MINUTES

MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **MADAM CHAIR EVE FRANKLIN**, on January 27, 2005 at 8:07 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:
Rep. Eve Franklin, Chairman (D)
Sen. Don Ryan, Vice Chairman (D)
Sen. John Esp (R)
Rep. Bill E. Glaser (R)
Rep. Verdell Jackson (R)
Rep. Carol C. Juneau (D)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Alan Peura, Legislative Branch
Diana Williams, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to material immediately preceding.

Committee Business Summary:
Hearing & Date Posted: None
Executive Action: Board of Regents; Office of Higher Education; Community Colleges & Tribal Assistance Program

Prior to the meeting, the Community Colleges provided a document, "Montana's Community Colleges - 2007 Biennium Request", to the Subcommittee. It is Exhibit 1.

EXHIBIT(jeh21a01)

Ten programs that are part of the Office of Commissioner of Higher Education were addressed today. Alan Peura, LFD, provided a checklist for each of the programs. It provided clarity to each program and **MADAM CHAIR FRANKLIN** thanked him for presenting executive action for the programs in this way.

Alan Peura, LFD, talked briefly about each page of the checklist. For clarity in the minutes this document was broken down per each program. The complete checklist is comprised of Exhibit 2, 6, 12, 14, 18, 19, 22, 24, 29, and 31.

A four page document that was prepared by Alan Peura, provided the proposed HB 2 language that was adopted during executive action. It dealt with four different programs and is broken down into Exhibit 5, 9, 16, and 27.

The executive action for approving the base year budget and the statewide present law adjustments for the nine programs were taken during the executive action of each of the specific programs.

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 01- OCHE Administration

Documents that are included in this section dealing with Program (01) are:

- Page 1 of the checklist, Exhibit 2;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 3;
- Page 57 of the Legislative Budget Analysis 2007 Biennium Volume 5 Addendum-Agency Budgets: Schweitzer Revisions which is dealing with the Shared Leadership, DP 40 and DP 77, Exhibit 4;
- Language that was approved related to Program 01-OCHE Administration, Exhibit 5.

EXHIBIT(jeh21a02)
EXHIBIT(jeh21a03)
EXHIBIT(jeh21a04)
EXHIBIT(jeh21a05)

MADAM CHAIR FRANKLIN said that the Subcommittee will follow the checklist for executive action. Motions and discussion from the Subcommittee are welcomed and the Subcommittee can ask for additional explanation from the people who are present in the audience.

Base Year Budget
Statewide Present Law Adjustments
General Fund

Motion/Vote: REP. JACKSON moved that the BASE YEAR BUDGET [In Program 01-Administration Program (OCHE)] **BE ADOPTED. Motion carried unanimously by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 0 - 2.9}

The second item that needed approval was the statewide present law adjustment.

Mr. Peura told the Subcommittee that in addition to the checklist which provided the bare essentials, greater detail is provided in the Legislative Budget Analysis 2007 Biennium, starting on Page E-89. [This page is part of Exhibit 3].

Mr. Peura said that with the statewide present law adjustments in Program 01, these adjustments can be found in the upper portion of the Present Law Adjustments Table, Page E-89. They are global changes that deal with personal services which means bringing HB 13 forward; vacancy savings; inflation/deflation and other fixed cost numbers.

Motion/Vote: SEN. WILLIAMS moved that STATEWIDE PRESENT LAW ADJUSTMENTS [in Program 01-Administration Program (OHCE)] **BE ADOPTED. Motion carried unanimously by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 2.9 - 4.6}

Present Law Adjustments
Decision Packages: 2, 3, 29
General Fund

MADAM CHAIR FRANKLIN said that with present law adjustments by DP numbers [Number 3 on checklist], money could be saved. At a previous hearing, OCHE suggested that DP 2 be reduced to $50,000. In addition, OCHE would like to be forgiven, DP 29, the statewide FTE reduction. The net savings here would be about $4,976.

Motion: **SEN. ESP moved to AMEND DP 2 TO $50,000 IN EACH YEAR AND DP 3**[Data Warehouse FTE] **BE ADOPTED.**[This is dealing with general fund].

Discussion:

Through discussion between **MADAM CHAIR FRANKLIN** and **SEN. ESP** it was clear to the Subcommittee that SEN. ESP was not going to move DP 29.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 4.6 - 7.1}

Through Subcommittee discussion between **Mr. Peura, Mr. Bruno, OBPP** and **Rod Sundsted, Associate Commissioner for Fiscal Affairs,** DP 2 will be restricted to moving and rental expenses associated with the move.

Motion/Vote: **SEN. ESP moved DP 2 AS A RESTRICTED APPROPRIATION FOR MOVING AND RENT EXPENSES. Motion carried unanimously by voice vote.**

MADAM CHAIR FRANKLIN said that this will be a friendly amendment. The intent is clear that it's $50,000 for both moving and rent.

{Tape: 1; Side: A; Approx. Time Counter: 7.1 - 9.2}

New Proposals
DP 1
State Special Revenue

Since DP 29 wasn't going to be moved, the Subcommittee addressed the new proposal DP 1, which can be found on Page E-90, [this page is part of Exhibit 3]. This is asking for funding authority for state special revenue for administrative staff to support the Family Education Savings program.

Motion/Vote: **SEN. WILLIAMS moved THAT DP 1** [Family Education Savings Staff .5 FTE] **BE ADOPTED. Motion carried 6-1 by voice vote with SEN. ESP voting no.**

{Tape: 1; Side: A; Approx. Time Counter: 9.2 - 10}

Language Adoption for HB 2

The language that is being proposed that deals with the audit costs was the next agenda item in Program 01.

Mr. Peura said that the $47,337, which is part of the language, is a biennial appropriation for the State's share of the audit that OCHE is required to do. It is biennial because the Commissioner may do the audit in either year. Page E-93 which is part of Exhibit 3 states exactly the proposed language.

Motion/Vote: REP. JUNEAU moved THE LANGUAGE ON PAGE E-93 RELATED TO AUDIT COSTS BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 10 - 11.3}

DP 40 and DP 77, which are part of Exhibit 4, and deals with Shared Leadership, were not moved during today's executive action.

Executive Action: Office of Commissioner of Higher Ed (OCHE)
Program 02 - Student Assistance

Documents that are included in this section dealing with Program (02) are:

- Page 2 of the checklist, Exhibit 6;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 7;
- Page 58, 59 and 60 of the Legislative Budget Analysis 2007 Biennium Volume 5 Addendum-Agency Budgets: Schweitzer Revisions which is dealing with the New Proposals in this program, Exhibit 8;
- Language that was approved related to Program 02-Student Assistance, Exhibit 9.

EXHIBIT(jeh21a06)
EXHIBIT(jeh21a07)
EXHIBIT(jeh21a08)
EXHIBIT(jeh21a09)

[Please note that LC1766 which is addressed in this section, became HB 435 and on the checklist LC1166 is LC1766].

Base Year Budget
Statewide Present Law Adjustments

The first item addressed was the base budget and **MADAM CHAIR FRANKLIN** said that the base budget for the Student Assistance programs are 98% general funds and 2% federal funds.

Motion/Vote: SEN. WILLIAMS moved that THE BASE YEAR BUDGET IN PROGRAM 02 - STUDENT ASSISTANCE BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 11.3 - 13.3}

With the statewide present law adjustments, **MADAM CHAIR FRANKLIN** informed the Subcommittee that through Mr. Peura's note that this program doesn't have personal services or operations; hence, no adjustment is needed. The money is all student assistance funds.

Present Law Adjustments
DP 4: General Fund
DP 21: Federal Funds

With present law adjustments there are two decision packages in this Program, DP 4 and DP 21. The figures associated with these packages can be found on Exhibit 6, 3rd Bullet.

