

LEGAL REVIEW NOTE

Bill No: Senate Bill 87

LC#: LC0562, To Legal Review Copy, as of November 23, 2018

Short Title: Requiring the University System to report on student loans

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CONFORMITY WITH STATE AND FEDERAL CONSTITUTIONS

As required pursuant to section 5-11-112(1)(c), MCA, it is the Legislative Services Division's statutory responsibility to conduct "legal review of draft bills". The comments noted below regarding conformity with state and federal constitutions are provided to assist the Legislature in making its own determination as to the constitutionality of the bill. The comments are based on an analysis of jurisdictionally relevant state and federal constitutional law as applied to the bill. The comments are not written for the purpose of influencing whether the bill should become law but are written to provide information relevant to the Legislature's consideration of this bill. The comments are not a formal legal opinion and are not a substitute for the judgment of the judiciary, which has the authority to determine the constitutionality of a law in the context of a specific case.

*This review is intended to inform the bill draft requestor of potential constitutional conformity issues that may be raised by the bill as drafted. This review IS NOT dispositive of the issue of constitutional conformity and the general rule as repeatedly stated by the Montana Supreme Court is that an enactment of the Legislature is presumed to be constitutional unless it is proven beyond a reasonable doubt that the enactment is unconstitutional. See *Alexander v. Bozeman Motors, Inc.*, 356 Mont. 439, 234 P.3d 880 (2010); *Eklund v. Wheatland County*, 351 Mont. 370, 212 P.3d 297 (2009); *St. v. Pyette*, 337 Mont. 265, 159 P.3d 232 (2007); and *Elliott v. Dept. of Revenue*, 334 Mont. 195, 146 P.3d 741 (2006).*

Legal Reviewer Comments:

LC0562, as drafted, may raise potential constitutional concerns associated with Article X, section 9(2)(a), of the Montana Constitution. Section 9(2)(a) provides that "The government and control of the Montana university system is vested in a board of regents of higher education which shall have *full power, responsibility, and authority to supervise, coordinate, manage and control the Montana university system* and shall supervise and coordinate other public educational institutions assigned by law." (Emphasis added).

According to the Montana Supreme Court, this constitutional provision grants a high degree of independence and autonomy to the Board of Regents, subject only to the Legislature's power of appropriation. *Board of Regents v. Judge*, 168 Mont. 433 (1975). The Court in *Judge* further noted that "Inherent in the constitutional provision granting the Regents their power is the realization that the Board of Regents is the competent body for determining priorities in higher education." *Id.* at 454. In that case, the Court evaluated a number of statutory restrictions imposed on the university system, including a provision that limited salary increases for certain university officials. The Court held that this statute "specifically [denied] the Regents the power to function effectively by setting its own personnel policies and determining its own priorities" and held that limitation to be unconstitutional. *Id.*

As drafted, LC0562 directs the Montana university system to provide financial literacy information to students with federal student loans, requires the commissioner of higher education to report annually on financial literacy and student loan debt information to the education interim committee, and instructs the commissioner to withhold state financial aid from any unit of the university system that does not comply with the financial literacy requirements. These provisions in LC0562 may raise potential questions about whether this bill conforms with Article X, section 9(2)(a), of the Montana Constitution.

Requester Comments: