EXHIBIT 1
DATE 1/20/09
HB 2

The Legislative Fiscal Divis

Presents:

Montana Univ

State of Montana

Agency Profile

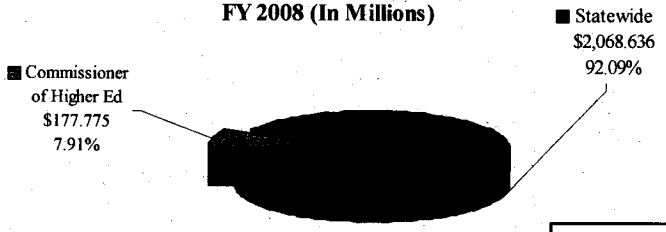
Oct. 2008

This agency profile will discuss...

- structure and funding
- primary functions and
- historical expenditures

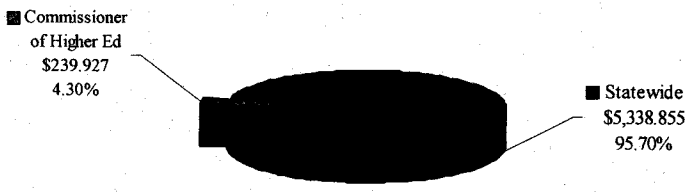
The profile also includes information on how decision makers can effect change in the agency's expenditures along with a listing of pertinent statistics. For an explanation of terms used in this profile, consult the "Background on the Agency Profiles" at: http://leg.mt.gov/css/fiscal/default.asp

General Fund Statewide Comparison
FY 2008 (In Millions)



Let's begin by putting the agency's size in perspective by comparing it to state government as a whole.

Total Funds Statewide Comparison
FY 2008 (In Millions)



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Section E
Education

What the Agency Does

The Montana University System (MUS) provides a public postsecondary education for Montana residents and out-of-state students at 4-year and 2-year campuses in eight cities. The MUS also has research and public service facilities across the state. Three community colleges in Montana provide 2-year education and seven tribal colleges provide both 2-year and 4-year education programs.

The Montana Constitution, Article X, section 9, grants governance authority over the MUS to the Board of Regents (Board), with seven members appointed by the Governor. The Constitution charges the Board with hiring a Commissioner of Higher Education who serves as its executive staff. The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization that provides management support and administrative leadership to all educational units and research and public service education agencies, for student support/assistance programs, and for financial aid functions of the MUS.

The community colleges have shared governance between local trustees and the MUS Board of Regents. The seven tribal colleges located on reservations across Montana are independent colleges and are not governed by the Board of Regents.

All of the public postsecondary education systems are funded by tuition and other student fees; state funds; federal, state, or private grants and contracts; sales and service revenue; and investment earnings. While each of the educational systems receive some portion of their funding from the State of Montana, only the Montana University System is considered a state agency, and thus is the legal conduit for state funds appropriated for community colleges and tribal colleges. This distribution is made through the Office of the Commissioner of Higher Education to the community colleges and tribal colleges.

How Services are Provided

The Montana University System operates the following program units with the following functions:

University Educational Units - provide postsecondary education to resident (Montana) and nonresident (out-of-state) students leading to the undergraduate 2-year Associate's Degree and 4-year Bachelor's Degree and graduate education leading to the Master's Degree and Doctorate Degree. The MUS also partners with business and industry to provide job skills education and training, as well as applied and basic research.

University of Montana (UM)
- Four-year campus at Missoula
- Four-year campus at Butte (Montana Tech)
- Four-year campus at Dillon (Montana Western)
- Two-year campus at Helena (College of Technology)
- Two-year campus at Missoula (College of Technology)
- Two-year campus at Butte (College of Technology)

Montana State University (MSU)
- Four-year campus at Bozeman
- Four-year campus at Billings
- Four-year campus at Havre (MSU-Northern)
- Two-year campus at Great Falls (College of Technology)
- Two-year campus at Billings (College of Technology)

Research Education and Public Service Agencies/Programs - combine research and education to serve students, communities, business, and the state of knowledge in specific disciplines.
- **Agricultural Experiment Station** - research and experimentation in ag science at MSU
- **Cooperative Extension Services** - education-based applied research at MSU to assist community development
- **Forestry and Conservation Experiment Station** - provide scientific investigation of resource management and conservation at UM
- **Bureau of Mines** - provide advisory, technical, and information services on geologic, mineral, energy, and water resources, as well as research; with facilities in Butte and Billings
- **Fire Services Training School** - provide professional development and training for community fire and rescue service personnel, located in Great Falls

Office of the Commissioner of Higher Education (OCHE) – provides comprehensive administrative support and leadership for all units of the MUS, including the following programs:

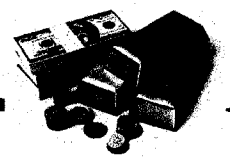
- Board of Regents – the governing body for the MUS
- Guaranteed Student Loan Program – the guarantor for private lending to students
- Workforce Development Program – federal Perkins Grant administrator to support vocational education
- Student Assistance Program – financial support, including grants based upon merit and economic need, as well as work-study programs
- Educational Outreach & Diversity Program – academic support to low-income and at-risk students at the secondary school level to encourage postsecondary education upon high school graduation
- Improving Teacher Quality Program – provides grants to secondary math and science teachers for continuing professional education
- MUS Group Insurance and Self-Funded Workers Compensation – provides statewide administration of MUS employee health insurance and workers' compensation insurance

As noted earlier, the Office of the Commissioner of Higher Education also distributes state appropriations to the community colleges and tribal colleges.