[For purposes of clarification DP 4 deals with the Washington Medical School Program. WICHE stands for Western Interstate Commission on Higher Education. WWAMI are the states that are involved: Wyoming, Washington, Alaska, Montana, and Idaho. MN stands for Minnesota.]

With DP 4-WICHE/WWAMI/MN Dental, the potential adjusted increase, which is 100% general fund, **Mr. Peura** said that these are the professional student assistance programs where the State pays a support fee to support students going to professional education in other states. Budgeting for this program is a challenge since a slot for the student is held for four years and if for whatever reason, the student doesn't complete the program, the money is still allocated to this program.

Mr. Peura said that in the current biennium by completely constitutional and legal means, the Commissioner's Office via a program transfer, that was approved by the Governor's Office, took some of that surplus money that was left in the WICHE/WWAMI/MN Dental program and reallocated it to other administrative needs within the Commissioner's Office. **Mr. Peura** brought this up so that in the event that a surplus in the 2007 Biennium does happen, he wanted to know how the Subcommittee would want to handle it. He provided various options of what could be done with the surplus.

{Tape: 1; Side: A; Approx. Time Counter: 13.3 - 16.4}

MADAM CHAIR FRANKLIN said that she would like the Subcommittee to restrict the money and then make a decision on where they want the potential surplus to go. The options here would be to revert the money or to allow the potential surplus to go for other student assistance areas.

MADAM CHAIR FRANKLIN thought that since the intent of the money was for student assistance, then by restricting it to other student assistance programs, the monies would keep with the intent of the appropriation. She asked for other people's thoughts.

REP. JUNEAU agreed with MADAM CHAIR FRANKLIN and thought the money should be for need-based student aid and then let the Commissioner determine where the money is most needed. **REP. JUNEAU** wanted to see what other people thought before she made a motion.

REP. JACKSON said that he would be inclined to vote against both of the decision packages [DP 4 and DP 21] unless he could get more detail as to how the money would be used. He asked Mr. Peura to explain the Schweitzer's proposals and how they affect this program.

Mr. Peura explained Program 2 in detail. With DP 4 & 21 these proposals are present law adjustments that originated with the Martz's budget and were carried over in Schweitzer's budget.

Mr. Peura said that with the new proposals, Governor Schweitzer moved $5 million from the Work Force Development initiative into the initiative that is for Access. This is where there is a surplus of $1.97 million that is unavailable to spend. The two new proposals on which Governor Schweitzer is asking for approval are for student aid, one being need-based and the other merit driven. **Mr. Peura** said that the two proposals, if adopted, would create a statute driven program funded in HB 2.

Mr. Peura suggested that if the Subcommittee were to restrict the funds in the WICHE/WWAMI/MN Dental program, to apply it either to BAKER grants or MHEG (Montana Higher Education Grants), since these student aid programs do not have to rely on any pending legislation.

MADAM CHAIR FRANKLIN asked that the Subcommittee first figure out if they want to fund DP 4 and then to deal with the potential surplus.

{Tape: 1; Side: A; Approx. Time Counter: 16.4 - 22.7}

Through a question from **SEN. ESP** to **Mr. Sundsted**, it became known that the transfer of $108,000 went from the WICHE/WWAMI/MN Dental program to the data warehouse program to fund that position. **Mr. Sundsted** further explained that historically, the left over money usually would be transferred to other student assistance programs such as work study, MHEG, or those types of programs. He said that if a restriction did happen, he would prefer that the money goes to other student assistance programs, like work study or MHEG.

Mr. Sundsted clarified that with DP 4, if the current level of funding, which is $365,768 and $595,000 doesn't get approved, slots will have to be reduced, which would have a very large impact on the students who are currently in the program.

MADAM CHAIR FRANKLIN thanked Mr. Sundsted and said that the focus should be on continuing funding for this program and then deal with the potential money that may be left.

Motion: **SEN. RYAN moved DP 4 AND RESTRICT ANY MONEY THAT HAPPENS TO BE LEFT TO THE BAKER OR MHEG GRANTS, JUST TO MAKE SURE IT IS USED FOR STUDENT ASSISTANCE AND MOVE DP 21 AS IT IS BE APPROVED.**

Discussion:

Through a question from **SEN. RYAN** to **Mr. Sundsted**, it became known that all of the slots that were authorized last session for this program were served.

MADAM CHAIR FRANKLIN said that with this allocation she knew the money would be put to good use. It helps students stay in these really costly competitive programs.

Through a question from **REP JUNEAU** to **SEN. RYAN**, it became known that the motion would restrict the money to go to two programs, MHEG and BAKER. And through **MADAM CHAIR FRANKLIN's** comment, it became known that the part of the motion that is dealing with the surplus is for other students that are not part of the WICHE/WWAMI/MN Dental program.

Mr. Sundsted's response to SEN. ESP's question that dealt with where Mr. Sundsted thought the restricted money should go to, was that BAKER would work. OCHE could live with the restriction going to MHEG or BAKER but Mr. Sundsted's preference would be that the money be used for any of the student assistance programs. This would allow OCHE the flexibility to meet the needs of the students better.

{Tape: 1; Side: A; Approx. Time Counter: 22.7 - 28.2}

Motion(Amendment)/Vote: **SEN. RYAN moved DP4 AND RESTRICT ANY SURPLUS FUNDING TO BE USED FOR STUDENT ASSISTANCE PROGRAMS AT THE COMMISSIONER'S DISCRETION AND DP 21 AS IT IS WRITTEN BE APPROVED. Motion carried unanimously by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 28.2 - 28.9}

New Proposals
NP 101 & NP 102
General Fund

Through a discussion between **MADAM CHAIR FRANKLIN** and **Mr. Peura**, it became known that with the executive proposal, NP 101, there would be $1 million per year appropriated in grants to need-based aid students who are attending two-year degree programs, and that language would have to be adopted that ties this appropriation to LC1766 (HB 435). All the money would come from general funds.

Mr. Peura referred the Subcommittee to Page 3 of a packet that was distributed to the Subcommittee on January 21, 2005, which dealt with the Schweitzer budget. A copy of Page 3 is Exhibit 10.

EXHIBIT(jeh21a10)

Mr. Peura went over the table "Need-Based Financial Aid Grants" that is on Page 3, Exhibit 10, which listed the factors involved in this grant proposal. These factors will transfer to what will be in statute. **Mr. Peura** explained why in the first year there could only be $500,000 usable money, hence there is a $500,000 surplus in the original proposal.

Through the discussion between **MADAM CHAIR FRANKLIN, REP. JUNEAU,** and **Mr. Peura** it became known that if the Subcommittee would adopt these changes, only $500,000 would be appropriated in the first year. Since the original proposal was for $1 million the other idea would be to increase the number of grants and to **MADAM CHAIR FRANKLIN** doing it the later way, "geometrically it [number of grants] grows and turns into this kind of monster."

{Tape: 1; Side: A; Approx. Time Counter: 28.9 - 30}
{Tape: 1; Side: B; Approx. Time Counter: 0 - 4.2}

Motion: **REP. JUNEAU moved that NP 101** [Need-Based Student Aid-Two-year Programs], **WITH ONE-HALF MILLION IN FY2006 AND ONE MILLION IN FY2007 BE ADOPTED.**

Discussion:

SEN. ESP wanted to know if the bill will give preferential treatment to students declaring certain areas as their major.

Mr. Peura referred the Subcommittee to the table on Page 3, Exhibit 10. He said that the statutory language mimics that exact table allocating 180 annual scholarship awards for each of the high schools in Montana and then reserving 100, which can be from any high school, who are pursuing a health/sciences degree and then 220 who are pursuing other technical degrees. He also informed the Subcommittee that included in the bill, there would be provisions that a Governor's Advisory Council be formed.

