

Executive (Schweitzer) Proposed Budget

EXHIBIT 14  
DATE 1/21/2005  
HB

Program: STUDENT ASSISTANCE PROGRAM					Reporting Level: 5102-02-00-00-00-00			
Budget Item	Base Budget 2004	PL Base Adjustment 2006	New Proposals 2006	Total Budget 2006	PL Base Adjustment 2007	New Proposals 2007	Total Budget 2007	Biennial Budget 2006 - 2007
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	\$103,000	\$5,000	\$0	\$108,000	\$9,000	\$0	\$112,000	\$220,000
Grants	\$8,537,206	\$397,555	\$2,500,000	\$11,434,761	\$622,787	\$2,500,000	\$11,659,993	\$23,094,754
<b>Total Costs:</b>	<b>\$8,640,206</b>	<b>\$402,555</b>	<b>\$2,500,000</b>	<b>\$11,542,761</b>	<b>\$631,787</b>	<b>\$2,500,000</b>	<b>\$11,771,993</b>	<b>\$23,314,754</b>
General Fund	\$8,451,220	\$365,768	\$2,500,000	\$11,316,988	\$595,000	\$2,500,000	\$11,546,220	\$22,863,208
Federal Special	\$188,986	\$36,787	\$0	\$225,773	\$36,787	\$0	\$225,773	\$451,546
<b>Total Funds:</b>	<b>\$8,640,206</b>	<b>\$402,555</b>	<b>\$2,500,000</b>	<b>\$11,542,761</b>	<b>\$631,787</b>	<b>\$2,500,000</b>	<b>\$11,771,993</b>	<b>\$23,314,754</b>

New Proposals

Program: STUDENT ASSISTANCE PROGRAM					Reporting Level: 5102-02-00-00-00-00					
Fiscal 2006					Fiscal 2007					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 101 - Need Based Student Aid - Two-year Program										
0.00	1,000,000	0	0	1,000,000	0.00	1,000,000	0	0	1,000,000	
DP 102 - Best and Brightest Program										
0.00	1,500,000	0	0	1,500,000	0.00	1,500,000	0	0	1,500,000	
<b>Totals</b>	<b>0.00</b>	<b>\$2,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,500,000</b>	<b>0.00</b>	<b>\$2,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,500,000</b>

NP 101 – Need Based Student Aid – Two-year Programs The executive budget increases general fund \$2.0 million in the 2007 biennium for need-based student assistance grants for students attending two-year degree programs of the Montana University System (including educational units, community colleges, and tribal community colleges). The program would be administered by the Office of the Commissioner of Higher Education (OCHE).

Need-Based Financial Aid Grants				
Type of Grant	Annual Scholarships Awarded	Award Per Student*	2007 Biennium	
			FY 2006	FY 2007
Each High School	180	\$ 1,000	\$ 180,000	\$ 360,000
Health Sciences Degree	100	1,000	100,000	200,000
Other Technical Degree	220	1,000	220,000	440,000
<b>Total</b>			<b>\$ 500,000</b>	<b>\$ 1,000,000</b>

\* Each student award is for \$1,000 per year for the two-year degree program

**LED COMMENT**

The executive proposal is structured to provide at least one grant award of \$1,000 per year for one student at each of the approximately 180 high schools in Montana. In addition, there would be 100 awards for students from any high school who pursue a two-year degree in a health sciences field and 220 additional awards for students from any high school who pursue a two-year degree in a technology or technical field.

The precise criteria and definitions for these grant awards would be developed by an advisory council to the Board of Regents, with members appointed by the Governor.

The grants are restricted to Montana resident students who attend any public postsecondary school in Montana in two-year degree programs. The grants are to be awarded for both years of postsecondary study.

**LED ISSUE**

Although the executive proposal would take two years of operations to reach the expenditure target of \$1.0 million per year (the program targets incoming freshman students for the two-year grant awards), the executive budget would fully fund the program for \$1.0 million in both years of the biennium. It would only be possible to expend \$.50 million in this program during FY 2006, so that approving this executive proposal as presented would result in a \$.50 million surplus.