Community Colleges – three campuses provide post-secondary education, mostly to Montana students, leading to the 2-year Associates Degree, as well as job-specific certificate programs and skills training, at:

- Flathead Valley Community College in Kalispell and Libby
- Miles Community College in Miles City
- Dawson Community College in Glendive

Tribal College Assistance – financial assistance for tribal colleges for resident nonbeneficiary (nontribal member) students who attend the seven tribal community colleges located on the reservations of Montana.



Montana University System
FTE Employees Per Unit/Division - FY 2008

Division/Unit	FY 2008 FTE
Educational Units (Campuses)	7,200.64
Office of the Commissioner of Higher Education (OCHE)	
Administration	20.90
Administration-Distance Learning	1.00
Administration-Transferability & Student Data	2.50
Student Assistance	1.50
Educational Outreach & Diversity	18.95
Workforce Development	6.01
Guaranteed Student Loan	56.20
MUS Group Insurance	5.00
Self-Funded Workers Comp	1.00
Agricultural Experiment Station	223.83
Extension Service	158.27
Forestry & Conservation Experiment Station	12.56
Bureau of Mines	38.45
Fire Services Training School	9.48
Total MUS FTE	7,756.29

Source: Schedule 6, MUS Operating Budget FY 2008

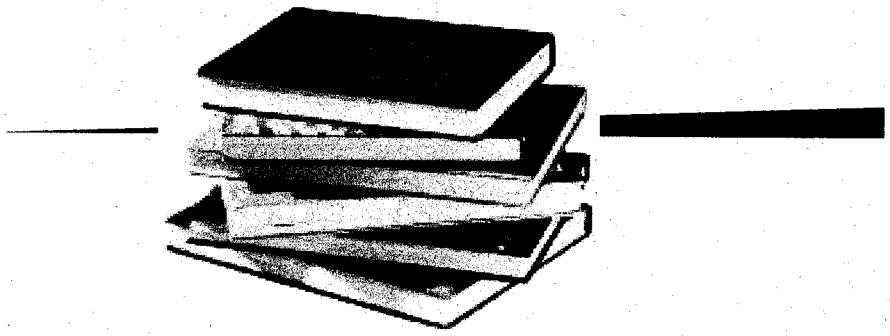
The Montana University System provides these programs and services primarily through the employment of state FTE, who are employed as teaching faculty, researchers, student assistants, counselors, administrators, mentors, loan officers, etc. Personal services account for 75.6 percent of the current unrestricted fund expenditures for the university system in FY 2008, while operations (including scholarships) account for an average of 21 percent of expenditures. These proportions have essentially remained steady over the past decade.

How Services Are Funded

Total Funds

The Montana University System is funded by tuition and other student fees; state funds; federal, state, or private grants and contracts; sales and service revenue; and investment earnings. Revenues received by colleges and universities are classified according to their source and use. The table below illustrates the various funds used by the MUS, the kind of revenue that is deposited into each fund type, and the percent of each fund type to total revenue for FY 2008.

Montana University System FY 2008 Major Funds/Expenditure Allocation and Revenue Sources	
Fund (% of Budgeted Expends)	***Revenue Source for Each Fund***
Current Unrestricted Fund (35% of expenditures)	State Funds from HB 2 – General Fund and Property Tax Mill Levy Student Tuition Interest Earnings (primarily from tuition funds)
Current Restricted Fund (26% of expenditures)	Grant contracts (Government, Foundation, and Corporate) Some federal grant funds from HB 2 Federal financial aid from HB 2 Scholarships
Current Designated Fund (18% of expenditures)	Various student fees (athletics, activities, academic support) Indirect cost recoveries State work-study funding
Auxiliary Fund (9% of expenditures)	General on-campus services to students Residence hall fees Food services
Plant Fund (12% of expenditures)	Long Range Building Funds from HB 5 Campus building fees
Student Loan Fund (less than 1% of expenditures)	Perkins Federal Loan program Student Loans Potter Loan Fund
Endowment Fund (less than 1% of expenditures)	Philanthropic donations that restrict the principal
Source: Board of Regents Operating Budget FY 2008 (Schedule 1)	



Current Unrestricted Fund

The current unrestricted fund is the primary fund where state appropriations are deposited and spent, as are tuition and investment earnings on the fund. General operating budgets for all MUS education units and agencies are accounted for in this fund. Current unrestricted fund expenditures account for 35 percent of total MUS expenditures and represent the area in which the legislature has the most budget and policy impact on the MUS budget.