Through a question from **REP. JUNEAU**, **Mr. Peura** said that there is no funding in statute or in HB 2 for that Governor's Advisory Council. Only those 500 grants per year at the level that is in the table is to be spent; hence, all of the money will go directly to the students.

REP. GLASER wanted to know if there were similar programs in place like the one that is in the "Best and Brightest" proposal.

Sheila Stearns, **Commissioner of Higher Education**, said that there is some similarity in terms of the Montana University Honor Scholarships. Both programs are dealing with students who excel in academics, with the Honor Scholarships allowing 180 high school students access to college. One of the things the Best and the Brightest proposals does is really expand the number of need-based scholarships particularly for two-year units, which is quite a change.

REP. GLASER's concern was that with this proposal, the Subcommittee would be deviating from the Constitutional requirement that the State provide educational opportunity equitably for all.

REP. JACKSON's concern was whether the private schools had an opportunity for this scholarship.

Mr. Peura said that according to the Legislative Services Division's legal staff, as the statute is currently written, the scholarships are for public high schools. In order to allow private high school students to receive these grants, the word 'public' would have to be removed and 'accredited' would have to be replaced.

Mr. Peura said that there is no constitutional concern with providing State-funded scholarships and financial aid to students who graduate from private high schools, but the statue as written currently says 'public'. So 'public' would need to be amended.

{Tape: 1; Side: B; Approx. Time Counter: 4.2 - 10.8}

REP. GLASER was concerned that with the way the draft bill is written, it is arbitrarily eliminating portions of the citizenry of Montana simply because of where they came from. The students who graduate from the parochial schools of Montana would be excluded from this potential revenue. He felt that would be constitutionally wrong to do.

MADAM CHAIR FRANKLIN said that at this point, the only choice that this Subcommittee can make is to approve or not to approve the funding that is in this proposal; and when the bill is heard next week, provide concerns about the language.

REP. JACKSON said that with the way the draft bill is written, he could not support the funding. He liked the idea, but the language was discriminating against kids based on where they went to school. He asked if there could be a way to make the change that would allow the private schools to be a part of this and then he would support the proposal.

MADAM CHAIR FRANKLIN said that she understood REP. JACKSON's perspective and said that the record will note his perspective. Through the legislative process, there might be a potential language change that would allow the private schools to apply.

MADAM CHAIR FRANKLIN said that if the change happens, this Subcommittee might be able to revisit either a vote or at least enter in the record, that REP. JACKSON would then support these decision packages should the language in the bill change.

SEN. ESP wanted to go on record with his concerns. He said that this proposal will eliminate the non-traditional students from applying. He gave an example of the single mother trying to improve herself. He asked for support of allowing this need-based aid for the two-year degree program to go to these non-traditional type of students.

SEN. RYAN said that this is new need-based aid monies. His perspective was that there are other financial aid programs that can help the single mother or families, as well as aid going to institutions.

SEN. RYAN said that this money is to help students get started, that have achieved in high school. The grant money is their reward for their accomplishment from their high school career. **SEN. RYAN** informed the Subcommittee that he will support this proposal.

SEN. RYAN agreed with REP. JACKSON's and REP. GLASER's concern about making sure that all of Montana kids that go to an accredited school can have the opportunity to get these grants. He ended by saying that, "We need to make the commitment now and then work very hard to get LC1766 in a fashion that best meets the most needs of students in Montana."

REP. GLASER said that with the discriminatory actions that are presently in LC1766, he can not support NP 101, particularly in lieu of the fact that this money could easily be put in an existing program, with modifications, and have the same outcome as is in NP 101.

Vote: Motion carried 4-3 by voice vote with SEN. ESP, REP. GLASER and REP. JACKSON voting no.

MADAM CHAIR FRANKLIN said that the concerns of the people who voted no will be reflected in the record.

{Tape: 1; Side: B; Approx. Time Counter: 10.8 - 17.3}

The Subcommittee addressed NP 102, Best and Brightest Program which would be 100% general fund if adopted. It is a merit-based scholarship program. **Mr. Peura** said that it is for a four and a two-year program with the allocations going into three different areas.

Exhibit 11 is the page that **Mr. Peura** referred to when he was talking about NP 102. The table titled "Best and Brightest Scholarship/Grant Programs" lists the details behind this proposal.

EXHIBIT(jeh21a11)

Mr. Peura informed the Subcommittee that if they wanted to address the surplus like they had done with NP 101, the recommended appropriation in fiscal year 2006 would need to be reduced by .99 million and in fiscal year 2007 reduced by .48 million. **MADAM CHAIR FRANKLIN** asked Mr. Peura if it would be possible to put that reduction in a positive way.

Mr. Peura calculated that and said if the model is followed to reduce the surplus, $510,00 would be allocated in FY 2006 and $1,020,000 in FY 2007.

{Tape: 1; Side: B; Approx. Time Counter: 17.3 - 20.5}

Motion: **SEN. WILLIAMS moved NP 102** [BEST AND BRIGHTEST PROGRAM] **FOR $510,000 IN FY2006 AND $1,020,000 IN FY2007 BE ADOPTED.**[This is all general fund monies.]

Discussion:

REP. JACKSON wanted to know if the high school students would need to declare certain majors to apply for this grant money. **Mr. Peura** said, "In this case, no." He stated who could apply by referencing the table that is on Page 4,Exhibit 11 and explained what each category meant.

SEN. ESP was not sure if the best way to improve Montana's economy would be to funnel the money to high school kids who want to attend a two-year institution.

SEN. ESP's food for thought was that the Best and Brightest students are more likely to leave and improve somebody else's economy rather than wanting to stay and improve Montana's economy. Students who have roots in Montana and want to try and stay, could possibly use this money. He wasn't "boxed into" this perspective but felt it needed to be considered.

SEN. RYAN wanted to know if adopting this grant program, would it reduce the dependancy on other programs to provide assistance to the "Best and Brightest" people; which in turn would release money for other students in the student population to try and obtain.

Mr. Sundsted said that the Best and Brightest is similar to the High School Honors Program, which provides a four-year fee waiver, granted by the Board of Regents to one student from each high school. **Mr. Sundsted** thought that the "Best and Brightest" proposal would allow the State to provide financial aid to a greater number of students.

{Tape: 1; Side: B; Approx. Time Counter: 20.5 - 23.8}

MADAM CHAIR FRANKLIN commented that it always seems to be a struggle of who to help, when, and at what level, but she is willing to support this proposal since it deals with access. She liked the idea of trying to keep the Best and Brightest in Montana, where they can feel proud of being a Montanan and getting some assistance for that.

REP. JACKSON was concerned that these types of programs are discriminating against the private schools.

MADAM CHAIR FRANKLIN said that she understood REP. JACKSON's point, but she felt that this Subcommittee was restricted at looking at the access to the State's University System as opposed to access to a career path. On a personal level, **MADAM CHAIR FRANKLIN** felt comfortable making her decision, but understood REP. JACKSON's viewpoint.

SEN. ESP wanted to know if the valedictorian or salutatorian in each high school, who received the fee waiver, could also be able to use the funds provided in the Best and Brightest proposal. **Mr. Sundsted** said that the way that the bill is currently written, a student would be excluded from receiving both the Best and Brightest and the Regents Honor Scholarship.

{Tape: 1; Side: B; Approx. Time Counter: 23.8 - 26.6}

Vote: Motion carried 4-3 by voice vote with SEN. ESP, REP. GLASER and REP. JACKSON voting no.

Contingency Language with LC1766

Since NP 101 and NP 102 are contingent upon the passage of LC1766 [which became HB 435], the Subcommittee added language.

