EXHIBIT 4
DATE 1/17/07
HB 2

OCHE Alternate Indirect Cost Proposal (to replace DP #1053)

The agency would like to submit an alternate proposal for indirect cost recoveries to properly assess indirect costs as follows:

Indirect Cost Proposal	Fiscal 2008	Fiscal 2009
General Fund	$ (58,519)	$ (58,519)
Federal Special	$ 57,109	$ 57,109
Proprietary Fund	$101,185	$101,185
Total Funds	$ 99,775	$ 99,775

The changes include restoring federal special authority and establishing proprietary authority for the estimated amount of indirect cost recoveries. There continues to be a reduction to general fund, although not as much as the original proposal. The alternative proposal continues to assess the general fund indirect costs of $61,627 and $61,351 in fiscal years 2008 and 2009, respectively. In fiscal year 2006, the general fund was charged $63,086.

The total expenditures in the administration program do not change as a result of the alternate indirect budget request; however, the funding of the administration budget changes to show the amount of funding received from federal grants and the amount received from the Montana University System benefits program. We believe this change simplifies our accounting for indirect costs, is more transparent in where the funding comes from and continues to implement the federally approved indirect cost plan.

Expenses	Proposed FY 08	Proposed FY 09	Current FY 08	Current FY 09
Total Costs	$ 3,969,485	$ 2,916,017	$ 3,969,485	$ 2,916,017
Funding				
01100 General Fund	$ 3,590,185	$ 2,536,718	$ 3,528,550	$ 2,475,358
03080 Federal	$ 278,123	$ 278,123	0	0
06059 MUS Benefits	$ 101,185	$ 101,185	$ 440,935	$ 440,659