

### 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	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00 %
Personal Services	94,434	101,007	110,657	110,381	195,441	221,038	25,597	13.10 %
Operating Expenses	51,329	97,661	164,502	164,484	148,990	328,986	179,996	120.81 %
Local Assistance	131,000	137,000	141,000	145,000	268,000	286,000	18,000	6.72 %
Grants	9,659,634	13,186,063	13,797,893	14,489,566	22,845,697	28,287,459	5,441,762	23.82 %
Transfers	0	0	0	0	0	0	0	0.00 %
<b>Total Costs</b>	<b>\$9,936,397</b>	<b>\$13,521,731</b>	<b>\$14,214,052</b>	<b>\$14,909,431</b>	<b>\$23,458,128</b>	<b>\$29,123,483</b>	<b>\$5,665,355</b>	<b>24.15 %</b>
General Fund	9,828,463	13,360,816	13,979,707	14,675,290	23,189,279	28,654,997	5,465,718	23.57 %
State/Other Special Rev. Funds	107,934	160,915	234,345	234,141	268,849	468,486	199,637	74.26 %
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
<b>Total Funds</b>	<b>\$9,936,397</b>	<b>\$13,521,731</b>	<b>\$14,214,052</b>	<b>\$14,909,431</b>	<b>\$23,458,128</b>	<b>\$29,123,483</b>	<b>\$5,665,355</b>	<b>24.15 %</b>

### Program Description

This program includes all student grant funding. Types of grants include: work study, state grants, federal grant matching programs, and support fees for attending professional schools which are not available in Montana such as medicine, dentistry, and veterinary medicine. Title 20, Chapters 25 and 26, MCA, govern the program.

### Program Highlights

Student Assistance Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>Primary budget adjustments impacting the overall increase include: <ul style="list-style-type: none"> <li>\$2.8 million general fund present law adjustment for the WICHE/WWAMI/Dental anticipated tuition increase</li> <li>\$5.1 million general fund new proposal to permanently restore funding for the Governor's Post-Secondary Scholarship Program and the Quality Educator Loan Forgiveness Program each year</li> <li>\$1 million general fund new proposal to fund 10 new veterinary medicine students</li> </ul> </li> </ul>	

### 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 - Student Assistance Program				
Program	Legislative Appropriation	Legislative Approps OTO	Consolidation of Total Biennial Approp	Executive Implementation
02 STUDENT ASSISTANCE PROGRAM	\$10,690,731	-	-	\$10,690,731
Personal Services	101,007	-	-	101,007
Operating Expenses	97,661	-	-	97,661
Local Assistance	137,000	-	-	137,000
Grants	10,355,063	3,331,000	(500,000)	13,186,063
Transfers	-	-	-	-
Agency Total	\$10,690,731	\$3,331,000	-\$500,000	\$13,521,731

The FY15 legislative appropriation is \$2,831,000 less than the FY 2015 Executive Implementation due to

- The FY 2015 Legislative Appropriation contains only the ongoing appropriations contained in HB 2 approved by the 2013 Legislature while the FY 2015 Exec Implementation includes both ongoing and one-time-only (OTO) appropriations (\$3.33 million)
- The FY 2015 Executive implementation also reflects the consolidation of a biennial appropriation into the first year of the 2015 biennium (-\$0.5 million)

#### Comparison of FY 2014 Actual Expenditures to FY 2015 Legislative Appropriation

Actual FY 2014 expenditures are \$754,334 less than the FY 2015 Legislative Appropriation. The primary reasons for the difference are:

- An ongoing expansion in the 2015 biennium in the number of medical education slots in WWAMI by 10 each year, as well as increased funding for the 166 then current slots at anticipated increased tuition levels
- Vacancy savings of 50% in hours budgeted to hours expended in FY 2014
- Remaining unspent biennial budget appropriations in FY 2014 that was added to the FY 2015 appropriation. Appropriations included are the student assistance, MSH & MSP nursing, and WICHE/WWAMI/DENTAL

#### **Funding**

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

Commissioner of Higher Ed, 02-Student Assistance Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	28,654,997	0	0	28,654,997	94.63 %
02846 Family Ed Savings Admin Fee	468,486	0	0	468,486	28.82 %
02943 Rural Physicians Account	0	0	1,157,125	1,157,125	71.18 %
<b>State Special Total</b>	<b>\$468,486</b>	<b>\$0</b>	<b>\$1,157,125</b>	<b>\$1,625,611</b>	<b>5.37 %</b>
03354 Challenge Grant	0	0	0	0	0.00 %
03400 Guaranteed Std. Loan-Admin.	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$29,123,483</b>	<b>\$0</b>	<b>\$1,157,125</b>	<b>\$30,280,608</b>	

The Student Assistance Program is funded primarily from general fund via HB 2. State special revenue is also included in HB 2 to administer the college savings program.

