

The Legislative Fiscal Division Presents an Agency Profile of:

# The Office of the Commissioner of Higher Education

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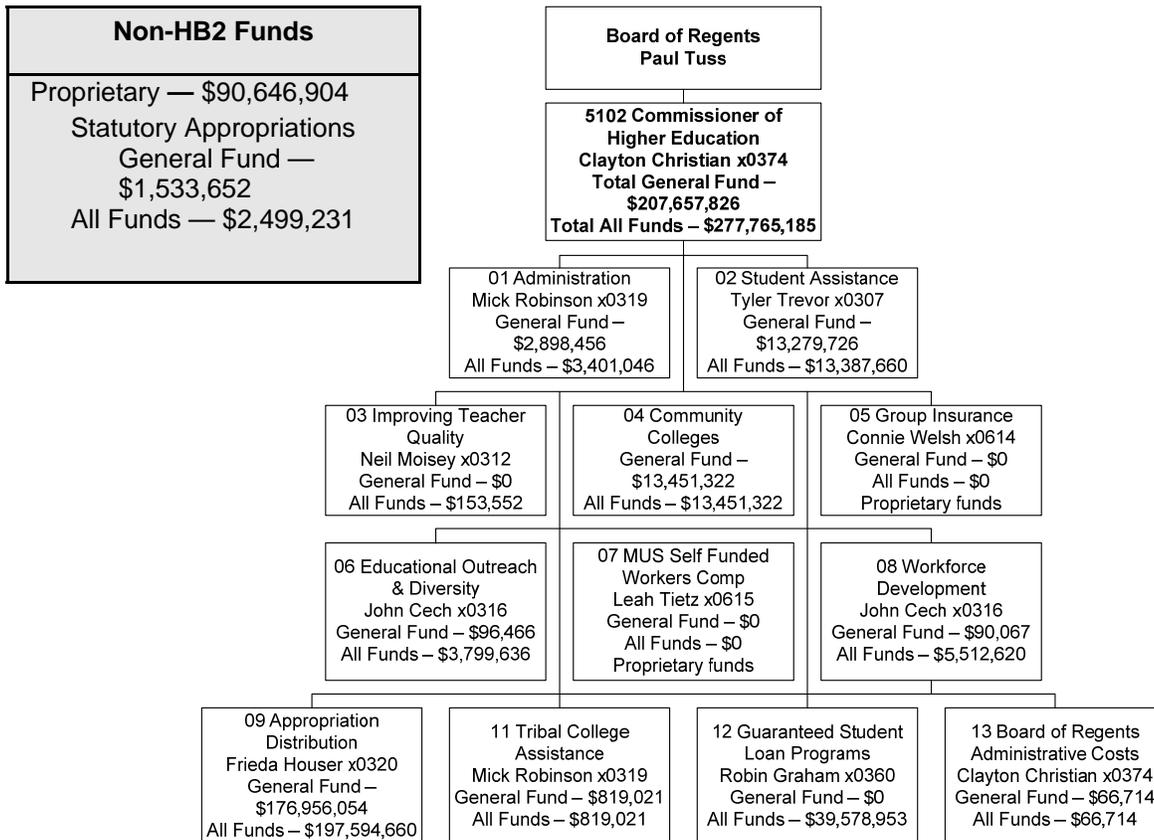
Updated October 2014

## Agency Description

## Definition of Terms

To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System (MUS). The Montana Constitution, Article X, Section 9, grants governance authority over the MUS to the Board of Regents (Regents), with seven members appointed by the Governor. All state funds appropriated by the legislature to the Regents for the support of the MUS are channeled through OCHE. The Constitution charges the Regents with hiring a Commissioner of Higher Education (CHE) who serves as its executive staff.



