

DP 41 - Base Year Equalization Adjustment - SB 407 - - In this adjustment to base year expenditures, the executive budget reduces general fund by a total of \$2.75 million each year of the 2007 biennium.

LFD COMMENT HB 2 in the 2005 biennium included a biennial appropriation of \$5.5 million general fund to the university units from the revenue derived from SB 407 (the limited sales tax legislation). These funds were not designated as a one-time-only (OTO) appropriation.

As a biennial appropriation, the university units have the authority to expend these funds in either fiscal year of the biennium. Since the \$5.5 million was part of the lump-sum appropriation, however, there is no certainty when, during which fiscal year, the funds were spent. Therefore, the total appropriation of \$5.5 million is annualized over the biennium, leaving half this amount (\$2.75 million) that must be removed from the base in order to make this adjustment.

DP 42 - Increase in O&M for New Space - The executive budget adds \$202,000 general fund in the 2007 biennium to fund the state share calculation of increased operations and maintenance costs for new space coming online at MSU Northern (an applied technology center classroom/lab building) and at UM-Missoula (chemistry building renovations). These new facilities were approved by the legislature.

DP 43 - Increased IT License and Maintenance - The executive budget adds \$298,000 general fund in the 2007 biennium to fund the state share calculation of increased information technology licenses and maintenance costs at MSU-Bozeman, UM-Missoula, MSU- Billings, Montana Tech, UM-Western, and the Helena College of Technology.

LFD COMMENT In both DP 42 and DP 43, the executive budget uses the new state share calculation formula that is the ratio of Montana resident students versus non-resident students. Thus, in each of these adjustments, the state share of the present law adjustment costs is approximately 80 percent. Under the historic state share calculation formula the state share cost would be 43 percent.

This policy shift and formula change has the following fiscal impact in the executive budget:

- DP 42 and DP 43 at 80 percent formula = \$.50 million (executive budget formula)
- DP 42 and DP 43 at 43 percent formula = \$.27 million (historical budget formula)
- Total = \$.23 million increase

DP 44 - Resident Enrollment Growth --MUS - The executive budget increases general fund by \$706,000 in the 2007 biennium to support projected resident enrollment growth at the university education units. Figure 9 illustrates the enrollment projections and subsequent funding allocation:

Figure 9
 University Education Units - Present Law Adjustment (DP44)

	FY 2004	FY 2006	FY 2007	Growth From 2004 Budgeted	
	Budgeted	Projected	Projected	FY 2006	FY 2007
Resident FTE Students	26,866	26,918	27,188	52	322
Enrollment Growth State Funding (@ \$1,888 per student)				\$98,176	\$607,936