

Agency Budget Comparison

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

Agency 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	93.88	93.88	93.88	93.88	93.88	93.88	0.00	0.00%
Personal Services	5,328,130	6,661,069	5,977,602	5,976,601	11,989,199	11,954,203	(34,996)	(0.29%)
Operating Expenses	4,548,981	6,555,917	5,898,482	5,856,356	11,104,898	11,754,838	649,940	5.85%
Local Assistance	11,139,820	11,030,955	13,144,177	13,077,785	22,170,775	26,221,962	4,051,187	18.27%
Grants	15,713,709	21,627,099	17,239,037	17,852,878	37,340,808	35,091,915	(2,248,893)	(6.02%)
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	179,600,026	182,383,158	196,170,345	198,010,100	361,983,184	394,180,445	32,197,261	8.89%
Debt Service	43,480	43,480	67,033	67,033	86,960	134,066	47,106	54.17%
Total Costs	\$246,992,055	\$268,810,401	\$279,114,585	\$281,458,662	\$515,802,456	\$560,573,247	\$44,770,791	8.68%
General Fund	179,551,398	179,553,762	201,028,383	202,934,650	359,105,160	403,963,033	44,857,873	12.49%
State Special	19,827,019	21,274,458	20,788,136	21,294,893	41,101,477	42,083,029	981,552	2.39%
Federal Special	47,540,878	67,906,142	57,222,973	57,154,829	115,447,020	114,377,802	(1,069,218)	(0.93%)
Other	72,760	76,039	75,093	74,290	148,799	149,383	584	0.39%
Total Funds	\$246,992,055	\$268,810,401	\$279,114,585	\$281,458,662	\$515,802,456	\$560,573,247	\$44,770,791	8.68%

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Legislative Budget Analysis, E-78

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	93.88	93.88	93.88	0.00	93.88	93.88	0.00	
Personal Services	5,328,130	6,103,504	5,977,602	(125,902)	6,102,483	5,976,601	(125,882)	(251,784)
Operating Expenses	4,548,981	5,900,347	5,898,482	(1,865)	5,858,393	5,856,356	(2,037)	(3,902)
Local Assistance	11,139,820	12,116,807	13,144,177	1,027,370	12,110,271	13,077,785	967,514	1,994,884
Grants	15,713,709	17,554,595	17,239,037	(315,558)	18,168,436	17,852,878	(315,558)	(631,116)
Benefits & Claims	30,617,909	40,617,909	40,617,909	0	40,617,909	40,617,909	0	0
Transfers	179,600,026	196,972,141	196,170,345	(801,796)	198,812,052	198,010,100	(801,952)	(1,603,748)
Debt Service	43,480	67,033	67,033	0	67,033	67,033	0	0
Total Costs	\$246,992,055	\$279,332,336	\$279,114,585	(\$217,751)	\$281,736,577	\$281,458,662	(\$277,915)	(\$495,666)
General Fund	179,551,398	201,463,308	201,028,383	(434,925)	203,429,719	202,934,650	(495,069)	(929,994)
State/Other Special	19,827,019	20,488,136	20,788,136	300,000	20,994,893	21,294,893	300,000	600,000
Federal Special	47,540,878	57,304,659	57,222,973	(81,686)	57,236,531	57,154,829	(81,702)	(163,388)
Proprietary	72,760	76,233	75,093	(1,140)	75,434	74,290	(1,144)	(2,284)
Total Funds	\$246,992,055	\$279,332,336	\$279,114,585	(\$217,751)	\$281,736,577	\$281,458,662	(\$277,915)	(\$495,666)

The legislative budget for the Montana University System is \$0.90 million less in general fund and \$0.5 million less in total funds than the executive budget request. The table below shows the major differences between the executive budget and the legislative budget.