## How Services are Provided

**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

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

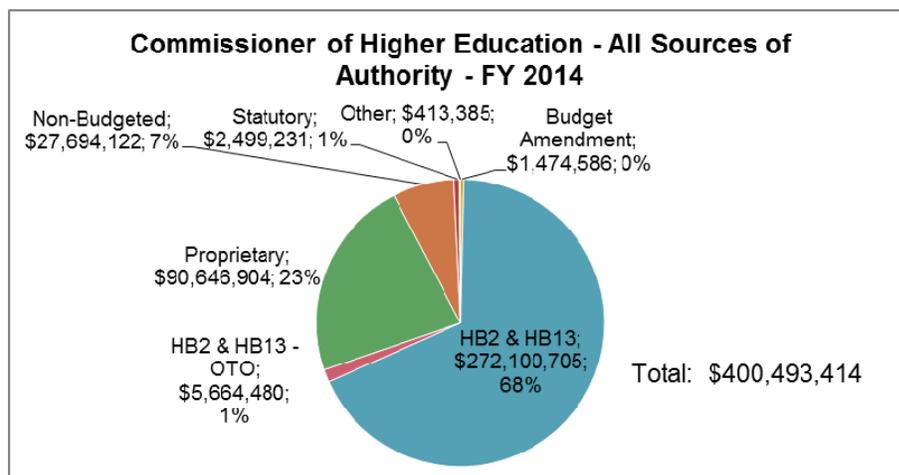
The Office of the Commissioner of Higher Education also distributes state appropriations to the community colleges and tribal colleges.

**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 non-beneficiary (nontribal member) students who attend the seven tribal community colleges located on the reservations of Montana.

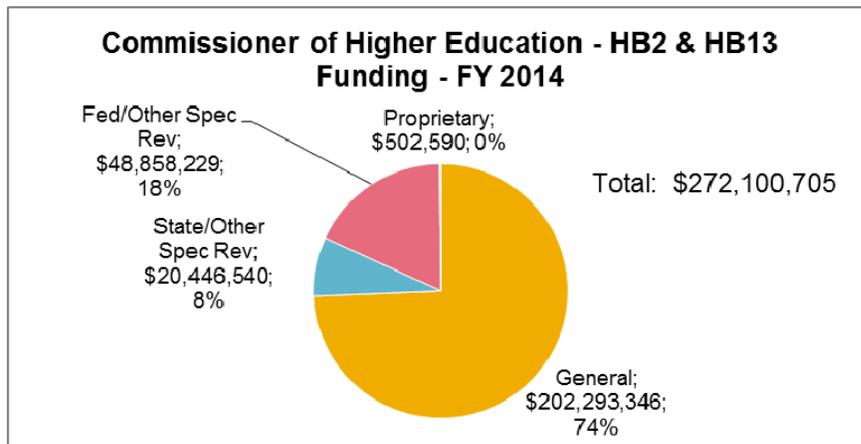
## Sources of Spending Authority



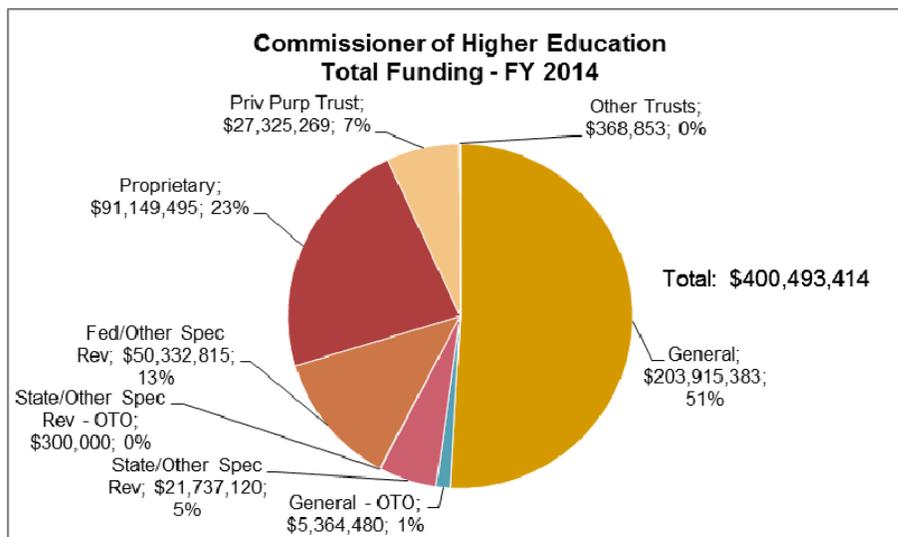
The above chart shows the sources of authority for the Office of the Commissioner of Higher Education. The agency received the majority of its spending authority from HB 2 & HB 13. Secondary authority comes from proprietary funds followed by non-budgeted proprietary funds from the self-insured workers compensation and group health insurance programs. The remaining authority coming from statutory appropriations and private funds (classified as “other” in the pie chart). Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate.