Therefore, the legislature may want to consider:

1. Decrease the appropriation for FY 2006 by \$.50 million
2. Appropriate funds for the proposal as presented but restrict the \$.50 million surplus in FY 2006 to another need-based student assistance program as a one-time-only appropriation (e.g. Baker Grants or Montana Higher Education Grants)
3. Appropriate funds for the proposal as presented, which would essentially allow the Board of Regents to expend these funds at their discretion

NP 102 -- Best and Brightest Program - The executive budget increases general fund \$3.0 million in the 2007 biennium for merit-based (criteria based upon student achievement) student assistance grants for students who attend four-year and two-year degree programs of the Montana University System (including educational units, community colleges, and tribal community colleges). The program would be administered by the Office of the Commissioner of Higher Education (OCHE).

Best and Brightest Scholarship/Grant Program						
Type of Grant	Annual Scholarships Awarded	Award Per Student*	2007 Biennium		2009 Biennium	
			FY 2006	FY 2007	FY 2008	FY 2009
4 - Year Education	180	\$ 1,000	\$ 180,000	\$ 360,000	\$ 540,000	\$ 720,000
Additional Merit Based	40	2,000	80,000	160,000	240,000	320,000
2 - Year Education	250	1,000	250,000	500,000	500,000	500,000
<b>Total</b>			<b>\$ 510,000</b>	<b>\$ 1,020,000</b>	<b>\$ 1,280,000</b>	<b>\$ 1,540,000</b>

\* Each student award is for \$1,000 per year for each year of the two or four-year degree program

**LFD  
COMMENT**

The executive proposal is structured to provide at least one scholarship award of \$1,000 per year for one student pursuing a 4-year degree program from each of the approximately 180 high schools in Montana. In addition, there would be 40 annual scholarship awards of \$2,000 for students from any high school who pursue a four-year degree, and 250 additional \$1,000 annual scholarship awards for students from any high school who pursue a two-year degree.

The precise criteria and definitions for these grant awards, which are to be merit-based academic achievement awards, would be developed by an advisory council to the Board of Regents, with members appointed by the Governor.

The grants are restricted to Montana resident students who attend any public postsecondary school in Montana in two-year and four-year degree programs. The grants are to be awarded for each year of postsecondary study.

**LFD  
ISSUE**

Although the executive proposal would take four years of operations to reach the expenditure target of \$1.5 million per year (the program targets incoming freshman students for both two-year and four-year grant awards), the executive budget would fully fund the program for \$1.5 million in both years of the biennium. It would only be possible to expend approximately \$.51 million in this program during FY 2006 and \$1.02 million during FY 2007, so that approving this executive proposal as presented would result in a \$1.47 million surplus during the 2007 biennium.

Therefore, the legislature may want to consider:

1. Decrease the appropriation for the biennium by \$1.47 million
2. Appropriate funds for the proposal as presented but restrict the \$1.47 million surplus to another student assistance program as a one-time-only appropriation (e.g. Baker Grants or Montana Higher Education Grants)
3. Appropriate funds for the proposal as presented, which would essentially allow the Board of Regents to expend these funds at their discretion

**LFD  
ISSUE**

The Governor has requested legislation to implement the Need-Based Student Aid and the Best and Brightest Scholarship Program through statute (LC2094), though the funding would be provided through an HB 2 appropriation (the above two decision packages). According to the proposed legislation, the Office of the Commissioner of Higher Education will administer the scholarship aid program while a three-member advisory council, appointed by the Governor, will work to define the award criteria and other structural mechanisms.

Should the legislature decide to approve these decisions packages to appropriate funding for one or both student assistance scholarship programs, the legislature may want to consider one of the following options:

- ◆ Make no recommendations or adjustments to HB 2 until or unless the required legislation passes
- ◆ Approve the decision package appropriations and make adjustments to HB 2, but include contingency language to strike the appropriation if the legislation does not pass
- ◆ Approve the decision package and do not make adjustments to HB 2, but include contingency language to add the appropriation to HB2 if the legislation passes
- ◆ Approve the decision package and make the adjustments to HB 2, and include contingency language to appropriate the funding to an existing student assistance program (e.g. Baker or MHEG) if the legislation does not pass