Comparison of Executive MUS Budget Adjustments and Legislative Budget Adjustments - 2015 Biennium - State Funds				
General Fund		Executive Budget	Legislative Budget	Legislative - Executive*
Present Law Adjustments				
02-Student Assist.	DP 201-WICHE/WWAMI/MN Dental	\$587,417	\$587,417	\$0
02-Student Assist.	DP 207-Quality Educator Loan Forgiveness (RST/OTO)	486,220	486,220	0
04-Comm Colleges	DP 403-Community College Audit Costs (BIEN/OTO)	73,852	73,852	0
04-Comm Colleges	DP 404-Remove Audit from Base	(61,316)	(122,632)	(61,316)
04-Comm Colleges	DP 405-State Assistance to Community Colleges (EB DP 402)	1,916,902	2,638,666	721,764
09-Distribution	DP 901 - State Support of Educational Units	28,226,217	28,226,217	0
09-Distribution	DP 904 - Statewide Present Law Adjustments Agencies	(752,704)	(692,555)	60,149
09-Distribution	DP 930-Fixed Rate Cost Adjustment	0	146,487	146,487
09-Distribution	General Fund Replacement with Six Mill Levy Funds	(1,616,002)	(1,616,002)	0
Other OCHE Pgms	DP 50-Initial Motion to FY 2012 Base	0	(235,547)	(235,547)
Other OCHE Pgms	DP 51-Adjustment for Statewide Personal Services	0	119,526	119,526
Other OCHE Pgms	DP 52-Adjustment for Statewide Operations	0	117,580	117,580
Other OCHE Pgms	DP 1301-Board of Regents Per Diem & Mileage	7,198	7,198	0
Other OCHE Pgms	Statewide Present Law Adjustments	<u>235,547</u>	<u>235,547</u>	<u>0</u>
	Total Present Law Adjustments	<u>\$29,103,331</u>	<u>\$29,971,974</u>	<u>\$868,643</u>
New Proposals				
01-Administration	DP 54 - Additional Vacancy Savings	0	(88,627)	(\$88,627)
Other OCHE Pgms	DP 103-Universal Enrollment (BIEN/OTO)	5,000,000	0	(5,000,000)
02-Student Assist.	DP 202-Veterans' Success (BIEN/OTO)	\$2,000,000	\$1,000,000	(\$1,000,000)
02-Student Assist.	DP 203-WWAMI Expansion	515,265	515,265	0
02-Student Assist.	DP 205-GSL/Student Assistance fund allocation	5,175,780	5,175,780	0
04-Comm Colleges	DP 401-Ongoing Banner Support	0	334,436	334,436
04-Comm Colleges	DP 406-Workforce Development Programs (OTO)	0	1,000,000	1,000,000
09-Distribution	DP 902-Energy & Natural Resources Doctoral Pgm (BIEN/OTO)	600,000	600,000	0
09-Distribution	DP 903-Workforce Development & 2-Year Education (OTO)	2,000,000	1,000,000	(1,000,000)
09-Distribution	DP 905-Veterinary Medicine (BIEN/OTO)	1,000,000	1,000,000	0
09-Distribution	DP 909-WWAMI Expansion	392,909	392,909	0
09-Distribution	DP 920-Increase Funding for Ag Experiment Station (OTO)	0	1,050,000	1,050,000
09-Distribution	DP 921-Increase Funding for Extension Service (OTO)	0	800,000	800,000
09-Distribution	DP 925-Eliminate Vacancy Savings at Ag Experiment Station	0	739,616	739,616
09-Distribution	DP 935-Bio-Energy Research Center at MSU-N (BIEN/OTO)	0	400,000	400,000
09-Distribution	DP 950-Family Practice Residency	0	400,000	400,000
09-Distribution	DP 951-Local Government Center (OTO)	0	200,000	200,000
11-Tribal Colleges	DP 1101 Increase Tribal College Assistance (OTO)	0	368,884	368,884
Other OCHE Pgms	DP 6101-Professional Development Center	<u>2,946</u>	<u>0</u>	<u>(2,946)</u>
	Total New Proposals	<u>\$16,686,900</u>	<u>\$14,888,263</u>	<u>(\$1,798,637)</u>
	Total General Fund Adjustments-Comparison to Executive	<u>\$45,790,231</u>	<u>\$44,860,237</u>	<u>(\$929,994)</u>
State Special Revenue				
Present Law Adjustments				
09-Distribution	DP 901 - State Support of Educational Units	\$57,719	\$0	(\$57,719)
09-Distribution	DP 9071-Motorcycle Safety Equipment Replacement	60,000	117,719	57,719
09-Distribution	General Fund Replacement with Six Mill Levy Funds	1,616,002	1,616,002	0
Other OCHE Pgms	DP 50-Initial Motion to FY 2012 Base	\$0	\$4,003	4,003
Other OCHE Pgms	DP 51-Adjustment for Statewide Personal Services	0	(3,263)	(3,263)
Other OCHE Pgms	DP 52-Adjustment for Statewide Operations	0	(740)	(740)
Other OCHE Pgms	DP 206-Family Education Savings Plan	99,273	99,273	0
Other OCHE Pgms	Statewide Present Law Adjustments	<u>(4,003)</u>	<u>(4,003)</u>	<u>0</u>
	Total Present Law Adjustments	<u>\$1,828,991</u>	<u>\$1,828,991</u>	<u>\$0</u>
New Proposals				
09-Distribution	DP 930-Bureau of Mines Coal & Mine Data Records	<u>\$0</u>	<u>\$600,000</u>	<u>\$600,000</u>
	Total State Special Revenue Adjustments-Comparison to Executive	<u>\$1,828,991</u>	<u>\$2,428,991</u>	<u>\$600,000</u>
	Total MUS Adjustments-Comparison to Executive	<u>\$47,619,222</u>	<u>\$47,289,228</u>	<u>(\$329,994)</u>

*Negative difference indicates Legislative Budget is less than Executive Budget

General Fund

Overall, the executive recommended adjustments totaling \$45.8 million general fund. The legislature approved general fund adjustments totaling \$44.9 million.

The executive recommended \$29.1 million in present law adjustments funded from general fund for the university system while the legislature added \$30.0 million. The \$0.9 million difference is attributable primarily to correcting an error in the executive budget proposal for the community colleges, removing the vacancy savings adjustment at the Forest and Conservation Experiment Station because it has fewer than 20 FTE in its state budget, and increasing fixed costs at the educational units and agencies due to rate changes approved by the legislature.

The executive recommended \$16.7 million in 9 new proposals funded from general fund. The legislature approved 17 new proposals totaling \$14.9 million general fund. Executive-recommended new proposals not fully funded by the legislature include:

- DP 103-Universal Enrollment - \$5.0 million requested; Not funded
- DP 202-Veterans' Success - \$2.0 million requested; \$1.0 million funded
- DP 903-Workforce Development & 2-Year Education - \$2.0 million requested; \$1.0 million funded

New legislative initiatives not in the executive budget include:

- DP 920 and DP 925-Increased Support for the Ag Experiment Station - \$1.8 million
- DP 401 and DP 406-Increased Support for the Community Colleges - \$1.3 million
- DP 921 and DP 951-Increased Support for the Extension Service – \$1.0 million
- DP 935-Bio-Energy Research Center MSU-Northern - \$0.4 million
- DP 950-Increase Family Practice Residency - \$0.4 million
- DP 1101-Increase Tribal Collage Assistance - \$0.4 million

State Special Revenue

The legislature adopted the executive's recommendation for present law adjustments funded from state special revenue. The legislature funded a new proposal for the Montana Bureau of Mines with coal bed methane protection state special revenue on a one-time-only basis for the 2015 biennium.