Tuition Revenue

Tuition revenue is considered private/contract revenue and is not appropriated at all by the legislature but governed solely by the Board of Regents. In FY 2008, tuition revenue comprised approximately 51 percent of the total current unrestricted fund budget.

State Appropriations

Funds appropriated by the legislature include general fund and state special revenue from the 6-mill property tax levy and other state sources. These funds are appropriated in HB 2 and appear in all HB 2 totals. The legislature has the most budgetary and policy impact through appropriation of these funds. In FY 2008, state appropriations comprised approximately 47 percent of the total current unrestricted fund budget.

As previously noted, once state-appropriated funds reach the university units and agencies, they are classified according to their source and use. Thus, general fund, property tax mill levy revenue, and interest earnings appropriated in HB 2, together with student tuition, are combined and classified as current unrestricted funds in the MUS operating budget. At this point, these funds may be used by the units for any lawful purpose, and it is this current unrestricted fund that supports the essential educational mission of the university units.

Other Public Revenue

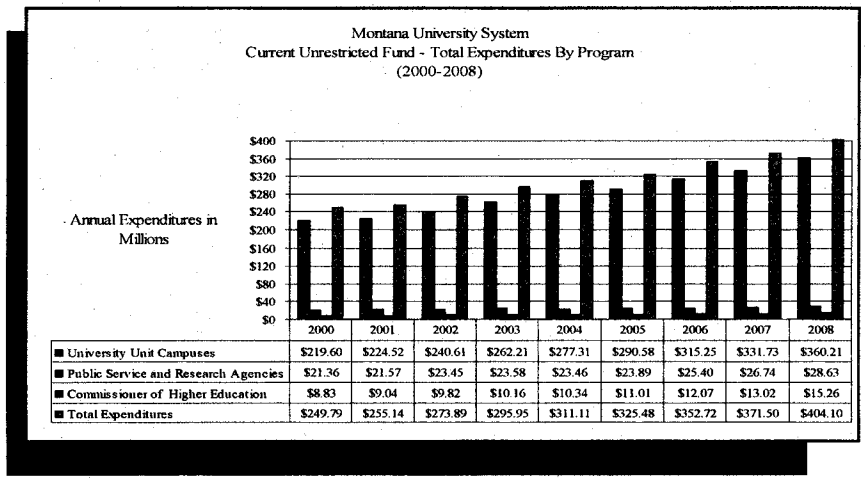
Other public revenue sources, such as most federal financial aid and education-related government research grants, are appropriated generally in HB 2 language and do not appear in the HB 2 detail totals, as the funds are received directly by the educational units and public service agencies.

Related Data & Statistics

Element	*1996*	*2008*	*Significance of Data*
University/COT Enrollment (all students - FTE)	30,316	33,350	Indicates demand for services
Community College Enrollment (all students - FTE)	2,159	2,206	Indicates demand for services
Tribal College Enrollment (non-tribal member students - FTE)	342	301	Indicates demand for services
Avg. Annual Resident UG Tuition: All University Units Colleges of Technology	$1,777 $1,516	$4,140 $2,431 (FY 2007)	Cost of access to higher education for student, family
Avg. Community College Tuition (Annual Resident In-District Students)	$1,189	$1,691 (FY 2007)	Cost of access to higher education for student, family
Total State Funded Student Assistance (millions)	$5.2	$5.6	Indicates fiscal commitment to access to higher education
Total Annual amount of Guaranteed Student Loan Debt (millions)	$72.9	$161.0	Indicates cost of access to higher education for student/family
Average Student Loan Debt After 4-year Degree	$18,307	$20,180 (FY 2006)	Indicates cost of access to higher education for student/family
Average Student Loan Debt After 2-year Degree	$7,971	$13,950 (FY 2006)	Indicates cost of access to higher education for student/family
Percentage of State Funding for MUS Educational Units (Current Unrestricted Fund)	55%	43%	Indicates state share of support for higher education

Expenditure History—Current Unrestricted Fund

The chart below illustrates the annual expenditures from the current unrestricted fund for the Montana University System for fiscal years 2000 through 2008.



	2000	2001	2002	2003	2004	2005	2006	2007	2008
University Unit Campuses	$219.60	$224.52	$240.61	$262.21	$277.31	$290.58	$315.25	$331.73	$360.21
Public Service and Research Agencies	$21.36	$21.57	$23.45	$23.58	$23.46	$23.89	$25.40	$26.74	$28.63
Commissioner of Higher Education	$8.83	$9.04	$9.82	$10.16	$10.34	$11.01	$12.07	$13.02	$15.26
Total Expenditures	$249.79	$255.14	$273.89	$295.95	$311.11	$325.48	$352.72	$371.50	$404.10

