



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0194	Title:	Tuition reductions for resident students
Primary Sponsor:	Lange, Michael	Status:	As Introduced

- | | | |
|-----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

Expenditures:

General Fund	\$13,400,000	\$13,400,000	\$15,388,000	\$15,388,000
Current Unrestricted Fund (state)	\$13,400,000	\$13,400,000	\$15,388,000	\$15,388,000
Current Unrestricted Fund (tuition)	(\$13,400,000)	(\$13,400,000)	(\$15,388,000)	(\$15,388,000)

Revenue:

General Fund	\$0	\$0	\$0	\$0
Current Unrestricted Fund (state)	\$13,400,000	\$13,400,000	\$15,388,000	\$15,388,000
Current Unrestricted Fund (tuition)	(\$13,400,000)	(\$13,400,000)	(\$15,388,000)	(\$15,388,000)
Net Impact-General Fund Balance:	(\$13,400,000)	(\$13,400,000)	(\$15,388,000)	(\$15,388,000)

Description of fiscal Impact: The bill transfers to each unit of the Montana University System \$500 per resident student enrolled in and attending each unit of the university system and is intended to lower tuition costs.

FISCAL ANALYSIS

Assumptions:

1. The number of full-time full-year resident students (FYFTE) in FY 2006 was 26,422. The executive budget estimates 26,756 full-time full-year resident students in each year of the 2009 biennium. HB 194 provides an appropriation level equivalent to this level of students.
2. HB 194 calls for the Department of Administration to use the number of resident students enrolled in and attending each unit of the university system at the beginning of the school year. The number of resident students (headcount) on the 15th day of school in the Montana University System was 30,776 in the fall of 2006. The cost of fully funding this level of students is \$30.776 million in the biennium (30,776 times \$500). See technical notes 4 and 5.
3. Then number of students enrolled at the beginning of the school year is anticipated to remain the same from fall 2006 to fall 2010.

4. For the biennium ending June 30, 2009 fund transfers would not exceed the limit of \$26.8 million in the bill. In the 2011 biennium no cap on the appropriation controls the level of expenditure.
5. The Board of Regents is not required to reduce tuition as a result of this bill. The Board of Regents has the authority to raise tuition or increase expenditures. The assumption of this fiscal note is that the Board of Regents follows the intent stated in the bill and lowers tuition the same amount as the funding provided in this bill.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
Department of Administration				
<u>Expenditures:</u>				
Transfers	\$13,400,000	\$13,400,000	\$15,388,000	\$15,388,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$13,400,000	\$13,400,000	\$15,388,000	\$15,388,000
Educational Units				
<u>Expenditures:</u>				
	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
CUF (State Appropriations)	\$13,400,000	\$13,400,000	\$15,388,000	\$15,388,000
CUF (Tuition)	(\$13,400,000)	(\$13,400,000)	(\$15,388,000)	(\$15,388,000)
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
CUF (State Appropriations)	\$13,400,000	\$13,400,000	\$15,388,000	\$15,388,000
CUF (Tuition)	(\$13,400,000)	(\$13,400,000)	(\$15,388,000)	(\$15,388,000)
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$13,400,000)	(\$13,400,000)	(\$15,388,000)	(\$15,388,000)
CUF (State Appropriations)	\$0	\$0	\$0	\$0
CUF (Tuition)	\$0	\$0	\$0	\$0

Technical Notes:

1. The Office of Commissioner of Higher Education (OCHE) is the typical conduit of state funding for the Montana University System. The Department of Administration does not usually transfer funds to the Montana University System educational units.
2. The fiscal note assumes to fund the operational costs of the Montana University System with a reduction in student tuition. If the intent of the bill is direct payments to resident students, instead of funding operations, then approximately \$107,000 in additional administrative expense will be incurred in getting the funds to students.
3. The state appropriation in this bill is valid for the 2009 biennium only. An appropriation would need to be established by the 2009 session to continue this transfer in following biennia.
4. The bill requires the number of resident students to be determined at the “beginning of the school year”, which is not defined. Normally, the final fall enrollment numbers are available after the 15th class day.

5. Full-time full-year resident equivalent (FYFTE) students is the typical measure of enrollment. Actual enrollment or number of students attending a unit of the Montana University System is typically higher than the FYFTE number of students as some students enroll part-time. The limit imposed on the 2009 biennium caps the appropriation to the anticipated FYFTE level. The 2011 biennium does not have a limit and may need to be addressed in the 2009 session.

Sponsor's Initials

Date

Budget Director's Initials

Date