

Program Funding Table				
Tribal College Assistance				
	Budget	% of Budget	Budget	% of Budget
Program Funding	FY 2006	FY 2006	FY 2007	FY 2007
01000 General Fund	\$ 96,500	100.0%	-	-
Grand Total	96,500	100.0%	-	-

EXHIBIT 9
 DATE 01/26/2005
 HB 2

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2006					Fiscal 2007				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 28 - Reestab. Non-beneficiary Student Base Approp.	0.00	96,500	0	0	96,500	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$96,500	\$0	\$0	\$96,500	0.00	\$0	\$0	\$0	\$0
Grand Total All Present Law Adjustments					\$96,500					\$0

DP 28 - Reestab. Non-beneficiary Student Base Approp. - The executive budget reestablishes the 2005 biennium base appropriation for state support for resident non-beneficiary students at tribal community colleges. The \$96,500 biennial appropriation was expended in fiscal 2005 and therefore not included in the 2007 biennium expenditure base (FY 2004).

LFD COMMENT

Resident non-beneficiary students are those who are Montana residents but are not enrolled members of a federally recognized Indian tribe. Since the Tribal College Assistance Program was created by the legislature in FY 1996, there has been an average of 311 resident non-beneficiary FTE students per year attending tribal community colleges in Montana.

Assuming this average continues into the 2007 biennium, funding at the present law adjustment level of \$96,500 for the 2007 biennium provides a total of \$155 of state support per non-beneficiary FTE student per year. Since the inception of the tribal college assistance program (20-25-428, MCA) the legislature has funded resident non-beneficiary student FTE at tribal community colleges at the following annual amounts:

- FY 1996 at \$1,371
- FY 1997 at \$1,369
- FY 1998 at \$0
- FY 1999 at \$0
- FY 2000 at \$1,457
- FY 2001 at \$1,298
- FY 2002 at \$167
- FY 2003 at \$167
- FY 2004 at \$128
- FY 2005 at \$128

To fund this program at the statutory maximum (\$1,500 per FTE student per year) would require an additional appropriation of \$836,500 in the 2007 biennium, based upon the historical average of 311 student FTE per year.

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	49.20	0.00	9.00	58.20	0.00	9.00	58.20	58.20
Personal Services	1,931,167	(78,012)	354,350	2,207,505	(77,021)	353,518	2,207,664	4,415,169
Operating Expenses	3,113,126	51,642	500,000	3,664,768	61,934	500,000	3,675,060	7,339,828
Equipment	0	0	0	0	0	0	0	0
Benefits & Claims	19,921,785	8,936,000	0	28,857,785	11,170,000	0	31,091,785	59,949,570
Transfers	72,550	0	0	72,550	0	0	72,550	145,100
Total Costs	\$25,038,628	\$8,909,630	\$854,350	\$34,802,608	\$11,154,913	\$853,518	\$37,047,059	\$71,849,667
Federal Special	25,038,628	8,909,630	854,350	34,802,608	11,154,913	853,518	37,047,059	71,849,667
Total Funds	\$25,038,628	\$8,909,630	\$854,350	\$34,802,608	\$11,154,913	\$853,518	\$37,047,059	\$71,849,667

Program Description

The Montana Guaranteed Student Loan Program (GSL) operates under federal regulation with federal funds to guarantee student loans that are made by private lenders to Montana higher education students. GSL purchases and services student loans that are in default, works with students to prevent default, collects the outstanding balance from the defaulted loans for repayment to the US Department of Education, and provides training and technical assistance to schools and lenders. The Montana Guaranteed Student Loan program is authorized under Title 20, Chapter 26, MCA.

Program Highlights

Guaranteed Student Loan Program	
Major Budget Highlights	
<ul style="list-style-type: none"> • The executive budget increases federal funding authority in the GSL by \$20 million in the 2007 biennium as follows: <ul style="list-style-type: none"> • \$18 million to purchase defaulted student loans from private lenders • \$2.1 million to repay the US Department of Education the federal share of funds collected from defaulted student loans • The executive budget adds 9.00 new FTE and expands default reduction programs, funded with \$1.7 million of additional federal revenue. 	

Program Narrative

Starting in 1979, the Montana Board of Regents accepted responsibility to serve as the "guarantor" of the funds private lenders would loan to Montana students under the federal student loan program. Without a government entity serving as guarantor, there would be little incentive for private lenders to make student loans to young people who typically have a high-risk profile (based upon age, income status, length of employment, and their intention to be full-time students). Therefore, the Board of Regents created the GSL and agreed that they would purchase defaulted student loans from private lenders and take responsibility for collecting on these loans.