Montana University System - Growth of Current Unrestricted Fund Expenditures

University System Program	Institution Type as Percent of All Expenditures 2000	2008	Average Annual Expenditure Growth (2000-2008)	Total Expenditure Growth Over Nine Years
Univ. Unit Campuses	87.9%	89.1%	6.4%	64.0%
Public Service/Research Agencies	8.6%	7.1%	3.7%	34.1%
Commissioner of Higher Ed.	3.5%	3.8%	7.1%	72.7%
Total Expenditures	100%	100%	6.20%	61.78%

Source: Montana University System, Operating Budgets (1997-2006), System Schedule 13
[FY2006-2008 are Budgeted figures]

As noted above, the current unrestricted fund supports the "essential educational mission" of the MUS, as the largest expenditure programs in this fund include instruction at 45 percent, academic support at 10 percent, student services at 7 percent, and scholarships/fellowships at 7 percent. Meanwhile, the revenue sources for these expenditures include state funding, student tuition and fees, and federal funds.

The current unrestricted fund chart illustrates that expenditure growth in the current unrestricted fund has averaged about 6.2 percent per year over the last nine years. The most significant expenditures in the current unrestricted fund are the university unit campuses, as they comprise 89 percent of all expenditures from this fund. The average annual growth rate of the campus units has been 6.4 percent, with tuition revenue the largest revenue source (about 58 percent of the education units' revenue in FY 2008). Among the most significant areas of expenditure growth are plant operations at a 7 percent annual growth rate, totaling $43 million per year in total costs in FY 2008. This reflects a growth in total square footage of buildings across all campuses as well as increased costs, such as utility rates. Student scholarships/fellowships have seen growth at an annual rate of 14 percent as these costs total $27 million in FY 2008. Driving this increase is both an increase in the number of students awarded scholarship aid and also the increasing tuition rates that raise the cost value of each scholarship award.

In the public service/research agencies, the annual growth rate is 3.7 percent. Among these five agencies, the Agriculture Experiment Station represents 52 percent of the expenditures, the Extension Service represents 30 percent, the Bureau of Mines represents 12 percent, the Forest Conservation Experiment Station represents 4 percent, and the Fire Services Training School represents 3 percent. What distinguishes the agencies from the university unit campuses in the area of financing is that these agencies do not receive revenue from "student tuition and fees". Their primary funding source is state general fund and state special revenue, with additional federal grant funding.

The Office of the Commissioner of Higher Education comprises the smallest portion of expenditures from the current unrestricted fund at 3.8 percent in FY 2008, but has the largest annual growth rate at 7.1 percent (see explanation of expenditure growth in next section).

Once again, it is here, in the current unrestricted fund of the MUS, that the educational mission is funded and where all state funding is appropriated. Therefore, it is in this area of operations that the legislature has the opportunity to effect change and bring public policy matters to bear on higher education in Montana.

Reasons for Expenditure Growth/Change

The educational units, the University of Montana and Montana State University units experienced an annual 6.4 percent expenditure growth rate during the eight year period from FY 2000 through 2008. Three significant expenditure growth drivers include increased plant O&M costs, increased scholarship costs which reflect tuition rate increases, and increased personnel. Most of the growth for the research and public service agencies can be explained by increased personnel costs and increased benefits costs during FY 2000 through 2008. For the Office of the Commissioner of Higher Education, a large portion of this growth is driven by recent state appropriations approved for strategic system initiatives aimed at improving service delivery and quality for students and increased student financial aid.

Montana University System
Summary of Expenditures - All Funds

	Budgeted FY 2007	Percent of Total	Budgeted FY 2008	Percent of Total
Current Unrestricted	$374,240,464	34.5%	$404,101,622	35.2%
Current Restricted	307,694,689	28.4%	297,571,569	25.9%
Current Designated	193,216,971	17.8%	204,161,800	17.8%
Auxiliary Fund	99,140,116	9.1%	103,211,423	9.0%
Plant Fund	109,940,965	10.1%	137,335,488	12.0%
Loan & Endowment Funds	$453,043	0.04%	$595,701	0.05%
Total	$1,084,686,248	1.00	$1,146,977,603	1.00
State Funding	$162,394,300		$189,396,806	
Percent of Total	15.0%		16.5%	

Sources: Board of Regents Operating Budget FY 2008 (Schedules 1 and 2), excludes Community Colleges and Tribal College Assistance

The summary of expenditures chart on this page demonstrates total expenditures for the MUS for all funds during the last two fiscal years, with the percentage allocations of expenditures to each specific fund. Recall that almost all state-appropriated funds are allocated to the current unrestricted fund, and are used as part of university system educational operations. In FY 2007, state funds comprise 15 percent of all expenditures and in FY 2008 state funds comprise 16.5 percent of all MUS expenditures. The single largest increase in expenditures across the MUS comes in the plant fund, which reflects increased construction and major maintenance of buildings and facilities on campuses across the university educational units.