Motion/Vote: SEN. WILLIAMS moved THAT NP 101 AND NP 102 ARE CONTINGENT UPON PASSAGE OF LC1766. Motion carried 5-2 by voice vote with REP. GLASER and REP. JACKSON voting no.

[If LC1766 doesn't pass, this appropriation will be for student financial assistance programs].

{Tape: 1; Side: B; Approx. Time Counter: 26.6 - 28.4}
{Tape: 2; Side: A; Approx. Time Counter: 0 - 0.6}

MADAM CHAIR FRANKLIN said that executive action for Program 2 is complete and the Subcommittee moved to Program 3.

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 03 - Improving Teacher Quality(former DDE Math & Science)

Documents that are included in this section dealing with Program (03) are:

- Page 3 of the checklist, Exhibit 12;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 13.

EXHIBIT(jeh21a12)
EXHIBIT(jeh21a13)

Base Year Budget
Statewide Present Law Adjustments
Federal Funds

OCHE is asking for spending authority for the federal funds. Dr. Jan Clinard is the Director of Academic Initiatives. **MADAM CHAIR FRANKLIN** told the Subcommittee that these are the federal funds used for improving teaching techniques.

Motion/Vote: REP. JUNEAU moved THE BASE BUDGET IN PROGRAM 03 BE APPROVED. Motion carried unanimously by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 0.6 - 2.1}

MADAM CHAIR FRANKLIN informed the Subcommittee that the next task is to approve statewide present law adjustments. It is federal funding authority, $17,000 in each year of the biennium.

Motion/Vote: SEN. ESP moved STATEWIDE PRESENT LAW ADJUSTMENTS IN PROGRAM 03 BE ADOPTED. Motion carried unanimously by voice vote.

Present Law Adjustments
DP 22
Federal Funds

MADAM CHAIR FRANKLIN said that this could be found on Page E-105. It is additional federal spending authority for a grant to improve teacher quality.

Motion/Vote: SEN. WILLIAMS moved that DP 22[Increase Federal Improving Teacher Quality Grant] **BE ADOPTED. Motion carried unanimously by voice vote.**

{Tape: 2; Side: A; Approx. Time Counter: 2.1 - 3.3}

MADAM CHAIR FRANKLIN said that there were no new proposals in Program(03).

SEN. ESP asked if the Subcommittee could go back to the Student Assistance Program (02).

Executive Action
Revisited (OCHE)
Program 02 - Student Assistance

[Please note that LC1766 became HB 435].

Contingency Language with LC1766

Motion: SEN. ESP moved that CONTINGENCY LANGUAGE BE ADOPTED THAT WOULD SAY THAT IF LC1766 DOES NOT PASS, THAT THIS MONEY INSTEAD OF NOT EXISTING WOULD GO SPECIFICALLY TO THE MHEG ASSISTANCE PROGRAM.

Discussion:

Bruce Marks was asked by **MADAM CHAIR FRANKLIN** to address the question of whether the funds from this motion could get appropriated to the MHEG program. **Bruce Marks, Director, Montana Guaranteed Student Loan Program,** said that moving the funds to MHEG would provide an outstanding tool to reach need-based aid students.

Through a request by **MADAM CHAIR FRANKLIN, Mr. Sundsted** said that the money could be best spent in the MHEG program. Whereas the BAKER grant has a work study component, MHEG could reach more students.

Mark Bruno, OBPP, said that if LC1766 doesn't pass, it would be fine to put the appropriation that is in NP 101 and NP 102 into the MHEG program.

SEN. RYAN said that he is going to oppose this motion. LC1766 has lined out where the State wants the money to go. He felt that by adopting this motion it would be undercutting what is trying to be done.

SEN. RYAN asked that the Subcommittee first see where LC1766 is going to go before they make any other commitment. If LC1766 does not pass, then he felt the Subcommittee could revisit it.

SEN. ESP closed on his motion. He commented that by the time the LC passes or fails, this Subcommittee will no longer be meeting. By adopting this motion, it would give the Subcommittee's input to the full Appropriations Committee as to where the members of the Subcommittee felt the money should go in the event that the bill does not pass.

MADAM CHAIR FRANKLIN thanked SEN. ESP for closing. She said that she is going to oppose this motion with the commitment to SEN. ESP and other members of the Subcommittee, that through her means and the Subcommittee means, there be a decision on LC1766 as quickly as possible. In the event that LC1766 does not pass, the Subcommittee has the prerogative to reconvene, to look at language.

REP. JACKSON asked to comment. He said that he would rather amend LC1766 and if the Subcommittee could commit to support amending LC1766, he would not be interested in SEN. ESP's motion.

MADAM CHAIR FRANKLIN said that at this point, the only commitment that she can make as Chair right now is that this Subcommittee could reconvene and look at this money. She ended by saying that she understood REP. JACKSON's position.

Vote: Motion failed 3-4 by roll call vote with SEN. ESP, REP. GLASER, and REP. JACKSON voting aye.

MADAM CHAIR FRANKLIN said that even though this motion did not pass, she will continue to "keep her eye" on this issue. **Mr. Peura** said that he will track the legislation (LC1766) and keep the Subcommittee informed on a regular basis on the status.

{Tape: 2; Side: A; Approx. Time Counter: 3.2 - 10.8}

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 04 - Community College Assistance

Documents that are included in this section dealing with Program (04) are:

- Page 4 of the checklist, Exhibit 14;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 15;
- Language that was approved related to Program 04- Community College Assistance, Exhibit 16.

EXHIBIT(jeh21a14)
EXHIBIT(jeh21a15)
EXHIBIT(jeh21a16)

Base Year Budget
General Fund
Statewide Present Law Adjustments

The first order of business in this section was to approve the base budget which is 100% general fund.

Motion/Vote: SEN. RYAN moved THE BASE BUDGET OF THE COMMUNITY COLLEGE ASSISTANCE PROGRAM BE ADOPTED. Motion carried unanimously by voice vote with proxy by REP. JUNEAU.

{Tape: 2; Side: A; Approx. Time Counter: 10.8 - 11.5}

The second item addressed was the statewide present law adjustments. **MADAM CHAIR FRANKLIN** said that since this program only needs to provide local assistance, there are no statewide present law adjustments because this program doesn't deal with personal services or operations, or the like.

Present Law Adjustments
DP 5
General Fund

DP 5, which is on Page E-107 is part of Exhibit 15. Through a question from **MADAM CHAIR FRANKLIN, Mr. Peura** informed the Subcommittee that according to statute, HB 2 needs to list the percentage share that the State is going to fund for the cost of education in the community colleges.

At this point in the meeting, there was a five minute recess and the Subcommittee reconvened at 9:35 A.M.

Motion/Vote: REP. JACKSON moved DP 5[Resident Enrollment Growth] **PRESENT LAW ADJUSTMENT** [In program 04] **BE ADOPTED. Motion carried unanimously by voice vote with proxy by REP. JUNEAU and SEN. ESP.**

{Tape: 2; Side: A; Approx. Time Counter: 11.5 - 14}

Shared Leadership Initiatives

MADAM CHAIR FRANKLIN asked that the Subcommittee look at the spreadsheet that deals with Shared Leadership for a Stronger Montana Economy. This spreadsheet encompasses both Martz's proposals and Governor Schweitzer's initiatives. It is Exhibit 17. It was, in her opinion, a good idea to provide more assistance to the community colleges.

EXHIBIT(jeh21a17)

MADAM CHAIR FRANKLIN's talk focused on the Schweitzer's proposal NP(no number assigned)- Developing two-year Program Development of $900,000. This was new money, the surplus from NP 101 and NP 102. **MADAM CHAIR FRANKLIN** thought it would be wise to take the $900,000 and move it directly into one-time-only aid with equitable distribution between Flathead Valley, Dawson, and Miles City.