The program also receives a statutory appropriation for the Montana Rural Physician Incentive Program (MRPIP). Because it is a statutory appropriation, it is excluded from HB 2. The MRPIP program provides a financial incentive for physicians to practice in rural areas or medically underserved areas by paying up to \$100,000 of student loan debt. Funding for the program comes from fees paid by medical students in the professional student exchange programs. Statutes governing the MRPIP program also allow administrative costs to be paid, up to 10% of the annual fees assessed.

The table below summarizes the proposed budgets for the student assistance programs for the 2017 biennium.

Montana University System - Impact of 2017 Biennium Executive Budget Across Functional Areas General Fund and State Special Revenue Only						
Budget Item	Actual FY 2014	Appropriated FY 2015	Exec. Budget FY 2016	Exec. Budget FY 2017	Change 15-17 Bien.	% Change 15-17 Bien.
Student Grants/Assistance						
WICHE/WWAMI/MN Dental	\$5,503,221	\$6,192,018	\$6,742,300	\$7,103,823	\$2,150,884	18.39%
Gov's Postsecondary Scholarships	\$279,000	\$279,000	\$2,372,000	\$2,372,000	\$4,186,000	750.18%
Baker Grants	\$2,018,775	\$2,018,774	\$2,018,775	\$2,018,775	\$1	0.00%
Montana Higher Education Grants	\$624,872	\$617,590	\$624,872	\$624,872	\$7,282	0.59%
State Work Study Program	\$863,001	\$863,003	\$863,001	\$863,001	(\$2)	0.00%
Teacher Loan Forgiveness Program	\$0	\$0	\$494,890	\$494,890	\$989,780	n/a
MSH/MSP Nursing Loan Reimbursement Pgm	\$43,605	\$56,237	\$43,605	\$43,605	(\$12,632)	-12.65%
Administration/Special Programs	\$603,923	\$920,209	\$1,321,921	\$1,392,229	\$1,079,749	66.37%
Total General Fund & State Special Rev.	<u>\$9,936,397</u>	<u>\$10,946,831</u>	<u>\$14,481,364</u>	<u>\$14,913,195</u>	<u>\$32,127,861</u>	<u>40.76%</u>
Sources: SABHRS FY 2014 ongoing appropriations; student service data from OCHE, November and December 2014 FY 2014 Actual and 2017 Biennium Executive Budget from IBARS						
* There is no Resident + WUE Student Enrollment projection for the 2017 biennium						

### 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	10,529,816	10,529,816	21,059,632	73.49 %	10,690,731	10,690,731	21,381,462	73.42 %
PL Adjustments	540,711	902,144	1,442,855	5.04 %	614,141	975,370	1,589,511	5.46 %
New Proposals	2,909,180	3,243,330	6,152,510	21.47 %	2,909,180	3,243,330	6,152,510	21.13 %
<b>Total Budget</b>	<b>\$13,979,707</b>	<b>\$14,675,290</b>	<b>\$28,654,997</b>		<b>\$14,214,052</b>	<b>\$14,909,431</b>	<b>\$29,123,483</b>	

**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	3,061	6,589	0	9,650	0.00	2,971	6,403	0	9,374
DP 99 - LEG. Present Law	0.00	537,650	66,841	0	604,491	0.00	899,173	66,823	0	965,996
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$540,711</b>	<b>\$73,430</b>	<b>\$0</b>	<b>\$614,141</b>	<b>0.00</b>	<b>\$902,144</b>	<b>\$73,226</b>	<b>\$0</b>	<b>\$975,370</b>