State Percent Share Factor in MUS Budget

An important component of the MUS budget is the "state percent share" factor that is used to determine the amount that the state budget will fund present law adjustments and the pay plan during each biennium budget. As with other state agencies, when there are other revenue sources available to fund agency programs, present law increases and pay plan appropriations are funded only at the proportion that state funding represents in the base year expenditure budget. For the university system, the primary "other revenue funding source" is student tuition, so that at whatever percentage the state budget funds present law increases and the pay plan, the remaining funding for operating budgets approved by the Board of Regents will come from tuition.

Historically, the state percent share of funding for the university educational units has been derived through a formula that looks at the ratio between state funding and the total revenue that funds the base year expenditures for the units.

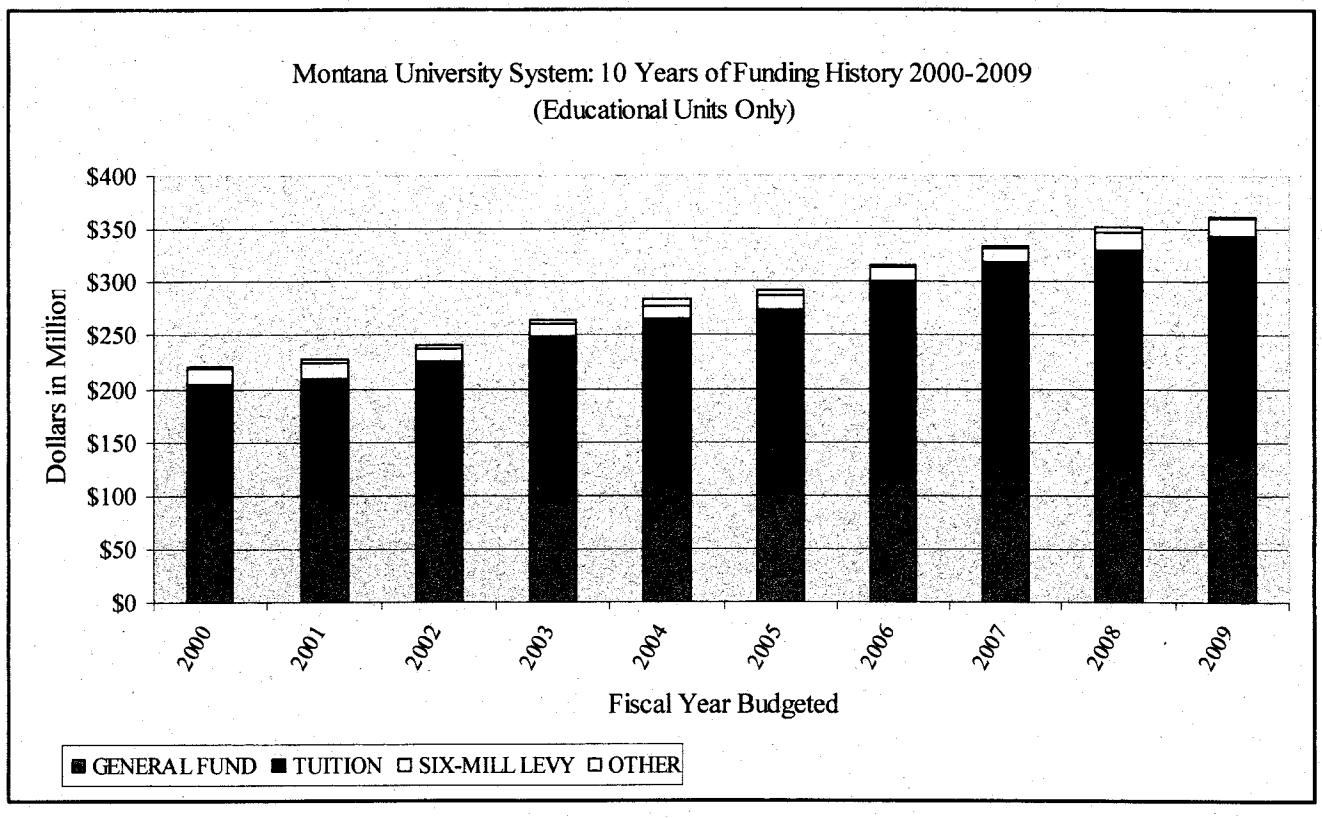
However, for the 2009 biennium, the Governor proposed, and the legislature approved, the College Affordability Plan (CAP), which was an agreement between the executive and the Board of Regents to provide the MUS funding for the 2009 biennium that would result in a zero tuition increase for Montana resident students for the 2009 biennium.

