

**Memorandum of Understanding  
 between  
 Office of Governor Steve Bullock  
 and the  
 Montana University System**

This agreement is between Governor Steve Bullock and the Montana University System (MUS) Office of the Commissioner of Higher Education to implement a resident-student tuition freeze for the 2013-14 and 2014-15 academic years. If the Legislature adopts the funding in this agreement, the MUS will freeze resident-student tuition rates in the 2015 biennium.

**Present Law Budget**

The Montana University System total current unrestricted present law budget is **\$441,104,390** for FY 2014 and **\$443,395,350** for FY 2015.

<b>Campus</b>	<b>FY 2014</b>	<b>FY 2015</b>
UM-Missoula	\$161,139,064	\$162,461,816
UM-MT Tech	\$30,104,142	\$30,247,560
UM-Western	\$13,409,657	\$13,477,276
UM-HCOT	\$7,894,964	\$7,899,931
MSU-Bozeman	\$160,410,356	\$161,186,652
MSU-Billings	\$41,944,951	\$42,006,325
MSU-Northern	\$15,413,309	\$15,328,767
MSU-GFCOT	\$10,787,947	\$10,787,023
<b>Grand Total</b>	<b>\$441,104,390</b>	<b>\$443,395,350</b>

**Resident/WUE Share**

The overall resident/WUE share of new budget items is approximately 82% and the non-resident share is 18%. This share is based upon resident student/WUE (FTEs) in the base year. The resident/WUE shares by campus are as follows:

<b>Campus</b>	<b>Resident/WUE %</b>
UM-Missoula	79.9%
UM-MT Tech	86.0%
UM-Western	93.5%
UM-HCOT	99.1%
MSU-Bozeman	74.1%
MSU-Billings	95.1%
MSU-Northern	96.4%
MSU-GFCOT	98.2%

### Resident/WUE Share Computation for Present Law Adjustments

The Resident/WUE share of present law base budget items takes into account FY 2013 budgeted tuition levels and then funds the increase with the resident/WUE student share shown above. The resident/WUE student share of the present law increases is **\$13,185,885** in FY 2014 and **\$15,040,332** in FY 2015.

Resident/WUE student share of increased costs:

<b>Campus</b>	<b>FY 2014</b>	<b>FY 2015</b>
3513 – MSU GF COT	\$343,047	\$342,140
3514 – UM-H-COT	\$391,989	\$396,911
5103 – UM	\$4,673,069	\$5,729,948
5104 – MSU	\$4,407,124	\$4,982,358
5105 – UM MT Tech	\$811,266	\$934,606
5106 – MSU-Billings	\$1,011,314	\$1,067,431
5107 – MSU Northern	\$952,438	\$928,076
5108 – UM Western	\$595,638	\$658,862
<b>Grand Total</b>	<b>\$13,185,885</b>	<b>\$15,040,332</b>

Items funded with this present law adjustment include, faculty, classified and contract employee market/merit/inversion pay, mandatory fee waivers, utilities and library inflation, overtime, present law adjustments for fixed costs and other base budget operating adjustments.

### Enrollment

The enrollment used for each year of the 2015 biennium is assumed to be the FY 2012 actual resident/WUE enrollment. Resident/WUE enrollment is assumed to be "flat lined" or to remain constant. State provided funding will not be increased or decreased as the result of actual resident enrollments being higher or lower than this level as outlined in 17-7-142, MCA.

### Student Assistance Program

\$2,587,890 in the Student Assistance Program for the Governor's Best and Brightest Scholarship and Quality Educator Loan Forgiveness will be restored to general fund each year of the 2015 biennium. An additional \$216,652 in FY 2014 and \$370,765 in FY 2015 of general fund will be budgeted for WICHE/WAMI/MN Dental.

### No Shifting of Costs to Fees

The Regents must commit to not increasing fees beyond what would be required for the normal programs that fees support. The Montana University System campuses will not shift costs from current unrestricted funding to fee supported programs.

### Tuition Agreement Summary Table

Item	FY 2014	FY 2015
State contribution to present law base adj	\$13,185,886	\$15,040,332
Restore Student Assistance General Fund	2,587,890	2,587,890
PGM 2 WICHE/WWAMI/MN Dental	216,652	370,765
<b>Total</b>	<b>15,990,428</b>	<b>17,998,987</b>

### State Employee Pay Plan

The college affordability plan relies on a state appropriation to the Montana University System to fund fully any raises that the Legislature approves in a state employee pay plan.

On behalf of the State of Montana:

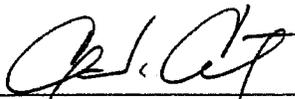


Steve Bullock  
Governor

February 1, 2013

Date

On behalf of the Montana University System:



Clayton T. Christian  
Commissioner of Higher Education

February 1, 2013

Date

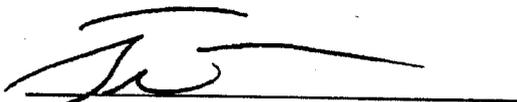


**Addendum to the  
February 1, 2013  
Memorandum of Understanding  
between  
Office of Governor Steve Bullock  
and the  
Montana University System**

This addendum is between Governor Steve Bullock and the Montana University System (MUS) Office of the Commissioner of Higher Education. It adds the following commitment to the Memorandum of Understanding dated February 1, 2013.

