

## 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	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00 %
Personal Services	91,379	92,225	95,502	95,251	183,604	190,753	7,149	3.89 %
Operating Expenses	1,173,512	969,068	1,195,000	1,195,002	2,142,580	2,390,002	247,422	11.55 %
Benefits & Claims	1,931,362	3,499,476	3,000,000	3,000,000	5,430,838	6,000,000	569,162	10.48 %
<b>Total Costs</b>	<b>\$3,196,253</b>	<b>\$4,560,769</b>	<b>\$4,290,502</b>	<b>\$4,290,253</b>	<b>\$7,757,022</b>	<b>\$8,580,755</b>	<b>\$823,733</b>	<b>10.62 %</b>
General Fund	0	0	0	0	0	0	0	0.00 %
Proprietary Funds	3,196,253	4,560,769	4,290,502	4,290,253	7,757,022	8,580,755	823,733	10.62 %
<b>Total Funds</b>	<b>\$3,196,253</b>	<b>\$4,560,769</b>	<b>\$4,290,502</b>	<b>\$4,290,253</b>	<b>\$7,757,022</b>	<b>\$8,580,755</b>	<b>\$823,733</b>	<b>10.62 %</b>

## Program Description

### Fund 06082 MUS Self Funded Workers' Compensation

Premium rates for the program are based upon commonly accepted actuarial principles developed by a qualified actuary and reviewed by the MUS Self-Funded Workers' Compensation Insurance Committee and the administrator. Rate determination considers historical data of MUS claims experience and reserving practices as well as state and national trends in workers compensation and legal and economic environments. The rates and fees for the workers compensation program are defined as those premiums charged to the employer units of the Montana University System that are necessary to fund the operations and the claims payment obligations.

## Program Highlights

This program has no program highlights as they are solely funded with non-HB 2 authority.

## Funding

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

Commissioner of Higher Ed, 07-University System Workers Compensation Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06082 MUS Self-Funded Workers Comp	0	8,580,755	0	8,580,755	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$8,580,755</b>	<b>\$0</b>	<b>\$8,580,755</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$8,580,755</b>	<b>\$0</b>	<b>\$8,580,755</b>	

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. The report for the enterprise fund is available in the appendix.

### 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								
	-----General Fund-----				-----Total Funds-----			
Budget Item	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	0	0	0	0.00 %	4,551,886	4,551,886	9,103,772	0.00 %
PL Adjustments	0	0	0	0.00 %	(261,384)	(261,633)	(523,017)	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$4,290,502</b>	<b>\$4,290,253</b>	<b>\$8,580,755</b>	

### Other Issues -

### Program Description

The Montana Board of Regents created the Montana University System Self-Funded Workers' Compensation Program April 2003 as allowed by the Workers' Compensation Act in Title 39, Chapter 71 of the Montana Codes Annotated. This program, which became effective in July 2003, provides workers' compensation insurance coverage for all university system employees and employees of the Office of Commissioner of Higher Education.

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. The report for the enterprise fund is available in the appendix.

### Revenues and Expenses

This program is an enterprise fund in which the funding is derived from premiums and investment earnings. Expenditures include claims, reinsurance premiums, debt service, and administrative costs. Debt service is for the bonds that were issued to establish the claim reserve for the program.

### Rate Explanation

Premium rates for the program are based upon commonly accepted actuarial principles developed by a qualified actuary and reviewed by an oversight committee comprised of university system representatives and the administrator of the State of Montana Risk Management and Tort Defense Division.

### Proprietary Rates

The workers' compensation committee sets rates for the worker's compensation program. In FY 2013 a change in the IBNR (incurred but not reported) estimate was made that resulted in a significant reduction of the long-term claims liability (approximately \$2.8 million decrease). As a result, the committee adopted a one-time six month work comp premium holiday to run from July 1, 2013 to December 31, 2013 to spend down the fund balance.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 51020	Agency Name: Commissioner of Higher Ed			Program Name: University System Group Insurance Program			
	Fund 06010	Fund Name CHE Wellness Account					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
<b>Operating Revenues:</b>							
Fee and Charges							
Other Operating Revenue							
<b>Total Operating Revenues</b>							
		6,131	504	167	5,211	7,877	7,877
		6,131	504	167	5,211	7,877	7,877
<b>Expenses:</b>							
Other Operating Expenses							
<b>Total Operating Expenses</b>							
		5,211	8,297	7,876	5,211	7,877	7,877
		5,211	8,297	7,876	5,211	7,877	7,877
<b>Operating Income (Loss)</b>							
		920	(7,793)	(7,709)	-	-	-
<b>Nonoperating Revenues:</b>							
<b>Nonoperating Expenses:</b>							
<b>Total Nonoperating Revenues (Expenses)</b>							
		-	-	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>							
		920	(7,793)	(7,709)	-	-	-
<b>Change in Net Position</b>							
		920	(7,793)	(7,709)	-	-	-
<b>Beginning Net Position - July 1</b>							
		63,079	63,999	56,206	48,497	48,497	48,497
<b>Change in Net Position</b>							
		920	(7,793)	(7,709)	-	-	-
<b>Ending Net Position - June 30</b>							
		63,999	56,206	48,497	48,497	48,497	48,497
<b>Net Position (Fund Balance) Analysis</b>							