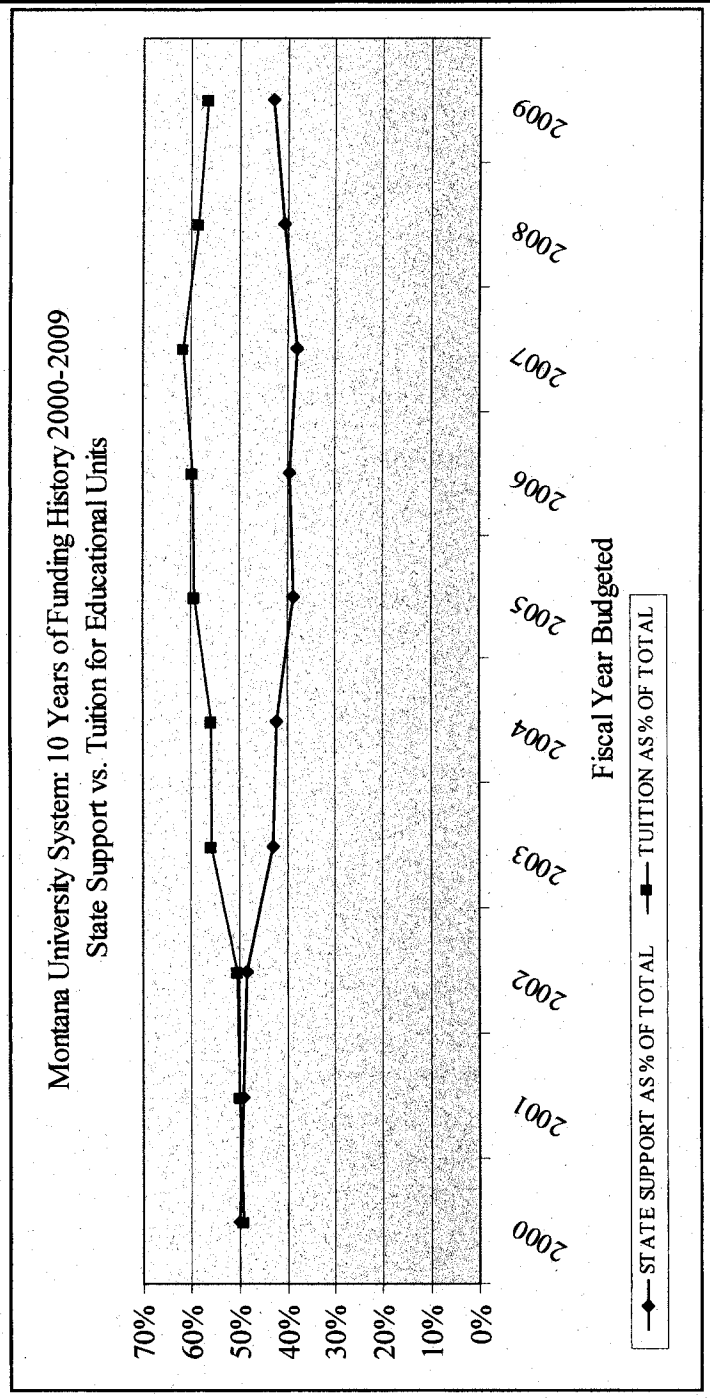
The state percent share factor was the primary policy tool used to implement the CAP. The 2009 biennium formula to determine the state percent share was based upon the ratio of Montana resident students as a percentage of total student enrollments at the university unit campuses. During the budget base year, FY 2006, resident students (and the regional exchange students in the Western Undergraduate Exchange program (WUE) that are counted as Montana residents for this purpose) comprised 84.7 percent of total student enrollment. Therefore, in all of the major budget and funding bills for the MUS in the 2007 session, the state percent share of funding that was applied to the university educational units was 84.7 percent. This policy change had a significant fiscal impact as the historical methodology would have resulted in state funding for present law and pay plan adjustments of about 40 percent rather than the 84.7 percent used in the 2007 legislative session.

The graphs and charts on the following three pages provide a historic illustration of the proportional funding ratio between state funds and tuition revenue.

Historical Funding - Educational Units Only
Montana University System (MUS)
Fiscal Years 2000 - 2009
Budgeted Revenue by Source

Source	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Annual Percentage
General Fund	$94,922,977	$95,844,703	$104,849,450	$101,347,323	$107,186,837	$101,381,233	$111,395,004	$112,552,060	$125,093,960	$138,977,163	4.3%
Tuition	108,577,974	112,934,296	120,897,552	147,022,505	158,086,393	172,721,055	188,215,243	206,049,651	204,832,437	204,032,754	7.3%
Six-Mill Levy	14,809,000	15,280,000	11,868,912	12,036,912	12,235,000	12,362,999	13,385,001	13,679,000	17,565,323	16,369,436	1.1%
Other	2,313,795	2,504,907	3,002,673	2,970,384	5,946,357	6,355,565	2,558,151	2,007,205	3,965,741	2,136,468	-0.9%
Total	$220,623,746	$226,563,906	$240,618,587	$263,377,124	$283,454,587	$292,820,852	$315,553,399	$334,287,916	$351,457,461	$361,515,821	5.6%
State Support (General Fund + Six-Mill)	109,731,977	111,124,703	116,718,362	113,384,235	119,421,837	113,744,232	124,780,005	126,231,060	142,659,283	155,346,599	3.9%
State Support as % of Total	49.7%	49.0%	48.5%	43.1%	42.1%	38.8%	39.5%	37.8%	40.6%	43.0%	-1.6%
Tuition As % of Total	49.2%	49.8%	50.2%	55.8%	55.8%	59.0%	59.6%	61.6%	58.3%	56.4%	1.5%