Agency Highlights

Montana University System – Office of the Commissioner of Higher Education Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Montana University System (MUS) 2015 biennium total funds budget is \$44.8 million higher than the 2013 biennium ◆ Increased funding for distribution to MUS educational units and agencies, community colleges, and tribal colleges are the primary drivers of the overall increase ◆ The biennial budget also increases due to an anticipated increase in defaulted loans and collections costs in the Montana Guaranteed Student Loan Program ◆ The legislature endorsed the HB 2 portion of the Governor's proposed Tuition Cap Agreement, increasing state funding \$34.0 million. <ul style="list-style-type: none"> • The state's share of present law adjustments for the educational units accounts for \$28.2 million. The legislature made the policy choice to fund present law cost increases at the educational units in the same proportion (82%) as the

- number of Montana resident students and Western Undergraduate Exchange (WUE) students to total students in the Montana University System
- The legislature restored \$5.2 million general fund in the Student Assistance Program that was part of a funding switch in the 2011 legislative session
 - Present law adjustments for WICHE/WWAMI/Minnesota Dental program were approved as part of the Tuition Cap Agreement
- ◆ The legislative budget includes 17 new proposals for the MUS. Significant proposals include:
- Restore \$2,587,890 general fund each year in the Student Assistance Program for the Governor's Best and Brightest Scholarship and Quality Educator Loan Forgiveness programs. Federal funds of a like amount are removed.
 - Expand the number of WWAMI slots by 10, adding \$0.90 million in the 2015 biennium. It will take four years to fill the pipeline with these additional slots.
 - \$1.0 million one-time-only appropriation for workforce development and two year education
 - \$1.0 million one-time-only for expanded veterinary medical education opportunities
 - \$1.8 million for two new proposals for the Agriculture Experiment Station
 - \$1.0 million for increased funding for the Extension Service and the Local Government Center
 - \$1.3 million for two new proposals for the community colleges
 - \$0.4 million for the Bio-Energy Research Center at MSU-Northern
 - \$0.4 million for increased state support for Family Practice Residency programs
 - \$0.4million for increased tribal college assistance for non-beneficiary students

Agency Discussion

The Montana University System provides postsecondary education to 38,100 full-time equivalent (FTE) students at eight campus locations in Montana, and 2,700 FTE students at three community colleges. In addition, the state supports seven tribal colleges by paying a fixed amount per non-beneficiary FTE student (i.e. a student who is not enrolled in a federally recognized tribe and is a Montana resident). The Office of the Commissioner of Higher Education administers several statewide programs and distributes student financial aid funds and the state appropriations for higher education to the MUS campuses, as well as provides executive level staff support to the Montana board of regents.

Tuition Cap Agreement

The Tuition Cap Agreement (CAP) relies upon passage of present law adjustments DP 901 in program 09-Appropriation Distribution and DPs 201 and 205 in program 02-Student Assistance of the Office of the Commissioner of Higher Education budget in HB 2. The CAP also relies upon full funding of any state employee pay plan passed by the legislature (HB 13 or similar bill).

- 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).
- Student Assistance – The CAP 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 adds \$587,417 inflation 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.

The legislature funded the above HB 2 components of the CAP agreement, increasing state funding \$34.0 million in the 2015 biennium.

- 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 same proportion of resident/WUE student to total students in the Montana University System -- 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.

The table below summarizes the HB 2 components of the Tuition Cap Agreement.

Governor's Tuition Cap Agreement -- Adopted by the Legislature -- HB 2 Only*				
Budget Item	Program	FY 2014	FY 2015	
DP 901-State Contribution to Present Law Base	09 Appropriation Distribution	\$13,185,886	\$15,040,332	
DP 205-Restore Student Assistance General Fund	02 Student Assistance	2,587,890	2,587,890	
DP 201-WICHE/WWAMI/MN Dental Present Law Increase	02 Student Assistance	<u>216,652</u>	<u>370,765</u>	
Total HB 2 Appropriations		<u>\$15,990,428</u>	<u>\$17,998,987</u>	

*The Tuition Cap Agreement also includes full funding of any pay plan bill

MUS Educational Units

The biennial budget increase for the MUS educational units in HB 2 is \$31.4 million, or 10.3%. The majority of this increase is attributable to present law adjustments that comprise the Tuition Cap Agreement. Approximately \$3.8 million of the biennial increase is for new proposals described in the agency budget highlights table, and in more detail in the Appropriation Distribution Program narrative.

MUS Research/Public Service Agencies

The legislative budget biennial change for the five research and public service agencies affiliated with the Montana University System is 5.60%. The legislature added \$3.4 million in new proposals in the 2015 biennium and approved present law adjustments that reduced the 2015 biennium budget \$0.7 million.

Community College Assistance

The legislature used the statutory funding formula to calculate a major portion of the general fund appropriation for the community colleges in the 2015 biennium. The formula adjustments, and other adjustments approved by the legislature, added \$4.0 million to the 2013 biennium base budget. Adjustments were included for increased costs of education, increased technical support for converting to Banner accounting software, and one-time-only funding for developing workforce development programs at the eastern Montana community colleges. Overall, the legislature increased the community college budget 18.4% in the 2015 biennium.

Tribal College Assistance

The legislative budget for the tribal colleges increased 21.9% in the 2015 biennium to reflect increased enrollment in non-beneficiary students. The funding increase was approved on a one-time-only basis.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$403,963,033	\$0	\$2,721,082	\$406,684,115	54.3%
State Special Total	42,083,029	-	1,564,336	43,647,365	5.8%
Federal Special Total	114,377,802	-	-	114,377,802	15.3%
Proprietary Total	149,383	183,643,900	-	183,793,283	24.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	\$560,573,247	\$183,643,900	\$4,285,418	\$748,502,565	
Percent - Total All Sources	74.9%	24.5%	0.6%		

HB 2 funds are primarily general fund. Also included is state special revenue primarily from the six-mill levy, and federal funds from various federal education grant programs and program fees earned in the Montana Guaranteed Student Loan Program.

