

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|---------------------------|---------------------|------------------------|-----------------------|-----------------------|--------------------------|--------------------------|--------------------|----------------------|
| Budget Item | Base Fiscal 2012 | Approp. Fiscal 2013 | Budget Fiscal 2014 | Budget Fiscal 2015 | Biennium Fiscal 12-13 | Biennium Fiscal 14-15 | Biennium Change | Biennium % Change |
| FTE | 45.00 | 45.00 | 45.00 | 45.00 | 45.00 | 45.00 | 0.00 | 0.00% |
| Personal Services | 1,813,441 | 2,683,262 | 2,191,792 | 2,189,913 | 4,496,703 | 4,381,705 | (114,998) | (2.56%) |
| Operating Expenses | 2,398,865 | 4,490,060 | 3,003,053 | 2,989,211 | 6,888,925 | 5,992,264 | (896,661) | (13.02%) |
| Benefits & Claims | 30,617,909 | 40,508,723 | 40,617,909 | 40,617,909 | 71,126,632 | 81,235,818 | 10,109,186 | 14.21% |
| Transfers | 0 | 143,356 | 0 | 0 | 143,356 | 0 | (143,356) | (100.00%) |
| Debt Service | 43,480 | 43,480 | 43,480 | 43,480 | 86,960 | 86,960 | 0 | 0.00% |
| Total Costs | \$34,873,695 | \$47,868,881 | \$45,856,234 | \$45,840,513 | \$82,742,576 | \$91,696,747 | \$8,954,171 | 10.82% |
| Federal Special | 34,873,695 | 47,868,881 | 45,856,234 | 45,840,513 | 82,742,576 | 91,696,747 | 8,954,171 | 10.82% |
| Total Funds | \$34,873,695 | \$47,868,881 | \$45,856,234 | \$45,840,513 | \$82,742,576 | \$91,696,747 | \$8,954,171 | 10.82% |

Program Description

The Montana Guaranteed Student Loan Program (MGSLP) operates under federal regulation with federal funds to guarantee student loans that are made by private lenders to higher education students in Montana. MGSLP purchases and services student loans that are in default with the private lender, works with students to prevent default, collects the outstanding balance of the defaulted loan for repayment to the U.S. Department of Education, and provides training and technical assistance to schools and lenders.

Effective July 1, 2010 all new student loans are issued and serviced through the U.S. Department of Education's William D. Ford Direct Loan Program. The Student Aid and Financial Reform Act (SAFRA) passed by Congress terminated the Federal Family Education Loan Program (FFELP). MGSLP will continue its guarantee functions for FFELP student loans issued prior to July 1, 2010.

MGSLP also administers several state and federal grant and scholarship programs and the Montana Family Education Savings Program. Expenditures for the student aid administration services performed by MGSLP are recorded in the Student Assistance Program.

Program Highlights

| Guaranteed Student Loan Program Major Budget Highlights |
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| ◆ The legislature increased the 2015 biennial budget in anticipation of an increase in the volume of defaulted student loans and associated collection costs |

Funding

This program is funded from federal funds from the U.S. Department of Education relating to the operation of the program.

| Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Guaranteed Student Loan Pgm | | | | | | | |
|---|---------------|-----------------------------|----------------------------|----------------------|----------------------|------------------|-----------------------|
| Funds | HB 2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | MCA Reference | Statutory Category |
| Federal Special Total | \$91,696,747 | \$0 | \$0 | \$91,696,747 | 100.0% | | |
| 03400 Guaranteed Std. Loan-admin. | \$18,627,375 | \$0 | \$0 | \$18,627,375 | 20.3% | | |
| 03401 U.s. Dept Ed / Gsl Recall Acct | \$73,041,174 | \$0 | \$0 | \$73,041,174 | 79.7% | | |
| 03410 Gear Up Essay Scholarship | \$28,198 | \$0 | \$0 | \$28,198 | 0.0% | | |
| Total All Funds | \$91,696,747 | \$0 | \$0 | \$91,696,747 | 100.0% | | |
| Percent - Total All Sources | 100.0% | 0.0% | 0.0% | | | | |

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|--------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | Budget Fiscal 2014 | Budget Fiscal 2015 | Biennium Fiscal 14-15 | Percent of Budget | Budget Fiscal 2014 | Budget Fiscal 2015 | Biennium Fiscal 14-15 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 34,873,695 | 34,873,695 | 69,747,390 | 76.06% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 382,539 | 366,818 | 749,357 | 0.82% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 10,600,000 | 10,600,000 | 21,200,000 | 23.12% |
| New Proposals | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| Total Budget | \$0 | \$0 | \$0 | | \$45,856,234 | \$45,840,513 | \$91,696,747 | |

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

| Present Law Adjustments | -----Fiscal 2014----- | | | | | -----Fiscal 2015----- | | | | |
|--|-----------------------|-----------------|------------------|---------------------|---------------------|-----------------------|-----------------|------------------|---------------------|---------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 469,674 | | | | | 467,715 |
| Vacancy Savings | | | | | (91,323) | | | | | (91,243) |
| Inflation/Deflation | | | | | 2,090 | | | | | 3,968 |
| Fixed Costs | | | | | 2,098 | | | | | (13,622) |
| Total Statewide Present Law Adjustments | | \$0 | \$0 | \$382,539 | \$382,539 | | \$0 | \$0 | \$366,818 | \$366,818 |
| DP 50 - Initial Motion to FY 2012 Base | 0.00 | 0 | 0 | (382,539) | (382,539) | 0.00 | 0 | 0 | (366,818) | (366,818) |
| DP 51 - Adjustment for Statewide Personal Services | 0.00 | 0 | 0 | 378,351 | 378,351 | 0.00 | 0 | 0 | 376,472 | 376,472 |
| DP 52 - Adjustment for Statewide Operations | 0.00 | 0 | 0 | 4,188 | 4,188 | 0.00 | 0 | 0 | (9,654) | (9,654) |
| DP 1201 - Present law increases for GSL | 0.00 | 0 | 0 | 10,600,000 | 10,600,000 | 0.00 | 0 | 0 | 10,600,000 | 10,600,000 |
| Total Other Present Law Adjustments | 0.00 | \$0 | \$0 | \$10,600,000 | \$10,600,000 | 0.00 | \$0 | \$0 | \$10,600,000 | \$10,600,000 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$10,982,539 | \$10,982,539 | 0.00 | \$0 | \$0 | \$10,966,818 | \$10,966,818 |

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1201 - Present law increases for GSL - The legislature increased the budget authority in this program in anticipation of an increase in defaulted loans due to economic conditions and associated collection expenses.