## Funding

The following charts show the agency's HB 2 & HB 13 funding authority by fund type and all sources of its total funding authority.



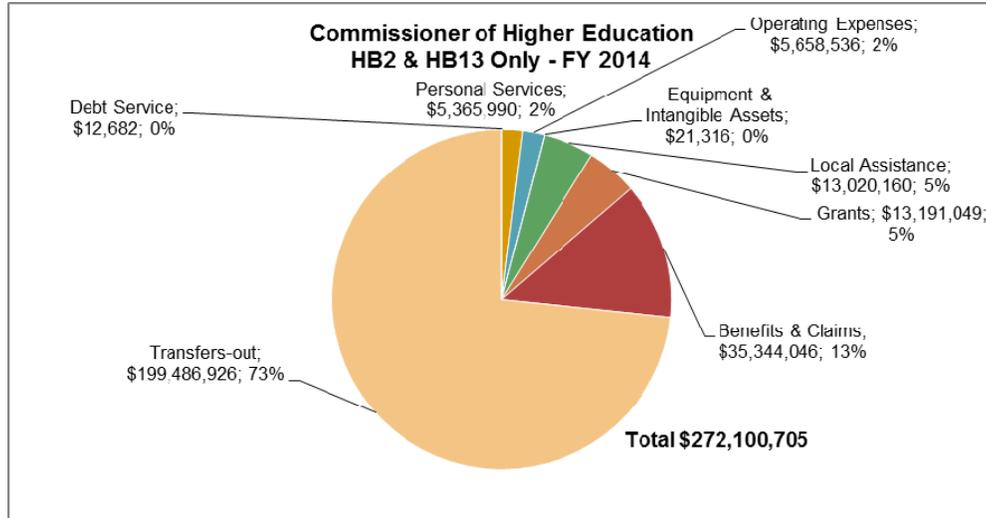
General fund comprises the largest fund source of the agency's HB 2 & HB 13 appropriation, followed by federal special revenue. Federal special revenue includes federal education program grants and program fees earned by the Montana Guaranteed Student Loan Program. State special revenue is primarily the statewide six-mill levy revenue that is distributed to the educational units of the Montana University System. Proprietary authority makes up the remaining HB 2 & HB 13 funding.



Looking at total funding by fund type, state general fund remains the largest funding source, providing just over one-half of the total funding. The second largest contributor comes from proprietary funds, followed by federal special revenue, private trust funds (includes other trust on the pie chart), and state special revenue.

## Expenditures

The chart explains how the HB 2 & HB 13 authority is spent. This chart matches the agency chart found in the 2017 Budget Analysis. HB 2 & HB 13 expenditures in FY 2014 totaled \$272,100,705. The single largest expenditure category is transfers-out. This category primarily records the distribution of state funds to the educational units and research and public service agencies. The second largest expenditure category, benefits and claims, records the payment of claims by lenders for defaulted loans. After grants and local assistance at 5% each, personal services and operating expenses comprise 2% of total HB 2 & HB 13 expenditures for the agency.