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	179,551,398	179,551,398	359,102,796	88.89%	246,992,055	246,992,055	493,984,110	88.12%
Statewide PL Adjustments	(394,881)	(985,574)	(1,380,455)	(0.34%)	859,288	816,523	1,675,811	0.30%
Other PL Adjustments	14,688,831	16,663,598	31,352,429	7.76%	26,400,067	28,264,660	54,664,727	9.75%
New Proposals	7,183,035	7,705,228	14,888,263	3.69%	4,863,175	5,385,424	10,248,599	1.83%
Total Budget	\$201,028,383	\$202,934,650	\$403,963,033		\$279,114,585	\$281,458,662	\$560,573,247	

Language and Statutory Authority

The legislature included the following language in HB 2.

1. Language that creates the lump sum appropriation:

"Items designated as OCHE--Administration (01), OCHE Student Assistance (02), Improving Teacher Quality (03), Educational Outreach and Diversity (06), Workforce Development (08), Appropriation Distribution Transfers (09) [excluding Agriculture Experiment Station, Extension Service, Forest and Conservation Experiment Station, Bureau of Mines and Geology, and Fire Services Training School] Guaranteed Student Loan (12), and the Board of Regents (13) are a single biennial lump-sum appropriation."

2. *Language appropriating all public funds received by MUS:*

"General fund money, state and federal special revenue and proprietary fund revenue appropriated to the board of regents are included in all Montana university system programs. All other public funds received by units of the Montana university system (other than plant funds appropriated in House Bill No. 5, relating to long-range building) are appropriated to the board of regents and may be expended under the provisions of 17-7-138(2). The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), according to board policy."

3. *Language requiring MUS to provide access to MUS Banner Information System:*

"The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and the legislative fiscal division banner access to the entire university system's banner information system, except for information pertaining to individual students or individual employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g."

4. *Language requiring MUS to provide electronic data required for state's budgeting system:*

"The Montana university system shall provide the electronic data required for entering human resource data for the current unrestricted operating funds into the Montana Budgeting and Reporting System (MBARS). The salary and benefit data provided must reflect approved board of regents operating budgets."

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	23.03	23.03	23.03	23.03	23.03	23.03	0.00	0.00%
Personal Services	2,348,762	2,092,394	2,244,492	2,244,089	4,441,156	4,488,581	47,425	1.07%
Operating Expenses	663,112	770,241	725,581	697,242	1,433,353	1,422,823	(10,530)	(0.73%)
Transfers	0	36,000	0	0	36,000	0	(36,000)	(100.00%)
Debt Service	0	0	23,553	23,553	0	47,106	47,106	n/a
Total Costs	\$3,011,874	\$2,898,635	\$2,993,626	\$2,964,884	\$5,910,509	\$5,958,510	\$48,001	0.81%
General Fund	2,539,506	2,329,395	2,580,063	2,556,529	4,868,901	5,136,592	267,691	5.50%
State Special	0	0	0	0	0	0	0	n/a
Federal Special	399,608	493,201	338,470	334,065	892,809	672,535	(220,274)	(24.67%)
Other	72,760	76,039	75,093	74,290	148,799	149,383	584	0.39%
Total Funds	\$3,011,874	\$2,898,635	\$2,993,626	\$2,964,884	\$5,910,509	\$5,958,510	\$48,001	0.81%

Page Reference

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Funding

This program is funded primarily from general fund. About 14% of the funding for the 2015 biennium would come from federal and proprietary revenue to support administrative overhead activities for federal grant programs and proprietary programs administered by other OCHE programs.

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	2,539,506	2,539,506	5,079,012	98.88%	3,011,874	3,011,874	6,023,748	101.09%
Statewide PL Adjustments	84,025	60,623	144,648	2.82%	106,572	77,982	184,554	3.10%
Other PL Adjustments	852	707	1,559	0.03%	1,082	910	1,992	0.03%
New Proposals	(44,320)	(44,307)	(88,627)	(1.73%)	(125,902)	(125,882)	(251,784)	(4.23%)
Total Budget	\$2,580,063	\$2,556,529	\$5,136,592		\$2,993,626	\$2,964,884	\$5,958,510	

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					120,400					119,956
Vacancy Savings					(98,768)					(98,747)
Inflation/Deflation					(683)					(385)
Fixed Costs					85,623					57,158
Total Statewide Present Law Adjustments		\$84,025	\$0	\$19,074	\$106,572*		\$60,623	\$0	\$14,685	\$77,982*
DP 50 - Initial Motion to FY 2012 Base	0.00	(84,025)	0	(19,074)	(106,572)*	0.00	(60,623)	0	(14,685)	(77,982)*
DP 51 - Adjustment for Statewide Personal Services	0.00	14,467	0	6,061	21,632*	0.00	14,131	0	5,988	21,209*
DP 52 - Adjustment for Statewide Operations	0.00	70,410	0	13,207	86,022*	0.00	47,199	0	8,868	57,683*
Total Other Present Law Adjustments	0.00	\$852	\$0	\$194	\$1,082*	0.00	\$707	\$0	\$171	\$910*
Grand Total All Present Law Adjustments	0.00	\$84,877	\$0	\$19,268	\$107,654*	0.00	\$61,330	\$0	\$14,856	\$78,892*

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

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.

New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings	01	0.00	(44,320)	0	(80,406)	(125,902)*	0.00	(44,307)	0	(80,399)	(125,882)*
Total		0.00	(\$44,320)	\$0	(\$80,406)	(\$125,902)*	0.00	(\$44,307)	\$0	(\$80,399)	(\$125,882)*

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

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

Language and Statutory Authority

The legislature approved the following language for HB 2:

"OCHE -- Administration program includes a reduction in general fund of \$44,320 in fiscal year 2014 and \$44,307 in fiscal year 2015, federal special revenue of \$80,406 in fiscal year 2014 and \$80,399 in fiscal year 2015, and proprietary funds of \$1,176 in fiscal year 2014 and \$1,176 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium

operating plans."

