Stearns suggested changing “including Montana residents...” to “with particular attention to Montana residents..” under sub bullet 1.

Rep. Arntzen suggested changing “high quality education” to “quality higher education” under bullet 1.

Regent Semmens proposed staff decide which of the two items pertaining to tuition is most appropriate under bullet 3. Also on bullet 4 sub bullet 1 add a “d” to the word “advance”.

MOTION: Rep. Hamilton moved to approve the Memorandum of Agreement. **VOTE:** Motion passed.

Governor’s Postsecondary Scholarship Program (Tape 2B-520)

Bruce Marks, Director of the Montana Guaranteed Student Loan Program (MGSLP), said this is a new scholarship program and one of the largest single sources of both need and merit based aid. Some of the administrative challenges are:

- Disbursement of the scholarships for the 2005-2006 academic year. With the help of the Governor’s Advisory Council, an interim plan was presented to the BOR to approve disbursement of the scholarships.
- Presenting permanent policies to the BOR, which happened November 17, 2005.
- Advertising of the scholarships to the various high schools and individuals interested in the scholarship.

Ron Muffit, MGSLP, gave a more detailed explanation of the program and challenges. He also provided an update on the Governor’s Postsecondary Scholarship Program (Exhibit 10) and a report outlining the details (Exhibit 11).

Senator Story asked Mr. Marks to address other concerns with the program. Mr. Marks said the original funding for the program was \$3 million and the legislature reduced the funding for this

biennium to \$1.5 million. Also, there is a great amount of detail in statute that causes certain unintended consequences.

Other State Funding Models for Higher Education (Tape 3A-250)

Mick Robinson, Associate Commissioner for Fiscal Affairs, OCHE, presented a report on Montana University System Funding (Exhibit). Mr. Robinson discussed total educational revenues; share of institutional funding for higher education; state funding versus tuition; appropriation trends and examples; financial assistance and trends in tuition and aid.

Prioritize Policy Goals (Tape 3B-018)

Alan Peura explained the objective of creating the policy goals was so the goals could be used to drive budget items. The next step in the process would be for this committee to transmit to the university system its prioritized interests.

Regent Semmens suggested for the next meeting if the committee is agreeable, have staff present concepts to be considered as to how Montana chooses to fund higher education in several different categories i.e., base funding, incentive funding; specific new initiatives.

Commissioner Stearns suggested the BOR and BOE provide some packages for consideration and present them at the February meeting.

After a lengthy discussion the committee agreed that staff would prepare a report on various options of models for state funding for higher education, together with presenting potential funding packages for PEPB consideration at the next meeting.

House Bill 2 – How Decision Packages Drive Budget (Tape 3B)

Alan Peura provided the following handouts: 1) The Mechanics of House Bill 2 (Exhibit 14) and a spreadsheet on Historical Funding (Exhibit 15). Exhibit 14 provides detailed information on the mechanics of HB 2 including new proposals, present law adjustments, and base level funding. Mr. Peura also discussed four mechanisms to effect change in HB 2 funding for the MUS related to either project #1 or #2. Exhibit 15 is a spreadsheet showing 20 years of historical funding.

(Tape 4A –018)

In response to a question from Jan Lombardi regarding resident and non-resident tuition, Mr. Peura said the spreadsheet does not address resident vs. non-resident tuition nor enrollment. A similar spreadsheet could be done on enrollment history over the same period of time broken out by resident v. non-resident. Mr. Peura will look into that for the next meeting.

Commissioner Stearns asked if the four percent increase in general fund reflected on the spreadsheet accounts for the infusion of one-time-only funds in the last session relating to equipment, two-year education support and need based aid. Mr. Peura explained the bottom number represents the entire House Bill 2 appropriation, including one-time-only funding.

Public Comment

Mark Bruno, OBPP, expressed his appreciation to the PEPB Subcommittee and staff for the work being done.

Next PEPB Meeting

The next meeting of the PEPB Subcommittee will be Thursday, February 23, 2006.

Adjournment

Meeting was adjourned at 3:15 p.m.

Approved by the Postsecondary Education Policy and Budget Subcommittee on

(Date)

Representative Kathleen Galvin-Halcro, Chairman