**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	1.50	\$243	\$486	-	-	\$729
Executive Implementation of 2015 Pay Increase		603	1,184	-	-	1,787
Other		2,215	4,919	-	-	7,134
<b>Personal Services Present Law Adjustments</b>	<b>1.50</b>	<b>\$3,061</b>	<b>\$6,589</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,650</b>
FY 2017						
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Proprietary Fund	Total Funds
State Share Health Insurance	1.50	\$243	\$486	-	-	\$729
Executive Implementation of 2015 Pay Increase		603	1,184	-	-	1,787
Other		2,125	4,733	-	-	6,858
<b>Personal Services Present Law Adjustments</b>	<b>1.50</b>	<b>\$2,971</b>	<b>\$6,403</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,374</b>

The executive proposes to increase support for personal services by 9.6% in FY 2016 and 9.3% in FY 2017 when compared to the FY 2015 legislative budget. As shown in the table, about 13% of the changes are due to costs associated with the Board of Regents' enactment of HB 13 from the 2013 Legislature.

DP 99 - LEG. Present Law -

The executive proposes:

- An increase in general fund support over the 2017 biennium for student slots at anticipated increased tuition levels for the WICHE, WWAMI, and MN Dental professional student exchange programs. See comment below for more details
- An increase in state special revenue for the Montana Family Education Savings Program as it is entering into a new contract for program manager. See comment below for more details
- An increase for the Montana Family Education Savings Program
- An increase in the Quality Educator Loan Forgiveness Program. See comment below for more details

**LFD  
COMMENT**WICHE/WWAMI/MN Dental

The present law adjustment as proposed by the executive includes WICHE, WWAMI, and Minnesota Dental in one lump sum. Historically, the amounts have been requested and approved separately for each of these programs. This change in executive policy could cause difficulty tracking the sections of the exchange program going forward.

The present law increase in the professional student exchange programs (WICHE/WWAMI/MN Dental) is caused by rising tuition rates at participating universities and the funding expansion as agreed upon in the 2013 session. This increased student slots by 10 and funding by \$515,265 each fiscal year through 2019.

See the appendix for more information on the WWAMI Expansion Cost Estimates and related fiscal information regarding the WICHE/WWAMI/MN Dental programs.

Professional Student Exchange Program (WICHE/WWAMI/MN Dental)						
Present Law Adjustments FY 2014 Actual - 2017 Biennium Budget						
	FY 2014	FY 2015	FY 2016	FY 2017	Present Adjustment	Law
	Actual	Appropriated	Proposed	Proposed	FY 2016	FY 2017
WICHE Dues	\$131,000	\$137,000	\$141,000	\$145,000	\$10,000	\$14,000
WICHE Student Support	2,220,625	2,301,733	2,327,720	2,348,583	107,095	127,958
WWAMI Student Support	3,055,996	3,606,885	4,124,480	4,407,840	1,068,484	1,351,844
MN Dental Student Support	<u>95,600</u>	<u>146,400</u>	<u>149,100</u>	<u>202,400</u>	<u>53,500</u>	<u>106,800</u>
<b>TOTAL</b>	<b><u>\$5,503,221</u></b>	<b><u>\$6,192,018</u></b>	<b><u>\$6,742,300</u></b>	<b><u>\$7,103,823</u></b>	<b><u>\$1,239,079</u></b>	<b><u>\$1,600,602</u></b>

Notes:

1) The WWAMI funding request reflects the increases necessary to support the MT WWAMI Expansion authorized by the 2013 MT Legislature which increased each WWAMI class by 10 additional student slots per year starting in FY 2014. The new pipeline will reach full maturity in FY 2017 when there will be a total of 120 MT WWAMI students in the program annually (30 at MSU-Bozeman and 90 at the University of Washington) as compared to the program's previous level of 80 annual MT WWAMI students (20 at MSU-Bozeman and 60 at the University of Washington). The WWAMI appropriation request in Program 2 represents only the cost increases necessary for years 2-4 of the WWAMI program. The costs necessary to support the 1st year WWAMI program expansion at MSU-Bozeman are included in the campus budget request and are not part of the above Program 2 budget request .

2) The variation in dental student support reflects a transition back to 8 MN Dental student slots and 4 WICHE dental student slots by FY 2017 which is the traditional funding allocation. Dental student funding changes between MN Dental and WICHE dental on occasion to accommodate student acceptances and enrollment. In both the FY 2010/2011 and the FY 2012/2013 entering dental classes, all beginning MT dental students enrolled in WICHE participating dental schools; as such the MN dental beginning student appropriation (2 slots each year) was shifted between programs to support student enrollment. As those students near completion of their 4 year pipeline, the WICHE and MN dental budget allocations are returning to the traditional split of 4 WICHE and 8 MN dental slots (across all 4 years). There has been no increase in the total number of supported MT dental students, only a shift between the two programs.