## How the 2015 Legislature Can Effect Change

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.

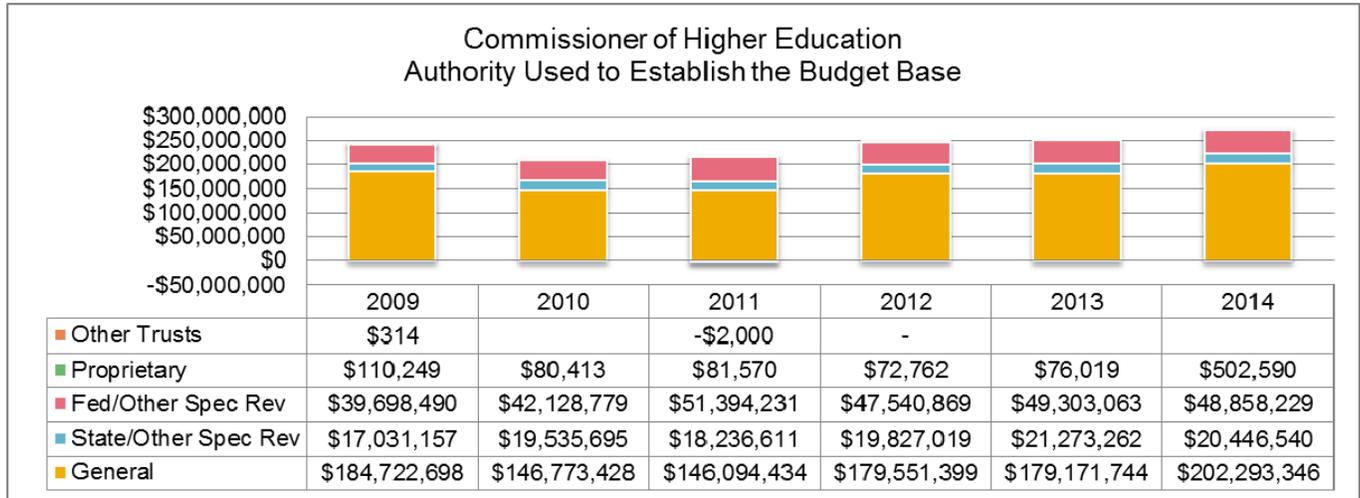
## Major Cost Drivers

This table presents trends of key outcome measures and performance indicators for the Montana University System. These measures and indicators are used by the Board of Regents to evaluate the effectiveness of the Montana University System to achieve its three primary goals: Access & Affordability, Workforce & Economic Development, and Efficiency & Effectiveness.

