

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
Personal Services	0	0	0	0	0	0	0	0.00 %
Operating Expenses	0	0	0	0	0	0	0	0.00 %
Transfers	170,864,830	209,242,994	189,024,665	186,882,980	380,107,824	375,907,645	(4,200,179)	(1.10)%
Total Costs	\$170,864,830	\$209,242,994	\$189,024,665	\$186,882,980	\$380,107,824	\$375,907,645	(\$4,200,179)	(1.10)%
General Fund	151,368,110	188,097,631	169,464,035	167,322,025	339,465,741	336,786,060	(2,679,681)	(0.79)%
State/Other Special Rev. Funds	19,496,720	21,145,363	19,560,630	19,560,955	40,642,083	39,121,585	(1,520,498)	(3.74)%
Total Funds	\$170,864,830	\$209,242,994	\$189,024,665	\$186,882,980	\$380,107,824	\$375,907,645	(\$4,200,179)	(1.10)%

Program Description

The Appropriation Distribution program in the Office of the Commissioner of Higher Education (OCHE) is the conduit through which state funds flow to: 1) the university system units and colleges and other campus related appropriations, and 2) the research/public service agencies.

Program Highlights

Appropriation Distribution Program Major Budget Highlights
<ul style="list-style-type: none"> • The legislature signed a Tuition Cap Agreement with the Commissioner of Higher Education and the Governor, freezing resident tuition rates at the educational units over the 2017 biennium <ul style="list-style-type: none"> ◦ This included a present law adjustment from the FY 2015 base for the educational units of \$5.47 million general fund each fiscal year ◦ The Agreement also commits the Montana University System to incorporating a performance funding component into the allocation model used by the Board of Regents for distributing funds to the MUS educational units • The legislature reduced state special revenue from the 6-Mill Levy by \$567,026 each fiscal year to align anticipated revenues with expenditures

Program Narrative

Tuition Cap Agreement and Performance Funding

The 2015 Legislature funded the Governor’s proposal for a resident student tuition freeze each year of the 2017 biennium. Funding was provided via HB 2, the general appropriations act, which included funding for the pay plan. At its May 2015 meeting, the Board of Regents made the final determination to implement the tuition freeze for fiscal years 2016 and 2017.

Significant HB 2 components of the tuition cap agreement include:

- 1) An additional \$10.4 million in the 2017 biennium for present law cost increases at the MUS education units over the base year of FY 2015. The adjustments included faculty, classified, and contract employee market/merit/inversion pay; utilities and library inflation; and fixed costs.
- 2) No adjustment was made for resident or Western Undergraduate Exchange (WUE) student enrollment increases or decreases in the 2017 biennium. State funding will not be increased or decreased as a result of actual enrollment being higher or lower than the FY 2014 resident/WUE level as outlined in 17-7-142, MCA.

Pay plan components of HB 2, established in SB 418:

- 1) The agreement relies on a state appropriation to the MUS to fund fully any raises that the legislature approves in a state employee pay plan. This consisted of \$12.7 million over the 2017 biennium for the MUS.
- 2) Funding is included for increasing employer contributions for health insurance premiums 10% in FY 2016 and 8% in FY 2017 (the same increase provided for all eligible state employees).
- 3) A \$0.50 raise effective January 1 of FY 2016 and FY 2017 across the board pay increase for state employees. This included an allocation for the Montana University System.
- 4) The Montana Board of Regents will make the final determination on how much of the pay plan funding allocation will be used for increased employer contribution for health insurance premiums and how much will be used for employee pay increases.

Performance Funding:

- 1) The tuition cap agreement also includes a commitment by the Montana University System to incorporate a performance funding component into the allocation model used by the Board of Regents to distribute state funds to the MUS education units.
- 2) \$30.0 million will be designated for performance funding and distributed based upon progress toward increasing college completions and other related outcomes.

Funding

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

Commissioner of Higher Education, 09-Appropriation Distribution Transfers Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	336,786,060	0	3,379,700	340,165,760	89.37 %	
02111 Accommodation Tax Account	0	0	1,354,000	1,354,000	3.35 %	
02185 SB410 ADF GF	0	0	0	0	0.00 %	
02289 Bureau Of Mines Groundwater	0	0	0	0	0.00 %	
02443 University Millage	38,065,452	0	0	38,065,452	94.05 %	
02576 Natural Resources Operations SSR Fu	0	0	0	0	0.00 %	
02694 Coal Bed Methane Protection	0	0	0	0	0.00 %	
02944 Motorcycle Safety Training	1,056,133	0	0	1,056,133	2.61 %	
State Special Total	\$39,121,585	\$0	\$1,354,000	\$40,475,585	10.63 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$375,907,645	\$0	\$4,733,700	\$380,641,345		

While funding for this program is primarily general fund, state special revenue from the six-mill property tax levy funds the university educational units.