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	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	53,557	103,414	89,811	89,622	156,971	179,433	22,462	14.31%
Operating Expenses	48,338	48,342	97,548	97,661	96,680	195,209	98,529	101.91%
Local Assistance	125,000	125,000	131,000	137,000	250,000	268,000	18,000	7.20%
Grants	12,068,923	13,807,923	13,022,685	13,686,063	25,876,846	26,708,748	831,902	3.21%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$12,295,818	\$14,084,679	\$13,341,044	\$14,010,346	\$26,380,497	\$27,351,390	\$970,893	3.68%
General Fund	9,606,033	10,445,767	13,191,514	13,860,816	20,051,800	27,052,330	7,000,530	34.91%
State Special	101,895	101,824	149,530	149,530	203,719	299,060	95,341	46.80%
Federal Special	2,587,890	3,537,088	0	0	6,124,978	0	(6,124,978)	(100.00%)
Total Funds	\$12,295,818	\$14,084,679	\$13,341,044	\$14,010,346	\$26,380,497	\$27,351,390	\$970,893	3.68%

Page Reference

Legislative Budget Analysis, E-90

Funding

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 2011 Legislature implemented a funding switch for the 2013 biennium, whereby it reduced a total of \$5,751,600 general fund and replaced it with a like amount of federal funds available from the Montana guaranteed student loan program. For the 2015 biennium, the legislature replaced most of the fund switch back to general fund, adding \$5,175,780 general fund and reducing federal funds by a like amount (DP 205).

The table below summarizes the student assistance program budget for the 2015 biennium.

Student Financial Assistance Programs						
Fiscal 2012 through 2015						
Types of Student Assistance	Actual FY 2012	Approp FY 2013	HB 2 FY 2014	HB 2 FY 2015	Biennial \$ Change	Biennial % Change
<u>Grants, Loans & Work Study</u>						
MT Higher Education Grants	\$617,590	\$612,117	\$617,590	\$617,590	\$5,473	0.4%
Baker Grants (MT Tuition Assistance Pgm)	2,018,774	2,018,775	2,018,774	2,018,774	(1)	0.0%
Supplemental Ed. Opportunity Grant*	397,161	402,647	397,161	397,161	(5,486)	-0.7%
Perkins Loan*	68,280	68,280	68,280	68,280	0	0.0%
Work Study	863,003	862,989	863,003	863,003	14	0.0%
Governor's Scholarship Program (Federal)	2,093,000	1,947,864	0	0	(4,040,864)	-100.0%
Governor's Scholarship Program (General Fund)	279,000	446,206	2,372,000	2,372,000	4,018,794	554.2%
Unallocated Federal Authority	0	373,378	0	0	(373,378)	-100.0%
<u>Professional Student Exchange</u>						
WICHE/WWAMI/MN Dentistry	5,305,988	5,998,446	5,522,640	5,676,753	(105,041)	-0.9%
WWAMI 10 Slot Expansion				515,265	515,265	100.0%
DP 202 Veterans' Success	-	-	500,000	500,000	1,000,000	100.0%
<u>Student Loan Repayment Assistance</u>						
Institutional Nursing Incentive	56,237	36,307	56,237	56,237	19,930	21.5%
Quality Educator Loan Forgiveness (Federal)	494,890	1,215,846	0	0	(1,710,736)	-100.0%
Quality Educator Loan Forgiveness (Gen Fund)	0	0	738,000	738,000	1,476,000	100.0%
<u>Administrative Costs</u>						
Student Assistance Administration	0	0	37,829	37,753	75,582	100.0%
Family Savings Program	101,895	101,824	149,530	149,530	95,341	46.8%
Total Costs	\$12,295,818	\$14,084,679	\$13,341,044	\$14,010,346	\$970,893	3.7%
<u>Funding</u>						
General Fund	\$9,606,033	\$10,445,767	\$13,191,514	\$13,860,816	\$7,000,530	34.9%
State Special Revenue	101,895	101,824	149,530	149,530	95,341	46.8%
Federal Funds	2,587,890	3,537,088	0	0	(6,124,978)	-100.0%
Total Funding	\$12,295,818	\$14,084,679	\$13,341,044	\$14,010,346	\$970,893	3.7%

* Represents the state match. The federal matching funds are distributed directly to university campuses.

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	9,606,033	9,606,033	19,212,066	71.02%	12,295,818	12,295,818	24,591,636	89.91%
Statewide PL Adjustments	37,829	37,753	75,582	0.28%	35,852	35,727	71,579	0.26%
Other PL Adjustments	459,762	613,875	1,073,637	3.97%	459,762	613,875	1,073,637	3.93%
New Proposals	3,087,890	3,603,155	6,691,045	24.73%	549,612	1,064,926	1,614,538	5.90%
Total Budget	\$13,191,514	\$13,860,816	\$27,052,330		\$13,341,044	\$14,010,346	\$27,351,390	

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					39,996					39,799
Vacancy Savings					(3,742)					(3,734)
Inflation/Deflation					68					132
Fixed Costs					(470)					(470)
Total Statewide Present Law Adjustments		\$37,829	(\$1,977)	\$0	\$35,852		\$37,753	(\$2,026)	\$0	\$35,727
DP 50 - Initial Motion to FY 2012 Base	0.00	(37,829)	1,977	0	(35,852)	0.00	(37,753)	2,026	0	(35,727)
DP 51 - Adjustment for Statewide Personal Services	0.00	37,829	(1,575)	0	36,254	0.00	37,753	(1,688)	0	36,065
DP 52 - Adjustment for Statewide Operations	0.00	0	(402)	0	(402)	0.00	0	(338)	0	(338)
DP 201 - WICHE/WWAMI/MN Dental	0.00	216,652	0	0	216,652	0.00	370,765	0	0	370,765
DP 207 - Quality Educator Loan Forgiveness (RST/OTO)	0.00	243,110	0	0	243,110	0.00	243,110	0	0	243,110
Total Other Present Law Adjustments	0.00	\$459,762	\$0	\$0	\$459,762	0.00	\$613,875	\$0	\$0	\$613,875
Grand Total All Present Law Adjustments	0.00	\$497,591	(\$1,977)	\$0	\$495,614	0.00	\$651,628	(\$2,026)	\$0	\$649,602

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 201 - WICHE/WWAMI/MN Dental - The legislature increased funding for the 166 current student slots at anticipated increased tuition levels for the WICHE, WWAMI and MN Dental professional student exchange programs.

