

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	24.03	24.03	23.03	23.03	24.03	23.03	(1.00)	(4.16)%
Personal Services	2,399,356	2,833,980	2,826,501	2,827,464	5,233,336	5,653,965	420,629	8.04 %
Operating Expenses	918,173	741,980	954,942	910,668	1,660,153	1,865,610	205,457	12.38 %
Equipment & Intangible Assets	11,063	0	11,063	11,063	11,063	22,126	11,063	100.00 %
Grants	0	0	0	0	0	0	0	0.00 %
Transfers	5,000	0	7,505,000	7,505,000	5,000	15,010,000	15,005,000	300,100.00 %
Debt Service	0	0	0	0	0	0	0	0.00 %
Total Costs	\$3,333,592	\$3,575,960	\$11,297,506	\$11,254,195	\$6,909,552	\$22,551,701	\$15,642,149	226.38 %
General Fund	2,831,002	3,044,865	10,771,170	10,727,859	5,875,867	21,499,029	15,623,162	265.89 %
State/Other Special Rev. Funds	0	0	0	0	0	0	0	0.00 %
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Proprietary Funds	502,590	531,095	526,336	526,336	1,033,685	1,052,672	18,987	1.84 %
Total Funds	\$3,333,592	\$3,575,960	\$11,297,506	\$11,254,195	\$6,909,552	\$22,551,701	\$15,642,149	226.38 %

Program Description

The administration program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration. Article X, Section 9, of the Montana Constitution requires that the Board of Regents appoints the Commissioner and prescribes his powers and duties.

Program Highlights

Administration Program Major Budget Highlights

- In FY 2014 the agency purchased two new servers that were capitalized in equipment and intangible assets to be included in the budget request for the 2017 biennium. These funds were not previously appropriated in the 2013 session
- The executive budget increases general fund \$15 million over the 2017 biennium for a new proposal called Montana's Economy through Research Initiative

Program Discussion -

The following table highlights the differences between the FY 2015 appropriations as shown in the main table and the FY 2015 legislative appropriations used for purposes of the budget base.

FY 2015 Appropriation Transactions - Administration Program			
Program	Legislative Appropriation	Program Transfers	Total Executive Implementation
Personal Services	\$2,745,606	\$88,374	\$2,833,980
Operating Expenses	697,242	21,185	741,980
Equipment & Intangible Assets	-	-	-
Grants	-	-	-
Transfers	-	-	-
Debt Service	23,553	-	-
Agency Total	\$3,466,401	\$109,559	\$3,575,960

A program transfer into the administration program in FY 2014 occurred related to the OTO/biennial Workforce Development appropriation.

Comparison of FY 2014 Actual Expenditures to FY 2015 Legislative Appropriation

Actual FY 2014 expenditures are \$132,809 less than the FY 2015 Legislative Appropriation. The primary reason for the difference is vacancy savings in FY 2014.

Funding

The following table shows proposed program funding by source from all sources of authority.

Commissioner of Higher Ed, 01-Administration Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	21,499,029	0	0	21,499,029	95.33 %	
02443 University Millage	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
03080 CHE INDIRECT COST RECOVERY	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06539 Indirect Costs - OCHE	1,052,672	0	0	1,052,672	100.00 %	
Proprietary Total	\$1,052,672	\$0	\$0	\$1,052,672	4.67 %	
Total All Funds	\$22,551,701	\$0	\$0	\$22,551,701		

This program is funded primarily from general fund. About 3% of the funding for the 2017 biennium would come from proprietary revenue to support administrative overhead activities for proprietary programs administered by other OCHE programs.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	2,935,306	2,935,306	5,870,612	27.31 %	3,466,401	3,466,401	6,932,802	30.74 %
PL Adjustments	335,864	292,553	628,417	2.92 %	331,105	287,794	618,899	2.74 %
New Proposals	7,500,000	7,500,000	15,000,000	69.77 %	7,500,000	7,500,000	15,000,000	66.51 %
Total Budget	\$10,771,170	\$10,727,859	\$21,499,029		\$11,297,506	\$11,254,195	\$22,551,701	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	335,864	0	(449,808)	(113,944)	0.00	292,553	0	(449,808)	(157,255)
DP 99 - LEG. Present Law	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$335,864	\$0	(\$449,808)	(\$113,944)	0.00	\$292,553	\$0	(\$449,808)	(\$157,255)