**LFD  
COMMENT**Montana Family Education Savings Program

As a result of the change in the contract from the College Savings Bank, the program will be responsible for marketing and promoting the plan. Additional expenses will be incurred with the increased responsibilities for marketing campaigns and promotional materials, mailings, and travel. The executive states this new contract will generate sufficient revenue to cover the additional expenditures.

**LFD  
COMMENT**Quality Educator Loan Forgiveness Assistance Program

This program was created in 2007 as an incentive for teachers to teach at underserved school districts in Montana. A qualifying educator is eligible for loan assistance for a maximum of four years up to \$3,000 per year, subject to an appropriation expressly established for the program. The table below summarizes the number of new and returning teachers that have received loan assistance from this program since FY 2008 and the program cost. This program is funded entirely from general fund.

Quality Educator Loan Forgiveness Assistance Program FY 2008 through FY 2017								
FY		New	Return Y1	Return Y2	Return Y3	Total Awards	Cost	\$/Award
2008	Actual	104	-	-	-	104	\$ 307,280	\$ 2,955
2009	Actual	37	79	-	-	116	\$ 330,785	\$ 2,852
2010	Actual	101	21	41	-	163	\$ 471,754	\$ 2,894
2011	Actual	64	49	17	13	143	\$ 470,221	\$ 3,288
2012	Actual	98	33	32	4	167	\$ 494,890	\$ 2,963
2013	Actual	99	51	22	20	192	\$ 570,261	\$ 2,970
2014	Actual	102	44	36	18	200	\$ 595,013	\$ 2,975
2015	Projected	100	72	42	32	246	\$ 738,000	\$ 3,000
2016	Projected	100	72	42	32	246	\$ 738,000	\$ 3,000
2017	Projected	100	72	42	32	246	\$ 738,000	\$ 3,000

As shown in the table, the first year of a full pipeline was 2011 when 143 teachers were served. The pipeline increased to 200 in FY 2014. The executive budget projects serving 246 teachers each year for FY 2015, FY 2016, and FY 2017.

#### 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 200201 - Student Assistance Fund Allocation	0.00	2,587,890	0	0	2,587,890	0.00	2,587,890	0	0	2,587,890
DP 200203 - Veterinary Medicine	0.00	321,290	0	0	321,290	0.00	655,440	0	0	655,440
<b>Total</b>	<b>0.00</b>	<b>\$2,909,180</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,909,180</b>	<b>0.00</b>	<b>\$3,243,330</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,243,330</b>

#### DP 200201 - Student Assistance Fund Allocation -

The executive budget would permanently restore general fund authority in the Student Assistance Program for the Governor's Post-Secondary Scholarship Program and the Quality Educator Loan Forgiveness Program each year of the 2017 biennium.

#### LFD COMMENT

The 2011 Legislature, upon recommendation of the Governor, used one-time federal fund balance in the Guaranteed Student Loan program to replace general fund in this program. The general fund support was restored in the 2013 biennium as a one-time-only appropriation. This new proposal would permanently restore general fund support for the Governor's Postsecondary Scholarship Program (\$2,093,000) and the Quality Educator Loan Assistance Program (\$494,890).

DP 200203 - Veterinary Medicine -

The executive requests restricted, biennial, one-time-only general fund to support 10 veterinary medicine students attending Washington State University (WSU), adding an additional 10 students per year through FY 2018. This is the first year students will be attending WSU after completing their first year at MSU. See DP 903 for MSU costs associated with the first year program.

Veteran's Success New Students Cost Estimates - 10 Slot Expansion FY 2016 - FY 2019							
Pipeline Year							
FY	YR1	YR2	YR3	Total # in pipeline	Cost/Student *	Total Annual Cost*	Biennial Cost
2016	10	0	0	10	\$32,129	\$321,290	
2017	10	10	0	20	\$32,772	\$655,440	\$976,730
2018	10	10	10	30	\$33,427	\$1,002,823	
2019	10	10	10	30	\$34,096	\$1,022,879	\$2,025,702
*These amounts are estimates for the 2019 biennium.							