DP 207 - Quality Educator Loan Forgiveness (RST/OTO) - The legislature added \$243,110 general fund each year of the biennium to fund the current and projected pipeline of students in the program. The legislature anticipates providing loan assistance to 100 new teachers each year of the 2015 biennium in addition to those teachers already in the pipeline. The legislature established this appropriation as a restricted, one-time-only appropriation for the 2015 biennium. The table below summarizes the actual and projected use of this loan assistance program through the 2015 biennium.

Quality Educator Loan Forgiveness Assistance Program								
FY 2008 through FY 2015								
FY	New	Return Y2	Return Y3	Return Y4	Total Awarded	Cost		\$/Award
2008	104	-	-	-	104	\$307,280	Actual	\$2,955
2009	37	79	-	-	116	\$330,785	Actual	\$2,852
2010	101	21	41	-	163	\$471,754	Actual	\$2,894
2011	64	49	17	13	143	\$470,221	Actual	\$3,288
2012	98	33	32	4	167	\$494,890	Actual	\$2,963
2013	100	72	49	25	246	\$928,245	Op Budget	\$3,773
2014	100	72	49	25	246	\$738,000	HB 2	\$3,000
2015	100	72	49	25	246	\$738,000	HB 2	\$3,000

This table tracks GRANTS only. Administrative costs are excluded.

New Proposals

Program	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 202 - Veterans' Success - RST/BIEN/OTO										
02	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 203 - WWAMI Expansion - 10 Slots										
02	0.00	0	0	0	0	0.00	515,265	0	0	515,265
DP 205 - GSL/Student Assistance fund allocation (OTO)										
02	0.00	2,587,890	0	(2,587,890)	0	0.00	2,587,890	0	(2,587,890)	0
DP 206 - Family Education Savings Plan										
02	0.00	0	49,612	0	49,612	0.00	0	49,661	0	49,661
Total	0.00	\$3,087,890	\$49,612	(\$2,587,890)	\$549,612	0.00	\$3,603,155	\$49,661	(\$2,587,890)	\$1,064,926

DP 202 - Veterans' Success - RST/BIEN/OTO - The legislature added a \$1 million restricted, biennial, one-time-only general fund appropriation for the Montana University System (MUS) to provide the services and resources necessary for today's veterans to access and complete college. This funding will help ensure every campus in the MUS provides dedicated services and space to meet veterans' needs by providing resources aimed at increasing the ease of access, transferability of credit and job placement.

The Montana University System agreed to the following metrics to measure the success of this program:

- o Enrollment (total # of veterans enrolled each year)
- o Retention Rates (% returning for 2nd year of enrollment)
- o Completions (# veterans receiving degrees and certificates)
- o Workforce Placement (% of veterans receiving degrees and certificates that find) employment in Montana within one year following graduation)

DP 203 - WWAMI Expansion - 10 Slots - The legislature increased funding \$515,265 to expand the Washington-Wyoming-Alaska-Montana-Idaho (WWAMI) medical education exchange program at Montana State University (MSU) by 10 slots. The student assistance program cost to expand the program by 10 slots at University of Washington, School of Medicine (UWSOM) are \$515,265 beginning in FY 2015 and will increase each year until the pipeline (years 2 thru 4) is full which would occur in FY 2017. Direct operating costs to expand the program at MSU are included in DP-909 in program 09.

The table below projects the biennial support cost of this expansion when the student pipeline is full.

WWAMI Expansion Cost Estimates - 10 Slot Expansion FY 2014 - FY 2019									
Pipeline Year									
FY	YR1	YR2	YR3	YR4	Total # in pipeline	Cost/Student in YR1	Cost/Student in YR2-YR4*	Total Annual Cost	Biennial Cost
2014	10	0	0	0	10	\$0	\$51,527	\$0	
2015	10	10	0	0	20	\$0	\$51,527	\$515,265	\$515,265
2016	10	10	10	0	30	\$0	\$51,527	\$1,030,540	
2017	10	10	10	10	40	\$0	\$51,527	\$1,545,810	\$2,576,350
2018	10	10	10	10	40	\$0	\$51,527	\$1,545,810	
2019	10	10	10	10	40	\$0	\$51,527	\$1,545,810	\$3,091,620

*This is the amount estimated for FY 15. Future cost per student rates will likely be higher.

DP 205 - GSL/Student Assistance fund allocation (OTO) - The legislature restored \$2,587,890 in the Student Assistance Program for the Governor's Best and Brightest Scholarship and Quality Educator Loan Forgiveness to general fund each year of the 2015 biennium as part of the Governor's Tuition CAP agreement.

DP 206 - Family Education Savings Plan - The legislature increased the budget of this program by \$49,612 in FY 2014 and \$49,661 in FY 2015 for increased contracted services. Existing fund balance will be used to cover the additional costs.

Language and Statutory Authority

The legislature included the following language in HB 2.

"Veterans' Success in OCHE -- Student Assistance Program may be used only to provide space and services to meet veterans' needs for access to and completion of postsecondary education."

