EXHIBIT 18
DATE 1/21/2005
HB

Montana University System/Commissioner of Higher Education

Major Budget Issues

Executive recommendations:

- Increase general fund in the 2007 biennium budget by 9.1 percent ($25.3 million) over the 2005 biennium budget
- Increase general fund $3.5 million for Student Assistance scholarships (Governors Best and Brightest Scholarship proposal for Montana high school students)
- Increase general fund $5 million for equipment acquisition to support two-year degree programs (one-time-only)
- Increase general fund by $2.8 million ($2.5 million one-time-only) for Tribal College Assistance program
- Increase general fund $900,000 for two-year program common curriculum development (one-time-only)
- Increase general fund $600,000 for distance learning/online education (one-time-only)
- Present law adjustments totaling $6.7 million general fund for moderate enrollment increase and operations costs increases at the university educational units
- Federal authority is increased $23.3 million for Guaranteed Student Loan program, including 9.00 new FTE

Other issues identified for legislative consideration

- Accountability Measures – (building upon the work of the Postsecondary Education Budget and Policy [PEPB] interim subcommittee) consider a charge to PEPB to develop these measures and the signed agreement with the Board of Regents to develop performance benchmarks for the university system that can help drive budgeting and policy decisions by the legislature. For example:
  - Link state funding to incentive-based performance goals (graduation rates, retention rates, etc.)
  - Base state funding for university units upon a cost of education formula (similar to the community college assistance formula)
- Community College Assistance Program – consider requesting an interim committee (PEPB) to conduct a funding study to for community colleges in order to verify that the state-funding formula is relevant to the costs of education (statutory formula).
- Shared Leadership for a Stronger Montana Economy – this was the major university budget initiative under the Martz budget (removed in the Schweitzer budget), to provide $4.9 million to support economic development related initiatives as part of the university system. Initiatives include distance-learning, access to education, enhancements for two-year academic programs:
  - Not clear accountability goals – link to Accountability Measures
  - Not clear funds match requirement
  - Consider charge to an interim Committee to monitor Shared Leadership with report to 2007 legislature (focus on outcomes and fiscal oversight)