MADAM CHAIR FRANKLIN said that a request by the community college unit was to have PEPB look into the funding formula that the community colleges are using and re-evaluate it so that the funding mechanism can be more relevant to the community colleges. **MADAM CHAIR FRANKLIN** said that with the potential $900,000, it would increase the funding immediately.

Motion: REP. JACKSON moved TO ALLOCATE $900,000 TO THE COMMUNITY COLLEGES BE ADOPTED AND TO ASK PEPB TO FACILITATE A RE-CALIBRATION OF THE COMMUNITY COLLEGE FUNDING FORMULA AND TO SUBMIT A REPORT TO THE INTERIM FINANCE COMMITTEE AND THIS SUBCOMMITTEE FOR THE NEXT BIENNIUM.

[This is one-time-only money which will be divided equitably between the three Community Colleges: Flathead, Dawson and Miles City].
[Second half of motion is per **Mr. Peura's** explanation on the motion and recommendation].

Discussion:

Through **MADAM CHAIR FRANKLIN's** suggestion, and with clarification by **Mr. Peura**, the report should go the interim Legislative Finance Committee. Through comments made by **Mr. Bruno** and **MADAM CHAIR FRANKLIN**, it became known that the community college finance statutes will also be addressed when the PEPB looks at the re-calibration.

{Tape: 2; Side: A; Approx. Time Counter: 14 - 21.4}

REP. GLASER thought that in order to take care of the students more appropriately, it might work better to base the distribution on full time equivalent (FTE) students.

SEN. RYAN sees this appropriation of $300,000 per unit as a block grant. He also had those same thoughts of FTE distribution and gave his reason why he didn't want to go that way.

REP. JACKSON said that he thought that REP. GLASER's point is very well taken. He thought it would be better to distribute the money based on FTE so that the State is addressing basically the needs of the students.

MADAM CHAIR FRANKLIN thought both proposals had merit and asked Jane Karas to respond to FTE vs flat distribution.

Jane Karas, President Flathead Valley Community College, thanked the Subcommittee for considering the request, then commented about the various issues that all three community colleges are facing.

Dr. Karas said that the more funding available to Flathead Valley Community College, the better the needs are meet in the community, but the three community colleges have worked together to better serve the students in all of the regions and across the state. She said that it is up to the Subcommittee to decide. She would appreciate the Subcommittee's support and the support for all three community colleges.

REP. GLASER said that he really did not care how the money was distributed as long as the way the distribution is going to happen is discussed.

REP. JACKSON suggested that the Subcommittee might be able to come up with a way that both the FTE and flat distribution could be considered. He thanked Dr. Karas for her viewpoint and thought that it really showed how committed she was to the entire system.

MADAM CHAIR FRANKLIN said that the community colleges have clearly worked together. She stated the enrollment statistics which can be found on Page E-107.

REP. GLASER suggested that the motion be amended to distribute one-half of the money based on an even block grant and the other half based on full time equivalent (FTE) students. The community colleges would get the funding they are needing and with this amendment the individual students would be covered. **REP. JACKSON** agreed to this amendment.

Substitute Motion: **REP. GLASER made a substitute motion that ONE HALF FUNDS WILL BE DISTRIBUTED TO BLOCK GRANTS AND THE OTHER ONE HALF WILL BE DISTRIBUTED BASED ON FULL TIME EQUIVALENT (FTE) STUDENTS ENROLLMENT BE ADOPTED.**

{Tape: 2; Side: A; Approx. Time Counter: 21.4 - 28.6}

Discussion on the Substitute Motion:

SEN. RYAN said that he would oppose the motion. He believed the one-time-money is best served by doing block grants and then letting the individual institutions deal with the distribution because their needs are so different. He didn't think it was a good idea to add FTE since the formula for funding will be getting re-calibrated, and if adopted in this motion, might cause problems in the future.

REP. JACKSON said that he was in favor of REP. GLASER's motion because Flathead Community College is bigger than both of them added together. He said that with combining the enrollment of Dawson and Miles City, it adds up to about 1,000 students whereas with Flathead Valley it is 1,300.

REP. JACKSON thought that REP. GLASER's motion was a good compromise and he was of the opinion that the FTE formula would not carry over in the future.

{Tape: 2; Side: A; Approx. Time Counter: 28.6 - 30.2}
{Tape: 2; Side: B; Approx. Time Counter: 0 - 0.2}

SEN. WILLIAMS asked if Dr. Karas could speak to REP. GLASER's motion and asked Dr. Karas to address the issue of FTE distribution being a problem in the future.

Dr. Karas said that the FTE distribution would allow FVCC to better meet the needs of the students, but by doing the distribution that way, the other community colleges lose funding which they desperately need. She said, "I guess I would compare it to Solomon and dividing the baby." She said that whatever the Subcommittee decides, she appreciates the Subcommittee's efforts on behalf of the community colleges.

With the idea of having the FTE being a problem in the future, **Dr. Karas** said that since this is one-time-only money, the FTE would not be added into the per FTE cost.

SEN. RYAN thought that it was unfair to have one president address this issue and he didn't want to ask the other presidents to give their viewpoint. He thought that the community colleges have worked together. With this funding being one-time-money he thought that block grants would give them "all the flexibility in the world, to do whatever they have to do, with whatever programs are there." He felt that equitably distributing the money is the way to deal with the appropriation.

Mr. Peura provided the figures that would be attached to this motion. Flathead Valley Community College would get approximately $414,000; Dawson Community College $238,000 and Miles City Community College would get $247,000.

REP. GLASER thought that all of the community colleges' budgets are being starved to death.

Through **REP. JUNEAU's** request, and **MCF's** response with **SEN. WILLIAMS's** comment, it became known that if the motion that is currently on the table is approved, $414,000 would be distributed to Flathead, $238,000 to Dawson, and $247,000 to Miles City. The other part of that motion is re-calibrating the funding formula, looking at the community college funding statue in the interim and have some recommendations come back to this Subcommittee. If this motion does not pass, the Subcommittee will address the equitable distribution and the report that will occur that deals with the re-calibration formula.

Vote: Motion failed 2-5 by roll call vote with REP. GLASER and REP. JACKSON voting aye.

MADAM CHAIR FRANKLIN said that since this motion did not pass the Subcommittee will revert to the original motion of the equitable distribution to all three plus the re-calibration of the formula with a report supplied to the Subcommittee.

Original Motion Restated/Vote: REP. JACKSON moved TO ALLOCATE $900,000 TO THE COMMUNITY COLLEGES BE ADOPTED AND TO ASK PEPB TO FACILITATE A RE-CALIBRATION OF THE COMMUNITY COLLEGE FUNDING FORMULA AND TO SUBMIT A REPORT TO THE INTERIM FINANCE COMMITTEE AND THIS SUBCOMMITTEE FOR THE NEXT BIENNIUM. Motion carried unanimously by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 0.2 - 8}

Language Proposals
1. State Percent Share
2. Reversion Language
3. Summitnet Costs
4. Audit Costs

The Subcommittee addressed Number 5, language proposals on Exhibit 14. These suggestions can be found on Page E-110 and E-111, Exhibit 15. There are four language proposals.

The first language proposal deals with the State share percent of funding the cost of education.

Mr. Peura said that by adopting the base budget and present law adjustments, the percent of funding does not have to be calculated. It will default to 53% of the formula.

Motion/Vote: SEN. RYAN moved THE BASE PERCENTAGE AND LANGUAGE [In Program 04, found on Page E-110] **BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN. ESP.**

{Tape: 2; Side: B; Approx. Time Counter: 8 - 9.6}

The next item that was discussed dealt with the reversion language. **Mr. Peura** explained why this language is needed and informed the Subcommittee that there is an error with the executive proposal. He explained why this happened and provided his recommendations for the correction which can be found in Exhibit 15.

