

**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.

Campus	FY 2014	FY 2015
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
Grand Total	\$441,104,390	\$443,395,350

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:

Campus	Resident/WUE %
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%

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.

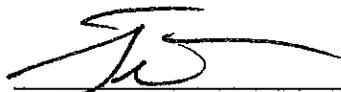
Tuition Agreement Summary Table

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
Total	15,990,428	17,998,987

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.

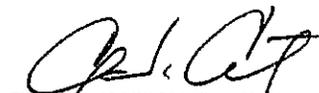
On behalf of the State of Montana:



Steve Bullock
Governor

February 1, 2013
Date

On behalf of the Montana University System:



Clayton T. Christian
Commissioner of Higher Education

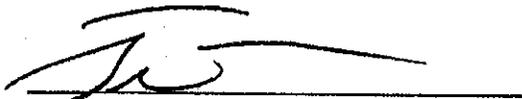
February 1, 2013
Date

**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).

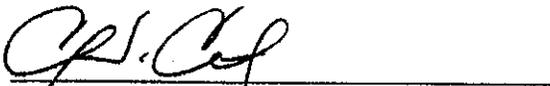
On behalf of the State of Montana:



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



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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.