Element	1996	2006	2012	2014
<b>Enrollment - Student FTE (fiscal year average)</b>				
4-year Universities	27,727	29,181	31,978	31,499
2-year Colleges (formally COTs)	2,588	3,910	6,150	5,693
Community Colleges* (MCC, DCC, FVCC)	2,106	2,338	2,718	2,291
MUS Total	32,421	35,429	40,847	39,484
*CC 1996 total is FY97				
<b>Tuition &amp; Fees - Academic Year Rates for 1st-Time, Full-Time, Resident Students</b>				
4-year Universities	\$2,298	\$4,869	\$5,625	\$5,661
2-year Colleges (formally COTs)	\$1,807	\$3,116	\$3,256	\$3,285
2-year Community Colleges	\$1,901	\$2,744	\$3,511	\$3,581
<b>Student Debt &amp; Financial Aid</b>				
Average* Student Loan Debt, 4-year Degree	\$18,307	\$20,108	\$25,140	\$26,440
Average* Student Loan Debt, 2-year Degree	\$7,971	\$13,950	\$18,259	\$19,655
*averages calculated only on students that borrowed				
Total State Funded Student Assistance (includes PSEP, ex. WWAMI)	\$5,241,093	\$8,970,505	\$9,603,033	\$13,191,514
<b>State Appropriations</b>				
% State Share (of Current Unrestricted)				
MUS Education Units	54.6%	39.5%	36.1%	37.4%
State Approps per Resident Student FTE				
MUS Education Units (4yr Universities & 2-yr Colleges)	\$4,191	\$4,723	\$5,129	\$6,152
<b>Completions</b>				
1996                      2007                      2012                      2013				
Total Number of Completions				
1 year Certificates and 2-year Degrees	1,216	1,628	2,397	2,353
Bachelor's Degrees	4,021	4,498	4,703	4,924
Graduate Degrees (masters, doc, 1st)	948	1,301	1,601	1,611
Total	6,185	7,427	8,701	8,888
<b>Graduation Rates*</b>				
2002                      2006                      2011                      2012				
4-year University Average	38%	42%	45%	46%
2-year College Average	35%	32%	33%	30%
*2002 is first year with complete set of MUS grad rates				
4-year University: Percent of 1st-Time, Full-Time Student Earning Bachelor's Degrees within 6 Years				
2-year College: Percent of 1st-Time, Full-Time Students Earning Associate Degrees within 3 Years and Certificates within 1.5 years				

## Funding/Expenditure History

The following table shows the six year funding history for the agency. Funding on this table reflects ongoing funding included in the HB 2 & HB 13 budget base.



The 2015 biennium includes a \$44.1 million general fund increase from the 2013 biennium. A large portion of this increase is due to the Governor’s Tuition Cap Agreement, adding \$34 million over the biennium. Present law adjustments for the WICHE/WWAMI/Minnesota Dental program were approved as part of the Tuition Cap Agreement. Another \$5.2 million general fund was used to restore the Student Assistance Program for the Governor’s Best and Brightest Scholarship and Quality Educator Loan Forgiveness programs that was part of a fund switch in the 2011 Legislative Session. Approximately \$3.8 million of the biennial general fund increase was for new proposals.

Among the 2015 biennium changes was an increase in proprietary funds of approximately \$426,000. This is due to an audit recommendation regarding compliance with state law. The agency had two indirect cost funds, federal and internal service, while state law requires only one. Federal indirect cost monies were then consolidated into the internal service fund to comply with state law. This change is permanent and we should see proprietary expenditures remain fairly constant at this increased amount going forward.

The table indicates on-going general fund expenditures have decreased between FY 2009 and FY 2012 as the legislature has funded the MUS with a number of one-time-only appropriations that complicate year to year comparisons of base budgets. The following changes in general fund appropriations in recent years include approximately \$25.6 million general fund added to the HB 2 & HB 13 base budget in the 2009 biennium due to the 2007 Legislature endorsing and funding Governor Schweitzer’s 2007 Tuition Cap Agreement with the Board of Regents.

## Major Legislative Changes in the Last Ten Years

The 2013 Legislature endorsed the HB 2 portion of the Governor's proposed Tuition Cap Agreement, increasing state funding \$34 million over the 2015 biennium. The agreement also commits the Montana University System to incorporating a performance funding component into the allocation model used by the Board of Regents for distributing funds to the MUS educational units.

The 2009 Legislature passed HB 459 that created the Montana Virtual Academy (since renamed the Montana Digital Academy). The \$2.0 million appropriation for the academy for the 2011 biennium was included in HB 2 in the university system budget. The 2011 Legislature moved the appropriation to the Office of Public Instruction, and increased funding to \$2.3 million for the 2013 biennium.

The 2009 Legislature passed HB 224 that created a loan reimbursement program for registered professional nurses working at the Montana State Prison and Montana State Hospital.

The 2007 Legislature added \$6.0 million, one-time-only, to the agency budget for new equipment, technology acquisition, and program development in high-demand occupational fields and new equipment for the five public service/research agencies.

For further information, please contact the agency at:

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