

PROGRAM 02 – STUDENT ASSISTANCE**LFD
COMMENT**

As this analysis was going to print, an official in the Governor's Office indicated that they would be submitting some last minute changes to the recommended appropriations for the "Best and Brightest Scholarship Program". Specifically, the revised executive budget intends to re-allocate the FY 2006 and FY 2007 surplus funds from the scholarship program to other areas of the university system.

For specific information about the scholarship program and the surplus funds, read the LFD Issues that follow below.

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	Award	2007 Biennium	
	Scholarships Awarded	Per Student*	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
Total			\$500,000	\$1,000,000

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

**LFD
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.

**LFD
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 \$0.50 million in this program during FY 2006, so that approving this executive proposal as presented would result in a \$0.50 million surplus.

LFD ISSUE CONTINUED

Therefore, the legislature may want to consider:

1. Decrease the appropriation for FY 2006 by \$0.50 million
2. Appropriate funds for the proposal as presented but restrict the \$0.50 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	<u>250</u>	<u>1,000</u>	<u>250,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total			<u>\$510,000</u>	<u>\$1,020,000</u>	<u>\$1,280,000</u>	<u>\$1,540,000</u>

* 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 \$0.51 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.

**LFD
ISSUE
CONTINUED**

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 decision 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.