

**Language Recommendations**

*Statement on Tuition*

The executive budget recommends language in HB 2 that acknowledges the sole authority of the Board of Regents to set university tuition and that the legislature has no appropriations authority over tuition:

“The legislature acknowledges that tuition rates are determined by the Board of Regents and that tuition revenue is considered private revenue and therefore not subject to legislative appropriation.”

<b>LFD ISSUE</b>	<p>The Montana Constitution at Article X, Section 9 gives governance authority over the university system to the Board of Regents. Such authority includes setting tuition rates.</p> <p>The proposed executive language does not impact constitutional authority or change any duties or obligations of either the board or the legislature. The language is repetitive to current authority and not legally binding, which ultimately renders it meaningless.</p> <p>The legislature may wish to exclude the language from HB 2.</p>
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*Investment Earnings Revenue*

The executive budget recommends language in HB 2 that establishes investment earnings revenue projections for the university units and colleges of technology for each year of the biennium:

“Revenue anticipated to be received by the Montana university system units and colleges of technology includes: (1) interest earnings of \$791,274 each year of the 2007 biennium; and (2) other revenue of \$1,301,198 each year of the 2007 biennium. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in the appropriation distribution.”

*General Fund Appropriation Subject to Reversion* **See page 4 for Recommended Changes**

The executive budget recommends language in HB 2 that establishes the per student funding allocation based upon enrollment projections and conditions that general fund allocations will be subject to reversion if the funded enrollment levels are not met by the university educational units:

“The general fund and millage appropriation in the appropriation distribution item is calculated to fund education in the 4-year units and the colleges of technology for an estimated 26,918 resident student FTE students in fiscal 2006 and 27,188 resident students in fiscal 2007. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students without a state general fund contribution. If actual resident enrollment is less the estimated number for the biennium, the commissioner of higher education shall revert \$1,888 in general fund money to the state for each estimated FTE student who did not enroll.”

*Restriction on Shared Leadership Match Funding Appropriations*

The executive budget recommends language in HB 2 that restricts Shared Leadership appropriations to require that matching funds be collected before general fund is spent:

“The general fund money in DP 78 [Appropriation Distribution (09) (Governor’s Initiative)] is appropriated with the condition that the item is matched with \$5,000,000 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed to supporting equipment for 2-year programs.”

“The general fund money in DP 60 [Appropriation Distribution (09) (Governor’s Initiative)] is appropriated with the condition that the item is matched with \$400,000 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed to supporting a more responsive workforce training system.”

"The general fund money in item DP 61 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$200,000 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed to supporting the Montana Tech economic development resource center."

"The general fund money in item DP 63 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$250,000 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed for the purpose of increasing the supply of health care workers."

"The general fund money in item DP 51 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$250,000 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed for the purpose of supporting a distance learning program."

"The general fund money in item DP 67 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$159,967 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed for the purpose of supporting an integrated weed management and biotechnology program."

"The general fund money in item DP 8 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$16,400 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed for the purpose of supporting a cropping specialist position."

"The general fund money in item DP 16 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$32,800 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed for the purpose of supporting a livestock specialist position."

"The general fund money in item DP 68 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$36,720 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed for the purpose of supporting a technical assistance to small oil and gas operators program."

"The general fund money in item DP 69 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$36,720 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed for the purpose of supporting a coal and coal bed-methane technology program."

"The general fund money in item DP 66 [Appropriation Distribution (09) (Governor's Initiative)] is appropriated with the condition that the item is matched with \$38,259 from funds identified by the board of regents. The office of the commissioner of higher education must certify to the office of budget and program planning that the matching sources have been identified and committed for the purpose of supporting one additional fire services trainer."

#### *Audit Costs for the University Educational Units*

The executive budget recommends language in HB 2 that projects audit costs for the educational units:

"Total audit costs are estimated to be \$544,376 for the university system, other than the office of the commissioner of higher education. Each unit shall pay a percentage of these costs from funds other than those appropriated the item [Appropriation Distribution (09)]."

*Revenue Projections for Research/Public Service Agencies*

The executive budget recommends language in HB 2 that includes revenue projections for various revenue sources for the research/public service agencies:

"Revenue anticipated to be received by the agricultural experiment station includes:

- (1) interest earnings and other revenue of \$60,308 each year of the 2007 biennium;
- (2) federal revenue of \$1,824,304 in fiscal year 2006 and \$1,817,448 in fiscal year 2007; and
- (3) sales revenue of \$1,195,180 in fiscal year 2006 and \$1,195,180 in fiscal year 2007."

"Revenue anticipated to be received by the extension service includes:

- (1) interest earnings of \$5,034 year of the 2007 biennium; and
- (2) federal revenue of \$2,400,000 in fiscal year 2006 and \$2,400,000 in fiscal year 2007."

"Anticipated interest revenue of \$1,070 in each year of the 2007 biennium is appropriated to the forestry and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in the line item appropriation."

"Anticipated sales revenue of \$29,157 each year of the 2007 biennium is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in the line item appropriation."

"Anticipated interest revenue of \$732 each year of the 2007 biennium is appropriated to the fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in the line item appropriation."

*Miscellaneous Language Recommendations*

The executive budget recommends language in HB 2 to require a transfer to the energy conservation program account:

"The appropriation distribution item includes \$817,960 for the 2007 biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$126,400 in fiscal year 2006 and \$88,800 in fiscal year 2007; Montana tech of the university of Montana, \$28,000; Montana state university-northern, \$101,000 in fiscal year 2006 and \$67,000 in fiscal year 2007; Montana state university-Bozeman \$58,000; Montana state university-Billings, \$133,500 in fiscal year FY 2006 and 105,500 in fiscal year 2007; and western Montana college of the university of Montana, \$12,410 in fiscal year 2006 and \$11,350 in fiscal year 2007."

The executive budget recommends language in HB 2 to allocate funds for the Montana natural resource information system:

"The Montana University System shall pay \$88,506 for the 2007 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."

## ***General Fund Subject to Reversion***

Per Page E-147 of the Legislative Budget Analysis 2007 Biennium:

“The general fund and millage appropriation in the appropriation distribution item is calculated to fund education in the 4-year units and the colleges of technology for an estimated 26,918 resident student FTE students in fiscal 2006 and 27,188 resident students in fiscal 2007. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students without a state general fund contribution. If actual resident enrollment is less the estimated number for the biennium, the commissioner of higher education shall revert \$1,888 in general fund money to the state for each estimated FTE student who did not enroll.”

### **Recommendation by Mr. Peura which the Subcommittee adopted on February 3, 2005:**

“The general fund and millage appropriation in the appropriation distribution item is calculated to fund education in the 4-year units and the colleges of technology for an estimated 26,918 resident student FTE students in fiscal 2006 and 27,188 resident students in fiscal 2007. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students without a state general fund contribution. If actual resident enrollment is less the estimated number for the biennium, the commissioner of higher education shall revert \$1,888 in general fund money to the state for each estimated FTE student who did not enroll. in accordance with MCA, 17-7-142.”

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### **Reason For the Change:**

There has been a new statute adopted since the language was proposed. That statute was revised last session to create a reversion formula that the university units follow. The quick thumbnail sketch is that it creates a reversion formula based on three-year averages over time, not just the snapshot of current biennia.