Motion/Vote: SEN. RYAN moved RECOMMENDED LANGUAGE DEALING WITH REVISION BE ADOPTED.[See exact language in Exhibit 15, Page 5]. **Motion carried unanimously by voice vote.**

{Tape: 2; Side: B; Approx. Time Counter: 9.6 - 12}

The next executive action item is with the Summitnet costs. **Mr. Peura** said the Summitnet costs are part of the computer network backbone that MUS (Montana University System)supports and the Community Colleges are part of this. This sets the amount of money that MUS can charge the community colleges for the use of Summitnet.

Motion/Vote: SEN. RYAN moved SUMMITNET LANGUAGE RELATED TO COST ADOPTED. Motion carried unanimously by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 12 - 12.8}

The final language component that is dealing with the Community College Assistance program is the audit costs.

Mr. Peura said that the language that is dealing with the audit costs that is on Page E-111 can be adopted as is. Since the percentages were adopted in the previous actions, the figures stated in this language are accurate.

Motion/Vote: SEN. RYAN moved AUDIT COSTS LANGUAGE AS STATED ON PAGE E-111 BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 12.8 - 13.6}

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 05 - MUS Group Insurance Program

The document that is included in this section dealing with Program (05) is:

- Page 5 of the checklist, Exhibit 18.

EXHIBIT(jeh21a18)

Mr. Peura informed the Subcommittee that no executive action is necessary when dealing with the MUS Group Insurance Program because this program gets full statutory authority from MCA 2-18-701. In prior years, this Subcommittee was asked to adopt language that required approving MUS insurance rates. Due to the recoding of these accounts, and with concurrence between the Governor's office and the LFD staff, language is no longer needed.

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 06 - Talent Search

Documents that are included in this section dealing with Program (06) are:

- Page 6 of the checklist, Exhibit 19;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 20.

EXHIBIT(jeh21a19)
EXHIBIT(jeh21a20)

The decision packages can be found starting on Page E-116. The base budget and the statewide present law adjustments were the first agenda items.

MADAM CHAIR FRANKLIN said that with this program there is an amendment. It is Exhibit 21.

EXHIBIT(jeh21a21)

Base Year Budget
Statewide Present Law Adjustments
97 Percent Federal Funds and 3 Percent General Fund

MADAM CHAIR FRANKLIN told the Subcommittee that programs like TRIO (Talent Search, Upward Bound, Student Support Services) and GEAR UP (Gaining Early Awareness & Readiness for Undergraduate Programs), are part of Program (06).

Motion/Vote: **SEN. WILLIAMS moved THE BASE YEAR BUDGET** [IN PROGRAM 06] **BE ADOPTED. Motion carried unanimously by voice vote with proxy vote by SEN. ESP.**

{Tape: 2; Side: B; Approx. Time Counter: 13.6 - 16.8}

With the statewide present law adjustments, **MADAM CHAIR FRANKLIN** informed the Subcommittee that this is a negative decision package. $22,000 in FY 2006 and $15,000 in FY2007 would be taken out.

Motion/Vote: **REP. JUNEAU moved STATEWIDE PRESENT LAW ADJUSTMENTS** [IN PROGRAM 06] **BE ADOPTED. Motion carried unanimously by voice vote with proxy vote by SEN. ESP.**

{Tape: 2; Side: B; Approx. Time Counter: 16.8 - 17.5}

Present Law Adjustments
DP 23 & DP 24
Federal Funds

MADAM CHAIR FRANKLIN said that DP 23, on Page E-117, the executive budget adds federal spending authority of $181,131 with the biennial split of $93,340 in FY06 and $87,791 in FY07. It allows to fully expend the anticipated amount of grant money.

Motion: **SEN. RYAN moved DP 23**[Increase Federal Talent Search Grant] **& DP 24** [Increase Federal GEAR-UP Grant] **BE ADOPTED.** [Both DP's are all federal funds].

Discussion:

REP. JACKSON wanted to know how the amendment that was handed out fits into these decision packages. **MADAM CHAIR FRANKLIN** said that the amendment is something that is in addition to the decision packages.

Vote: **Motion carried unanimously by voice vote with proxy by SEN. ESP.**

{Tape: 2; Side: B; Approx. Time Counter: 17.5 - 19.1}

Amendment
NP 1001
State Special Revenue

Mr. Peura said that this amendment will be NP 1001 if adopted. He asked that someone from the Commissioner's office explain the amendment.

Pam Joehler, Director of Accounting and Budgeting, OCHE, said that OCHE is requesting $25,000 a year, $50,000 for the biennium, of state special revenue authority for the purpose of allowing OCHE to properly account for a conference that the American Indian/Minority Achievement program participates in.

Ms. Joehler said that in the past, it has been a biennial appropriation. In 2000 and 2002, the accounting for this program was taken care of by OPI and OPI has indicated that they are no longer willing to act as a fiscal agent. By adopting this amendment, OCHE can properly account for this conference. The revenues in this account would be coming from conference fees and the money that is appropriated would help pay for conference expenses.

Motion/Vote: REP. JUNEAU moved that NP 1001 BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN. ESP.

{Tape: 2; Side: B; Approx. Time Counter: 19.1 - 21}

New Proposals
DP 20
Federal Funds

MADAM CHAIR FRANKLIN said that with DP 20, which is on Page E-118, OCHE would like to add a .5 FTE accountant for the GEAR UP grant. This is 100% federal funding so OCHE is asking for spending authority for the federal funds.

Motion/Vote: REP. JUNEAU moved DP 20[add .5 FTE for GEAR-UP Accountant - all federal funding] **BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN. ESP.**

{Tape: 2; Side: B; Approx. Time Counter: 21 - 21.7}

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 08 - Workforce Development [Perkins]

Documents that are included in this section dealing with Program (08) are:

- Page 7 of the checklist, Exhibit 22;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 23.

EXHIBIT(jeh21a22)
EXHIBIT(jeh21a23)

This program starts on Page E-119 and is essentially dealing with the Carl Perkins money.

Base Year Budget
Statewide Present Law Adjustments
98 Percent Federal Funds & 2 Percent General Fund
Present Law Adjustment: DP 25 (Federal Funds)

Motion/Vote: SEN. RYAN moved THE BASE YEAR BUDGET IN PROGRAM 8 [Workforce Development] **BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN ESP.**

{Tape: 2; Side: B; Approx. Time Counter: 21.7 - 22.5}

After **MADAM CHAIR FRANKLIN** explained the statewide present law adjustments, 98% federal and 2% general with the values being $25,000 in FY2006 and $27,000 in FY2007 **REP. JACKSON** wanted to know if the next two DP's could be approved.

Motion/Vote: REP. JACKSON moved STATEWIDE PRESENT LAW ADJUSTMENT IN PROGRAM 8 AND DP 25 [Increase Carl Perkins Grant Authority] **BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN ESP.**

{Tape: 2; Side: B; Approx. Time Counter: 22.5 - 23.5}

MADAM CHAIR FRANKLIN said that there are no additional decision packages in Perkins so the next agenda item would be to address Program 11 - Tribal College Assistance program, which starts on Page E-150.

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 11 - Tribal College Assistance

Documents that are included in this section dealing with Program (11) are:

- Page 8 of the checklist, Exhibit 24;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 25;
- Page 62 of the Legislative Budget Analysis 2007 Biennium Volume 5 Addendum-Agency Budgets: Schweitzer Revisions which is dealing with the New Proposals in this program, Exhibit 26;
- Language that was approved related to Program 04-Community College Assistance, Exhibit 27.

EXHIBIT(jeh21a24)
EXHIBIT(jeh21a25)
EXHIBIT(jeh21a26)
EXHIBIT(jeh21a27)

MADAM CHAIR FRANKLIN informed the Subcommittee that Program (09) which deals with the appropriation distribution will be dealt with next week.