Six-Mill Property Tax Levy

The statewide six-mill property tax levy that supports the Montana University System is authorized in 15-10-108, MCA. The tax levy is presented to voters statewide for approval every 10 years. The most recent statewide vote was in 2008.

The six-mill levy revenue is used to fund the education and general operating expenses of the educational units and is the second largest state funding source for the MUS after general fund.

Statutory Appropriations

Statutory appropriations do not require reauthorization each biennium, and they do not appear in HB 2. There are two statutory appropriations in this program:

- An allocation of the 4% lodging facility use tax is transferred to the University of Montana for travel research
- General fund is statutorily appropriated for a 1% employer contribution increase to the MUS defined contribution retirement plan authorized by HB 95 passed by the 2007 Legislature

Budget Summary by Category

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

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	161,843,336	161,843,336	323,686,672	96.11 %	181,846,813	181,846,813	363,693,626	96.75 %
PL Adjustments	6,020,699	5,478,689	11,499,388	3.41 %	5,577,852	5,036,167	10,614,019	2.82 %
New Proposals	1,600,000	0	1,600,000	0.48 %	1,600,000	0	1,600,000	0.43 %
Total Budget	\$169,464,035	\$167,322,025	\$336,786,060		\$189,024,665	\$186,882,980	\$375,907,645	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia	0.00	530,974	0	0	530,974	0.00	0	0	0	0
DP 526 - 2017 Biennium Legislative Audit (RST/BIEN)	0.00	14,862	0	0	14,862	0.00	0	0	0	0
DP 900 - General Government Adjustments (Ed Units)	0.00	181,837	0	0	181,837	0.00	182,720	0	0	182,720
DP 901 - Educational Units Present Law	0.00	5,293,026	0	0	5,293,026	0.00	5,295,969	0	0	5,295,969
DP 902 - 6-Mill Levy	0.00	0	(567,026)	0	(567,026)	0.00	0	(567,026)	0	(567,026)
DP 909 - Motorcycle Safety	0.00	0	124,179	0	124,179	0.00	0	124,504	0	124,504
Grand Total All Present Law Adjustments	0.00	\$6,020,699	(\$442,847)	\$0	\$5,577,852	0.00	\$5,478,689	(\$442,522)	\$0	\$5,036,167

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia -

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 526 - 2017 Biennium Legislative Audit (RST/BIEN) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

DP 900 - General Government Adjustments (Ed Units) -

The legislature approved a general fund increase for adjustments in fixed costs, inflation, and deflation, as revised by general government.

DP 901 - Educational Units Present Law -

The legislature approved general fund revenue for the educational units to ensure the Montana University System could implement a tuition freeze over the 2017 biennium.

DP 902 - 6-Mill Levy -

The legislature approved a decrease in the Montana University's 6-mill levy to align expenditures with anticipated revenues.

DP 909 - Motorcycle Safety -

The legislature approved a general fund revenue increase for the Motorcycle Safety program.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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 144 - Classroom and Technology Collaboration (OTO)	0.00	1,600,000	0	0	1,600,000	0.00	0	0	0	0
Total	0.00	\$1,600,000	\$0	\$0	\$1,600,000	0.00	\$0	\$0	\$0	\$0

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 144 - Classroom and Technology Collaboration (OTO) -

The legislature approved one-time-only general fund revenue in FY 2016 for classroom and technology collaboration at the educational units.

Language and Statutory Authority

The legislature included the following language in HB 2.

"Appropriation Distribution Transfers includes \$1,345,976 in FY 2016 and \$1,344,571 in FY 2017 that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program and the state building energy revolving program. The costs of this transfer in each year of the 2017 biennium are as follows: University of Montana-Missoula, \$460,580 in FY 2016 and \$459,951 in FY 2017; University of Montana-Western, \$141,482 in FY 2016 and \$140,706 in FY 2017; UM-Helena College, \$61,649 in each year; Montana State University-Bozeman, \$325,388 in each year; Montana State University-Billings \$170,542 in each year; UM Montana Tech, \$32,099 in each year; Great Falls COT \$86,500 in each year; and Montana State University-Northern, \$67,736 in each year."

"If SB 416 is passed and approved, Agricultural Experiment Station is reduced by \$300,000 in general fund money in FY 2016 and by \$300,000 in general fund money in FY 2017; Extension Service is reduced by \$125,000 in general fund money in FY 2016 and by \$125,000 in general fund money in FY 2017; and the Forestry and Conservation Experiment Station is reduced by \$75,000 in general fund money in FY 2016 and by \$75,000 in general fund money in FY 2017. The Commissioner of Higher Education may allocate the reduction among these three appropriations when establishing the 2017 biennium operating plan."

"Classroom and Technology Collaboration line item is contingent on passage and approval of SB 416."

"The Montana university system shall pay \$88,506 for the 2017 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."