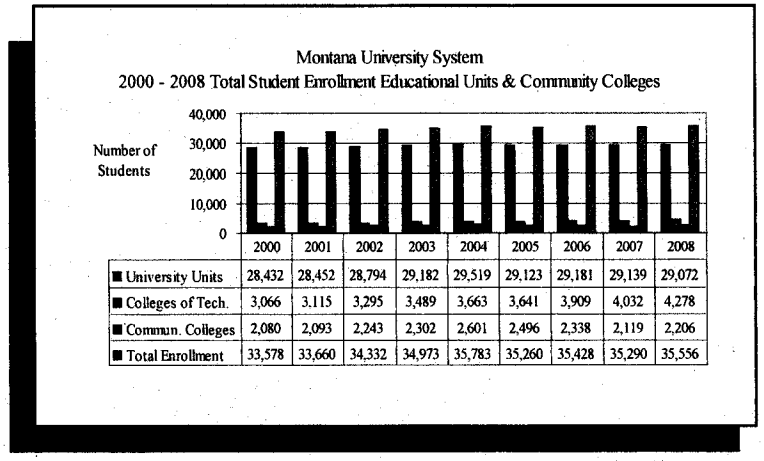




MSU Enrollment History

Student enrollment across the MUS, including both resident and nonresident students, has grown an average of just .72 percent per year over the past nine years. However, the 2-year colleges of technology have grown at a much higher rate of 4.25 percent per year. By 2008, colleges of technology students represent more than 12 percent of all students in the MUS, up from 9 percent in 2000. In the meantime, enrollment at Montana's three community colleges has been increasing at a rate of .74 percent per year from 2000 through 2008.

University enrollment, in particular for Montana resident students, is expected to be volatile and on a downward trend over the next decade, as the number of students graduating from Montana high schools is projected to decrease over the next several years.



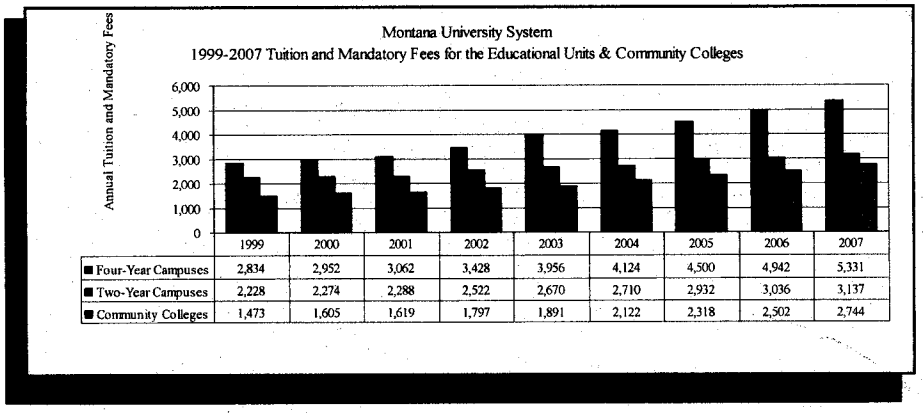
	2000	2001	2002	2003	2004	2005	2006	2007	2008
University Units	28,432	28,452	28,794	29,182	29,519	29,123	29,181	29,139	29,072
Colleges of Tech.	3,066	3,115	3,295	3,489	3,663	3,641	3,909	4,032	4,278
Commun. Colleges	2,080	2,093	2,243	2,302	2,601	2,496	2,338	2,119	2,206
Total Enrollment	33,578	33,660	34,332	34,973	35,783	35,260	35,428	35,290	35,556

Montana University System - Student Enrollment Growth

Type of Educational Institution	Percent of Total Student Enrollment		Average Annual Growth (2000 - 2008)
	2000	2008	
University Units	84.67%	81.76%	0.28%
Colleges of Tech.	9.13%	12.03%	4.25%
Community Colls.	6.19%	6.20%	0.74%
Total Enrollment	100%	100%	0.72%

MSU Tuition History

As the tuition chart illustrates, mandatory tuition and fees have experienced a steady increase at all MUS institutions for the 1999 - 2007 time period (pre-CAP). In particular, the 4-year campuses have experienced increases that average 8.2 percent each year. While community college tuition and fees remain the lowest at $2,744 in FY 2007, even these colleges have increased tuition at an average rate of 8.1 percent per year.