DP 98 - LEG. Personal Services Present Law -

The Personal Services Present Law Adjustments (PSPL) in the table below includes all present law adjustments related to personal services, including statewide present law personal services adjustments. This adjustment has been broken out by some of its component parts for a more detailed understanding of the adjustments. FY 2016 and FY 2017 contain the reductions in FTE made by the executive to implement the boilerplate language in HB 2.

Personal Services Present Law Adjustments						
FY 2016						
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Proprietary Fund	Total Funds
State Share Health Insurance	23.03	\$11,193	-	-	-	\$11,193
Executive Implementation of 2015 Pay Increase		51,421	-	-	-	51,421
Fully Fund 2015 Legislatively Authorized FTE		44,307	-	4,515	1,176	49,998
Other		(35,597)	9,569	(4,295)	(1,393)	(31,716)
Personal Services Present Law Adjustments	23.03	\$71,323	\$9,569	\$220	(\$217)	\$80,895
FY 2017						
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Proprietary Fund	Total Funds
State Share Health Insurance	23.03	\$11,193	-	-	-	\$11,193
Executive Implementation of 2015 Pay Increase		51,421	-	-	-	51,421
Fully Fund 2015 Legislatively Authorized FTE		44,307	-	4,515	1,176	49,998
Other		(34,744)	9,680	(4,293)	(1,396)	(30,753)
Personal Services Present Law Adjustments	23.03	\$72,176	\$9,680	\$222	(\$220)	\$81,858

The executive proposes to increase support to personal services adjustments by 2.9% in FY 2016 and 3% in FY 2017 when compared to the FY 2015 legislative budget. As shown on the table, about 63% of the changes are due to costs associated with the Board of Regents' enactment of HB 13 from the 2013 Legislature. Other adjustments include:

- Longevity
- Supervisory pay for one position

DP 99 - LEG. Present Law -

The following outlines various components of the changes included in the LGPL adjustments.

These adjustments exclusively consist of:

- Fixed costs
- Inflation and deflation

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100101 - Improve Montana's Economy through Research (Rs	0.00	7,500,000	0	0	7,500,000	0.00	7,500,000	0	0	7,500,000
Total	0.00	\$7,500,000	\$0	\$0	\$7,500,000	0.00	\$7,500,000	\$0	\$0	\$7,500,000

DP 100101 - Improve Montana's Economy through Research (Rs -

The executive would increase general fund by \$15 million over the 2017 biennium for a restricted, biennial, and one-time-only appropriation for research projects.

**LFD
COMMENT**

These funds would serve as seed money to leverage university-based research into strategic advancements for Montana's economy. The Commissioner of Higher Education would administer competitive grants on the basis of each new project's potential for private-sector job creation, commercialization, and economic return on investment for the State of Montana. Areas of emphasis would include agriculture, energy, natural resources, manufacturing, health, and biomedical sciences.

An issue for consideration by the legislature is how the impact and consequently value of this potential investment may be measured and evaluated. According to OCHE staff, they would look into creating an advisory board or using the Montana Science and Technology Committee (MSTC) as it stands for an advisory board, and that they would likely report to the Education and Local Government Committee during the interim. OCHE stated it would likely be difficult to determine gains by next session, and gains would be measured differently for each specific research grant awarded. Gains would then be measured by possible funding matches received over the biennium from other federal, state, local, or private funds.

The legislature may wish to discuss with OCHE and the executive: 1) what criteria would be used to rank and fund projects; 2) how the value of the projects would be determined and over what period of time; 3) potential reporting timelines and content to an appropriate legislative interim committee; and 4) how impact on costs in future biennia would be determined and measured to ensure these OTO funds do not result in future general fund support.