Base Year Budget
Statewide Present Law Adjustment

Mr. Peura explained why this program has no base budget to approve. All the funds that were appropriated in the last session will be spent in FY 2005. Since the base budget is derived from FY 2004, there were zero dollars spent. There is no base budget nor statewide present law adjustments in this program.

Present Law Adjustment
DP 28
General Fund

DP 28 will reestablish the non-beneficiary student base appropriations. The narrative can be found on Page E-151.

Motion/Vote: REP. JUNEAU moved that PRESENT LAW ADJUSTMENT FOR DP 28 [Reestablish non-beneficiary student appropriation - GF] **BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN. ESP.**

Mr. Peura informed the Subcommittee that this motion will be a biennial appropriation which means that the Tribal Colleges will have the authority to spend the $96,500 in whichever year they decide in the next biennium.

{Tape: 2; Side: B; Approx. Time Counter: 23.5 - 26.1}

New Proposals
NP 103 & NP 104
Amendment
General Fund

The Subcommittee addressed the new proposals NP 103[Non-Beneficiary Student Assistance] and NP 104 [Enhancing Tribal Colleges Program, which are all general funds.

REP. JUNEAU had an amendment. In order to make the non-beneficiary program whole, she thought $400,000 would be needed. She is requesting, that of the $2.5 million that is proposed in NP 104, $400,000 will get moved into NP 103. This transfer would be one-time-only money (OTO). This OTO concept was confirmed by **Mr. Bruno** and **MADAM CHAIR FRANKLIN**.

{Tape: 2; Side: B; Approx. Time Counter: 26.1 - 28}

Mr. Peura said that it would be cleaner for budgeting purposes if this part, the $400,000 OTO biennial appropriation of the amendment, was a separate one-time-only decision package, which would not appear in the base.

REP. JUNEAU suggested that the Commissioner Office might be able to help with this process.

Mr. Sundsted wanted to make sure that the $400,000 would be enough to make the non-beneficiary program whole. He said that it would take about $900,000 [$1,500 times 300 FTE] in the biennium. By adding the figures in DP 28 and NP 103, with the $400,000 the total would be $800,000. This means there may be an additional $100,000 needed to make the program whole.

Through a question from **REP. GLASER**, **Mr. Peura** said that NP 103 and NP 104 are new funding that the Schweitzer Budget has added in. It was diverted from the Workforce Development part of the Shared Leadership into the Access Initiative.

Through a request by **REP. GLASER**, **Mr. Bruno** commented by saying that the Governor's Office would like to keep the Schweitzer's proposals whole, where it is an equitable distribution. He ended by saying that he realizes the Subcommittee can do what they want.

MADAM CHAIR FRANKLIN said that essentially the Governor's Office wants to keep the $2.5 million distributed equitably between the seven tribal colleges. What REP. JUNEAU is trying to accomplish is to make the non-beneficiary whole, by giving the colleges more money in that program, and still keep some money for the tribal colleges. **MADAM CHAIR FRANKLIN** said, "It's a policy decision for us to make."

REP. GLASER wanted to know if the tribal colleges could move the money from NP 104 and use it for the non-beneficiary student assistance.

Mr. Peura explained the intent of NP 104. He referred the Subcommittee to Page 8 of the packet that was distributed on January 21, 2005 and is Exhibit 28. **Mr Peura** said that 50 percent of the funds would be allocated equitably among the seven tribal schools for equipment purchases and 50 percent would be distributed equitably to assist with writing curricula and tribal histories to support Indian Education for All.

EXHIBIT(jeh21a28)

REP. JUNEAU asked if President McDonald could comment on this amendment.

President McDonald, Salish Kootenai College (SKC), said that he visited with Governor Schweitzer yesterday about the equipment and the tribal history. The Governor was not tied to the 50/50 split. **President McDonald** would like to see more flexibility with this decision package. The colleges may want to put more of the money into the tribal history or put more money into the equipment.

President McDonald, said that with the non-beneficiary students, SKC lost about $700,000 in revenue. The college compensates by providing lower faculty salaries and reduced programs. **President McDonald** was in favor of REP. JUNEAU's amendment.

SEN. RYAN said that by taking away money from the tribal colleges, the 50/50 distribution, the State is taking away from other tribal colleges money to meet the mandates of Indian Education For All. He wanted others to comment as to whether the colleges could use that money that would be distributed for non-beneficiary student assistance.

Through the tour of the Tribal Colleges **Dr. Stearns, OCHE,** found out that each and every president told her that the highest priority was to attempt to get the non-beneficiary students funded. She then explained that all of the tribal colleges are seeing their roles as community and workforce development centers for their region. All of the colleges were appreciative of Governor Schweitzer's budget and some of the representatives have talked to Governor Schweitzer about the flexibility issue. She suggested that an official from Chief Dull Knife College make a comment.

Bill Wertman, Vice President, Chief Dull Knife College, Lame Deer, said that any support that can be given to the non-beneficiary assistance would be greatly appreciated by all of the tribal colleges. He thought that the tribal colleges have collaborated very well together. He came to Helena to speak strongly in support of the Governor's Budget. **Vice President Wertman** ended by saying, "We appreciate any consideration that you give us."

{Tape: 3; Side: A; Approx. Time Counter: 0 - 10.8}

After listening to what has been discussed, **Mr. Peura** believed that this Subcommittee could have three decision packages:

1) NP 103 with the proposed value of $303,500;
2) With NP 104 amend in two areas: $1 million each year appropriated and eliminate the requirement of 50/50 split between equipment and the history component;
3) NP 1002 for a one-time-only, $500,000 appropriation, into the non-beneficiary student assistance area.

{Tape: 3; Side: A; Approx. Time Counter: 10.8 - 13.6}

SEN. RYAN wanted to know if the 50/50 split was not in NP 104, would there be assurance that the money would be spent on the equipment component and for Indian Education For All.

President McDonald said that SKC, as well as other tribal colleges, are really committed to the Indian Education For All. And in speaking with Governor Schweitzer yesterday, the Governor didn't object to this kind of a change. **President McDonald** said that Governor Schweitzer's parting words were, "Be sure and buy some equipment."

MADAM CHAIR FRANKLIN thought that if the Subcommittee would ask for a reporting to the interim committee on the decisions that were made with money distributed to the colleges to do as they see fit, this Subcommittee would have an accounting of where the money went.

Mr. Peura said that this suggestion by MADAM CHAIR FRANKLIN would be in the forth motion. There would be three decision packages and one language component. Adopting these decision packages could be done in any order.

Motion: **REP. JUNEAU moved that NP 104, $1 MILLION FOR FY 2006 AND $1 MILLION FY 2007 BE ADOPTED AND THAT THE MONEY IS DISTRIBUTED WITH THE 50/50 SPLIT.**

Discussion:

The addition of the 50/50 split in the preceding motion occurred after Subcommittee discussion between **Mr. Peura**, **SEN. ESP** and **REP. JUNEAU.**

Vote: **Motion carried 5-2 by voice vote with SEN. ESP and REP. GLASER voting no.**

{Tape: 3; Side: A; Approx. Time Counter: 13.6 - 19}

Motion/Vote: **REP. JUNEAU moved NP 103 FOR $303,500 FOR FY 2006 AS A BIENNIAL APPROPRIATION BE ADOPTED. Motion carried unanimously by voice vote.**

{Tape: 3; Side: A; Approx. Time Counter: 19 - 19.8}

MADAM CHAIR FRANKLIN said that the third motion would be for NP 1002.