	1999	2000	2001	2002	2003	2004	2005	2006	2007
Four-Year Campuses	2,834	2,952	3,062	3,428	3,956	4,124	4,500	4,942	5,331
Two-Year Campuses	2,228	2,274	2,288	2,522	2,670	2,710	2,932	3,036	3,137
Community Colleges	1,473	1,605	1,619	1,797	1,891	2,122	2,318	2,502	2,744

Montana University System - Tuition/Mandatory Fees Growth

Type of Educational Institution	Average Annual Tuition & Fee Growth (1999-2007)	Total Tuition & Fee Growth Over Nine Years
Four-Year Campuses	8.2%	88.1%
Two-Year Campuses	4.4%	40.8%
Community Colleges	8.1%	86.3%
Total Tuition	7.0%	71.6%

Source: Montana University System, Inventory and Validation of Fees Report (1999-2007); [Units use weighted averages...Community Colleges use averages]

Overall, with an average annual increase of 7 percent (pre-CAP) for mandatory tuition and fees, the MUS campuses are part of a national trend of tuition rate increases. These national and state trends have pushed the issues of affordability and access to the front of public policy discussions related to higher education.

Agency Functions, State Purposes, & Customers Served

The agency is structured to perform certain functions in support of general state government purposes. The following lists the major functions, purpose of provision of the functions, and primary customers served.

Overarching Policy Objectives	*Major MUS Functions*	*Primary Customers*
Develop Full Educational Potential of State's Citizens	Provide post-\secondary education instruction Financial aid programs Employee health & benefits program Administrative leadership & support	Students Students and families MUS Employees MUS Units, Programs, and Agencies
Reduction of Incidence and Impacts of Poverty/ Disability	Academic support/assistance programs	Students
Economic/Business Development	Research and technology transfer Workforce development & training	Businesses Employers and employees

How Can the Legislature Effect Change Within the Montana University System?

The Montana Constitution extends governance authority over the MUS to the Montana Board of Regents but leaves the power to appropriate state funds for the MUS to the legislature. This system of split authority essentially requires that the legislature use the state budget process and the "general budget act" (HB 2) as the primary means with which to effect change and influence public policy upon the MUS.

As noted earlier, state funding for the MUS in FY 2008 was about $189 million, approximately 16.5 percent of all revenue funds throughout the MUS. State funds that were allocated to the university educational units represents about 43 percent of the funding for the education units' current unrestricted fund (that which supports the essential educational mission of each campus).

Therefore, state funding represents a significant proportion of the total revenue in the MUS which makes the appropriations power of the legislature a significant tool for effecting change.

On the other hand, a series of Montana Supreme Court cases have established that the legislature, despite its power of appropriation, cannot use that authority to attempt to indirectly govern the MUS. The legislature may, however, set conditions on state funds that, if the universities accept those funds, then they also accept those conditions. This governance and appropriations relationship between the Board and the legislature is often referred to as the murky line so that any mechanisms through which the legislature approaches effecting change and public policy within the MUS will need to consider these constitutional constraints.

During the 2005-2006 interim, the Postsecondary Education Policy and Budget subcommittee (PEPB) devised a document of Shared Policy Goals and Accountability Measures that defines some of the specific public policy goals that the legislature has for the MUS. That document was jointly signed by both the legislative members of PEPB as well as the Board of Regents, and the document subsequently served as the blueprint for the Board of Regents strategic plan for the MUS. The Shared Policy Goals and Accountability Measures document was updated, renewed, and jointly signed again during the 2007-2008 interim.

From this agreement and set of shared policy goals, the PEPB supports using accountability measures with a clear set of deliverables to establish appropriations in the state budget. Various methodologies to implement this have been considered, including:

- That state funds are appropriated to the MUS in HB 2, and a required report must be submitted to some interim legislative committee (e.g., PEPB) that addresses how that funding accomplished the specific list of accountability measure deliverables that would be outlined in the companion bill.
- That state funds are appropriated to the MUS in HB 2 and the accountability measures are contained in a companion bill or resolution that will be used during the subsequent biennium to monitor progress towards meeting the identified shared policy goals and initiatives

Through these budgeting mechanisms, PEPB has recommended that the legislature could constitutionally effect change and bring public policy influence to the MUS, through the legislative power of appropriation.

Once again, by making it clear what higher education outcomes the legislature wants to "purchase" from the Montana University System and then appropriating funds specifically for those services, the legislature could well have more impact on higher education service delivery in Montana.

Statewide Factors With Impact

In addition to the factors discussed above, a number of factors common to many agencies will also impact changes in MUS expenditures over time, such as utility costs and personal service costs and salaries and benefits (e.g., health insurance and workers' compensation insurance). Personal service costs account for approximately 73 percent of MUS expenditures from the Current Unrestricted Fund, the largest fund in the overall budget.

Statutory References

The primary statutory references defining duties and responsibilities of the department are found at the following locations:

Montana Constitution, Article X, section 9, grants the Board of Regents governing authority over the Montana University System, defines the Board of Regents as seven members appointed by the Governor who will hire a Commissioner of Higher Education as their chief executive, and requires that MUS funds be audited on a regular basis.

Title 20, chapter 25, MCA, University System, is the primary statute that governs the Montana University System.

17-7-304, MCA, directs the reversion of state funds appropriated to the MUS.

Title 20, chapter 15, part 300, MCA, governs the budgeting and finance of community colleges.

20-25-428, MCA, directs the financial assistance to tribally controlled community colleges

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