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
Personal Services	33	44,967	1,890	1,890	45,000	3,780	(41,220)	(91.60%)
Operating Expenses	1,726	6,374	16,726	16,726	8,100	33,452	25,352	312.99%
Grants	323,964	254,836	373,501	323,964	578,800	697,465	118,665	20.50%
Total Costs	\$325,723	\$306,177	\$392,117	\$342,580	\$631,900	\$734,697	\$102,797	16.27%
Federal Special	325,723	306,177	392,117	342,580	631,900	734,697	102,797	16.27%
Total Funds	\$325,723	\$306,177	\$392,117	\$342,580	\$631,900	\$734,697	\$102,797	16.27%

Page Reference

Legislative Budget Analysis, E-96

Funding

- Funding is entirely from the federal Improving Teacher Quality grant
- This federal grant is subject to sequestration under the federal Budget Control Act
- The legislature increased the appropriation authority by 16% to spend the anticipated amount of the federal grant and carryover from previous years

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%	325,723	325,723	651,446	88.67%
Statewide PL Adjustments	0	0	0	0.00%	(33)	(33)	(66)	(0.01%)
Other PL Adjustments	0	0	0	0.00%	66,427	16,890	83,317	11.34%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$392,117	\$342,580	\$734,697	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget approved 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					(33)					(33)
Total Statewide Present Law Adjustments		\$0	\$0	(\$33)	(\$33)		\$0	\$0	(\$33)	(\$33)
DP 50 - Initial Motion to FY 2012 Base	0.00	0	0	33	33	0.00	0	0	33	33
DP 51 - Adjustment for Statewide Personal Services	0.00	0	0	(33)	(33)	0.00	0	0	(33)	(33)
DP 301 - Title II Federal Funds Improving Teacher Quality	0.00	0	0	66,427	66,427	0.00	0	0	16,890	16,890
Total Other Present Law Adjustments	0.00	\$0	\$0	\$66,427	\$66,427	0.00	\$0	\$0	\$16,890	\$16,890
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$66,394	\$66,394	0.00	\$0	\$0	\$16,857	\$16,857

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 301 - Title II Federal Funds Improving Teacher Quality - The legislature added federal authority to spend funds available.

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
Local Assistance	11,014,820	10,905,955	13,013,177	12,940,785	21,920,775	25,953,962	4,033,187	18.40%
Total Costs	\$11,014,820	\$10,905,955	\$13,013,177	\$12,940,785	\$21,920,775	\$25,953,962	\$4,033,187	18.40%
General Fund	11,014,820	10,905,955	13,013,177	12,940,785	21,920,775	25,953,962	4,033,187	18.40%
Total Funds	\$11,014,820	\$10,905,955	\$13,013,177	\$12,940,785	\$21,920,775	\$25,953,962	\$4,033,187	18.40%

Page Reference

Legislative Budget Analysis, E-98

Funding

The Community College Assistance program is funded entirely with general fund in HB 2. The state appropriation for the community colleges is a separate line item and is not part of the lump sum appropriation to the Montana University System educational units.

The general fund appropriation is determined by a statutory funding formula with three primary factors:

- Cost of education
- Resident student enrollment
- State percent share determined by the legislature

The formula calculation for the state funding appropriated to the community colleges is shown in the table on the following page. In addition to the statutory formula calculations, the legislature increased funding to Dawson and Miles City Community Colleges as follows:

- \$0.3 million for increased technical support for the recent conversion to the Montana University System's Banner accounting system (DP 401)
- \$1.0 million for workforce development programs to address trained workforce shortages in eastern Montana (DP 406)

The total cost of education is rebased each biennium from the actual base year expenditures reported by the community colleges in the annual operating budgets submitted to and approved by the Montana Board of Regents. These base year expenditures are adjusted for one-time-only expenditures.

Community College Assistance Program - Legislative Calculation of General Fund Appropriation for the 2015 Biennium									
Using Statutory Funding Formula									
Includes a Fixed/Variable Cost Calculation at a 75/25 Ratio									
Budget Item Factors	Fiscal Year 2014				Fiscal Year 2015				Total Biennial Approp.
	Dawson	Flathead Valley	Miles	Total	Dawson	Flathead Valley	Miles	Total	
Projected Resident Student FTE	255	1,692	341	2,288	255	1,692	341	2,288	
Variable Cost of Education per FTE	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	
Fixed Cost of Education	\$2,793,481	\$12,185,385	\$3,885,830	\$18,864,695	\$2,793,481	\$12,185,385	\$3,885,830	\$18,864,695	
Variable Cost of Education	\$590,070	\$3,915,288	\$789,074	\$5,294,432	\$590,070	\$3,915,288	\$789,074	\$5,294,432	
Total Cost of Education	\$3,383,551	\$16,100,673	\$4,674,904	\$24,159,127	\$3,383,551	\$16,100,673	\$4,674,904	\$24,159,127	
State % Share of Cost of Education	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	
Calculated Total Funding Budget	\$1,718,844	\$8,179,142	\$2,374,851	\$12,272,837	\$1,718,844	\$8,179,142	\$2,374,851	\$12,272,837	\$24,545,674
Other Funding:									
Legislative Audit (DP 403)	\$27,940	\$23,296	\$22,616	\$73,852	\$0	\$0	\$0	\$0	\$73,852
Banner Ongoing Support (DP 401)	83,244	0	83,244	166,488	83,974	0	83,974	167,948	\$334,436
Workforce Development Programs OTO (DP 406)	250,000	0	250,000	500,000	250,000	0	250,000	500,000	\$1,000,000
Total General Fund Budget	\$2,080,028	\$8,202,438	\$2,730,711	\$13,013,177	\$2,052,818	\$8,179,142	\$2,708,825	\$12,940,785	\$25,953,962

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	11,014,820	11,014,820	22,029,640	84.88%	11,014,820	11,014,820	22,029,640	84.88%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	1,331,869	1,258,017	2,589,886	9.98%	1,331,869	1,258,017	2,589,886	9.98%
New Proposals	666,488	667,948	1,334,436	5.14%	666,488	667,948	1,334,436	5.14%
Total Budget	\$13,013,177	\$12,940,785	\$25,953,962		\$13,013,177	\$12,940,785	\$25,953,962	

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
Total Statewide Present Law Adjustments		\$0			\$0		\$0			\$0
DP 403 - Community College Audit Costs (BIEN-OTO)	0.00	73,852	0	0	73,852	0.00	0	0	0	0
DP 404 - Remove Audit from Base	0.00	(61,316)	0	0	(61,316)	0.00	(61,316)	0	0	(61,316)
DP 405 - State Assistance to Community Colleges	0.00	1,319,333	0	0	1,319,333	0.00	1,319,333	0	0	1,319,333
Total Other Present Law Adjustments	0.00	\$1,331,869	\$0	\$0	\$1,331,869	0.00	\$1,258,017	\$0	\$0	\$1,258,017
Grand Total All Present Law Adjustments	0.00	\$1,331,869	\$0	\$0	\$1,331,869	0.00	\$1,258,017	\$0	\$0	\$1,258,017

DP 403 - Community College Audit Costs (BIEN-OTO) - The legislative budget includes the legislative audit costs as a biennial, one-time-only appropriation at a 50.8% state share.