The Montana University System will commit to incorporating a performance funding component into the allocation model used for distributing funds to MUS Education Units. A portion of the state appropriation to the MUS in the 2015 biennium will be designated for performance funding and distributed based on progress made toward increasing college completions and other related outcomes aimed at accelerating time to degree. The MUS will establish measures and set goals in the first year of the biennium and allocate performance funds in the second year of the biennium in an amount equal to 50% of the present law adjustment in FY 15 (approximately 5% of the total state appropriation for that year).

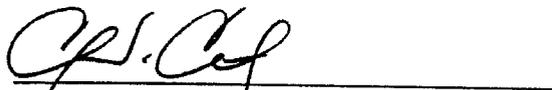
On behalf of the State of Montana:



Steve Bullock  
Governor

Feb 6, 2013  
Date

On behalf of the Montana University System:



Clayton T. Christian  
Commissioner of Higher Education

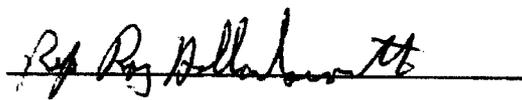
2-6-2013  
Date

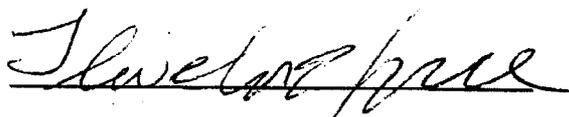
Delivered and acknowledged:

On behalf of the Joint Appropriations  
Subcommittee on Education:

\_\_\_\_\_  
Date



  
Rep Roy Hollandsworth, Chairman

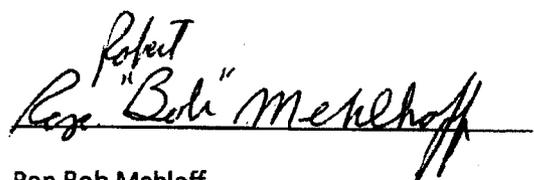
  
Sen Llew Jones, Vice-Chair

  
Rep Nancy Ballance

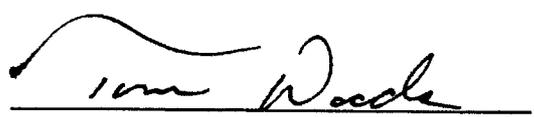
  
Sen Taylor Brown

  
Sen Brad Hamlett

  
Rep Donald Jones

<sup>Robert</sup>  
  
Rep Bob Mehloff

  
Sen Jonathan Windy Boy

  
Rep Tom Woods





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[www.leg.mt.gov/css/fiscal](http://www.leg.mt.gov/css/fiscal)

## SUMMARY OF LFD ANALYSIS OF TUITION CAP AGREEMENT

The tuition CAP agreement relies upon passage of present law adjustment DP 901 in program 09-Appropriation Distribution of the Office of the Commissioner of Higher Education budget and full funding of any state employee pay plan passed by the legislature.

- **Present Law** -- The present law adjustment for the educational units (DP 901) is the resident/WUE student portion (which is the portion of resident/WUE students to total students, or 82%) of present law cost increases agreed to by the executive budget office and the Montana University System through a negotiation process. While the agreement does not include all cost increases requested by the Montana University System, the MUS has agreed to implement a resident tuition freeze if DP 901 is funded at the level included in the executive budget (\$13.2M in FY 14 and \$15.0M in FY 15).
- **Pay Plan** -- The CAP agreement states that the college affordability plan relies upon a state appropriation to the MUS to fully fund any raises that the legislature approves in a state employee pay plan. "Fully fund" means the state would fund the pay plan cost at the resident/WUE student portion of 82%. The Governor's budget funds the pay plan cost for the educational units at 35.8%. With the funding currently in HB 13, the MUS could provide 1.4% pay increases each year of the 2015 biennium, rather than 5% per year currently contemplated in HB 13, and a 10% increase in the state contribution for health insurance each year of the 2015 biennium.
- **Pensions** -- The tuition CAP agreement has no provision for any increased employer cost that may arise as a result of pension legislation passed during the 2013 session. There will likely be cost impacts from changes to TRS and PERS systems. HB 90, a bill that would increase the university system supplemental contributions rate to TRS, is estimated to impact general fund \$4.7M annually.
- **Student Assistance** -- The tuition CAP agreement also relies upon the passage of decision packages 201 and 205 as recommended by the Governor in program 02-Student Assistance program in the Office of the Commissioner of Higher Education. DP 201 is an inflationary adjustment for the WICHE/WWAMI/Minnesota Dental Program for the 2015 biennium. DP 205 restores \$2,587,890 general fund each year to the Student Assistance Program for the Governor's Best and Brightest Scholarship and Quality Educator Loan Forgiveness programs.