Motion/Vote: REP. JUNEAU moved NP 1002, $500,000 OTO BIENNIAL MONEY THAT GOVERNOR HAD PROPOSED [in NP 104] **MOVE TO NON-BENEFICIARY FUNDING FOR TRIBAL COLLEGES BE ADOPTED. Motion carried 5-2 by voice vote with SEN. ESP and REP. GLASER voting no.**

{Tape: 3; Side: A; Approx. Time Counter: 19.8 - 20.5}

MADAM CHAIR FRANKLIN said that the forth motion would deal with the language component that would allow the Subcommittee a report to see where the money was spent.

REP. JUNEAU said that the concerns of the Governor are making sure that some equipment is purchased, and that tribal history written by our tribal colleges is appropriate. She was willing to keep the money distributed with the 50/50 split.

REP. GLASER thought that language should be developed since the report will help two years from now by giving insight to the Subcommittee of what the tribal colleges are doing. He said that it should give great advice on what the state needs to do.

REP. JUNEAU said that she didn't mean that the report shouldn't get done. She was just referring to the 50/50 split. She preferred not to introduce the language but thought the report would be very important.

MADAM CHAIR FRANKLIN said that the language would only have to deal with the report.

SEN. RYAN suggested that with the 50/50 split, there might be a "use it or loose it" mentality and would prefer the colleges to have the flexibility in spending the money. Since this money is OTO, he thought that allowing some flexibility and providing a report would be the responsible thing to do. He ended by saying, "I think they will use it responsibly."

Through comments from **REP. JUNEAU**, **MADAM CHAIR FRANKLIN**, and **REP. JACKSON** it became known that as long as the money was to be spent in the two areas that Governor Schweitzer's original proposal suggested, the Subcommittee would be willing to eliminate the 50/50 split. This was contingent upon a report that would be provided to this Subcommittee in the next Legislative session that accounted from each tribal college's expenses of the money appropriated.

SEN. ESP said that he wouldn't mind giving the tribal colleges some flexibility but he wasn't comfortable giving the tribal colleges complete flexibility within those parameters of equipment-buying and spending money for Indian Education For All.

Motion/Vote: REP. JUNEAU moved TO ELIMINATE THE 50/50 SPLIT BUT REQUIRING A REPORT. Motion carried 5-2 by voice vote with SEN. ESP and REP. GLASER voting no.

{Tape: 3; Side: A; Approx. Time Counter: 20.5 - 25.9}

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 12 - Guaranteed Student Loan (GSL)

Documents that are included in this section dealing with Program (12) are:

- Page 9 of the checklist, Exhibit 29;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 30.

EXHIBIT(jeh21a29)
EXHIBIT(jeh21a30)

Base Year Budget
Statewide Present Law Adjustments
Present Law Adjustments: DP 9, 10, 11
Federal Funds

The second-to-last item that the Subcommittee will take action on is the Guaranteed Student Loan program. The narrative starts on Page E-152.

Motion/Vote: SEN. WILLIAMS moved that BASE YEAR BUDGET IN PROGRAM 12 BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN. RYAN and REP. JUNEAU.

{Tape: 3; Side: A; Approx. Time Counter: 25.9 - 27.1}

The next items addressed were the statewide present law adjustments.

Motion: **REP. JACKSON moved STATEWIDE PRESENT LAW ADJUSTMENTS, DP 9**[Increase federal funding for GSL claim payments-to buy defaulted loans], **DP 10** [Increase federal funding for collection payments back to US DoE], **DP 11** [Increase federal authority for default prevention/out reach program] **AND DP 12** [add 9.0 FTE as expect greater volumes of loans and default] **BE ADOPTED.**[All of these decision packages are 100% federal funds].

Discussion:

Mr. Peura asked if DP 12 could be excluded from the motion since an amendment has been requested for DP 12.

Substitute Motion: **REP. JACKSON made a substitute motion TO EXCLUDE DP 12 FROM THE PREVIOUS MOTION BE ADOPTED.**

Discussion on Substitute Motion:

SEN. ESP wanted to know if the funds that are contained in DP 11 could be used for actual loans or be used for DP 9 or DP 10.

Mr. Marks said that the answer is, "No." The agency has two funds that both have federal law restrictions. The agency can not commingle the funds.

SEN. ESP wanted to know if DP 11 didn't pass, would the federal funds revert back to where they originated from.

Mr. Marks didn't know the answer to that question. He thought it possible that the US Department of Education could ask for those funds back. He asked if he could provide an opinion.

Mr. Marks said that he would be greatly disappointed if the State didn't reach out to our students who really need this help and didn't spend the money to keep them out of default.

{Tape: 3; Side: A; Approx. Time Counter: 27.1 - 29.9}
{Tape: 3; Side: B; Approx. Time Counter: 0 - 0.2}

Vote: **Motion carried unanimously by voice vote with proxy by REP. JUNEAU.**

{Tape: 3; Side: B; Approx. Time Counter: 0.2 - 0.6}

Present Law Adjustments
DP 12
Federal Funds

MADAM CHAIR FRANKLIN told the Subcommittee that OCHE thought they could get by with eight FTE rather than the nine FTE that are in this proposal. **Mr. Peura** said that this DP would be for all the specialists that are listed on Page E-154 except for the Communication Specialist.

Motion/Vote: SEN. WILLIAMS moved DP 12 [add eight FTE to program (12)] **Be ADOPTED. Motion carried 6-1 by voice vote with proxy by REP. JUNEAU and proxy by SEN. ESP voting no.**

{Tape: 3; Side: B; Approx. Time Counter: 0.6 - 2.5}

Executive Action
Office of Commissioner of Higher Ed (OCHE)
Program 13 - Board of Regents

Documents that are included in this section dealing with Program (13) are:

- Page 10 of the checklist, Exhibit 31;
- Excerpts from the Legislative Budget Analysis 2007 Biennium, Exhibit 32.

EXHIBIT(jeh21a31)
EXHIBIT(jeh21a32)

Base Year Budget
Statewide Present Law Adjustments
General Fund

The last agenda item is to take executive action on Program 13-Board of Regents. **MADAM CHAIR FRANKLIN** said that this Subcommittee is looking at the Board of Regents operational budget. It is 100% general fund.

Motion/Vote: SEN. RYAN moved THE BASE YEAR BUDGET FOR BOARD OF REGENTS BE ADOPTED. Motion carried unanimously by voice vote with proxy by REP. JUNEAU and SEN. ESP.

[REP. JUNEAU walked in.]

{Tape: 3; Side: B; Approx. Time Counter: 2.5 - 3}

The statewide present law adjustments can be found on Page E-155.

Motion/Vote: SEN. RYAN moved THE PRESENT LAW ADJUSTMENTS FOR THE BOARD OF REGENTS BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN. ESP.

{Tape: 3; Side: B; Approx. Time Counter: 3 - 3.5}

Present Law Adjustments
DP 14 & DP 15
General Fund

Motion/Vote: REP. GLASER moved that DP 14 [Restore Regents budget-had unused authority in base] **AND DP 15** [Board of Regents per -diem] **BE ADOPTED. Motion carried unanimously by voice vote with proxy by SEN. ESP.**

MADAM CHAIR FRANKLIN said that there are no new proposals from the Board of Regents.

The Subcommittee discussed the trip that they will be taking tomorrow to Great Falls. In order to meet the commitment of the Indian Education For All Working Group meeting this field trip will start at 6:45 A.M. on Friday and return by noon.

The agenda is Exhibit 33.

EXHIBIT(jeh21a33)

{Tape: 3; Side: B; Approx. Time Counter: 3.5 - 8}

ADJOURNMENT

Adjournment: 10:55 A.M.

_____
REP. EVE FRANKLIN, Chairman

_____
DIANA WILLIAMS, Secretary

EF/dw

Additional Exhibits:

EXHIBIT(jeh21aad0.TIF)