DP 404 - Remove Audit from Base - The legislature adjusted the budget to remove the legislative audit costs from the FY 2014 and FY 2015 adjusted base.

DP 405 - State Assistance to Community Colleges - The legislature used the statutory funding formula to establish the state appropriation for the state's three community colleges. The legislature continued to use 50.8% of the cost of education as the state percent share. Resident student FTE enrollment is estimated to be 2,288 each year of the 2015 biennium.

New Proposals

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - Ongoing Banner Support										
04	0.00	166,488	0	0	166,488	0.00	167,948	0	0	167,948
DP 406 - Workforce Development Programs (OTO)										
04	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
Total	0.00	\$666,488	\$0	\$0	\$666,488	0.00	\$667,948	\$0	\$0	\$667,948

DP 401 - Ongoing Banner Support - The legislature increased base funding to Dawson and Miles City Community Colleges for operational costs of the Banner data system.

DP 406 - Workforce Development Programs (OTO) - The legislature added one-time-only general fund for the eastern Montana community colleges for workforce development programs. The funding will be shared equally between Dawson Community College and Miles Community college. This funding will be excluded from the cost of education base for the community college funding formula in the 2017 biennium.

Language and Statutory Authority

The legislature included the following language in HB 2.

1. *Section 20-15-310 requires the appropriations act appropriating funds to the community colleges to include the variable cost of education and the state percent share of the cost of education*

"The variable cost of education for each full-time equivalent student at the community colleges is \$2,314 each year of the 2015 biennium. The general fund appropriation for OCHE--Community College Assistance (04) provides 50.8% of the fixed costs of education plus 50.8% of the variable cost of education for each full-time equivalent student in each year of the 2015 biennium. The remaining percentage of the budget must be paid from funds other than those appropriated for OCHE--Community College Assistance."

2. *Enrollment reversion language*

"The general fund appropriation for OCHE -- Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,288 resident FTE students each year of the 2015 biennium. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated numbers for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142."

3. *Legislative audit cost*

"Total audit costs are estimated to be \$145,378 for the community colleges for the biennium. The general fund appropriation for each community college provides 50.8% of the total audit costs in the 2015 biennium. The remaining 49.2% of these costs must be paid from funds other than those appropriated for OCHE -- Community College Assistance -- Legislative Audit. Audit costs charged to the community colleges for the biennium may not exceed \$55,000 for Dawson, \$44,520 for Miles and \$45,858 for Flathead Valley community colleges."

Page Reference

Legislative Budget Analysis, E-107

Funding

This program is funded with three enterprise type proprietary funds: MUS Group Insurance, MUS Flexible Spending, and CHE Wellness Account. 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.

Proprietary Rates*Proprietary Program Description*

The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents policy to administer the program as a self-insured, group insurance plan. The Office of the Commissioner of Higher Education administers the plan with the assistance of recommendations from an inter-unit advisory committee. All university system employees and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits, a flexible spending account option, and a wellness program. Retirees and their enrolled dependents are eligible to continue medical and pharmacy coverage on a self-pay basis. The community colleges also participate in this program.

Proprietary Rate Explanation

The employer-paid portion of the group insurance premium is statutorily established in Section 2-18-703, MCA and is presently \$733 per month per eligible, participating employee. The employee-paid portion of the group insurance premium is adjusted as needed by the Montana University System to cover the premium requirements of a variety of benefit options and to maintain employee group benefit plans on an actuarially sound basis.

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	19.90	19.90	19.90	19.90	19.90	19.90	0.00	0.00%
Personal Services	885,670	1,191,254	1,091,446	1,093,712	2,076,924	2,185,158	108,234	5.21%
Operating Expenses	992,571	947,146	1,542,375	1,542,547	1,939,717	3,084,922	1,145,205	59.04%
Grants	616,624	3,861,131	616,624	616,624	4,477,755	1,233,248	(3,244,507)	(72.46%)
Transfers	1,289,703	2,906,297	1,289,703	1,289,703	4,196,000	2,579,406	(1,616,594)	(38.53%)
Total Costs	\$3,784,568	\$8,905,828	\$4,540,148	\$4,542,586	\$12,690,396	\$9,082,734	(\$3,607,662)	(28.43%)
General Fund	83,218	74,112	90,971	90,782	157,330	181,753	24,423	15.52%
Federal Special	3,701,350	8,831,716	4,449,177	4,451,804	12,533,066	8,900,981	(3,632,085)	(28.98%)
Total Funds	\$3,784,568	\$8,905,828	\$4,540,148	\$4,542,586	\$12,690,396	\$9,082,734	(\$3,607,662)	(28.43%)

Page Reference

Legislative Budget Analysis, E-109

Funding

- General fund supports the American Indian/Minority Achievement component of the program
- Federal funds are from two grant sources, neither of which are subject to the federal budget sequestration under the Budget Control Act
 - The Talent Search grant, comprising about 15% of the biennial program funding, has no non-federal matching requirement
 - The GEAR-UP grant, comprising 77% of the biennial budget, requires a 50% non-federal fund match, which is provided through allowable in-kind services

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	83,218	83,218	166,436	91.57%	3,784,568	3,784,568	7,569,136	83.34%
Statewide PL Adjustments	7,753	7,564	15,317	8.43%	205,580	208,018	413,598	4.55%
Other PL Adjustments	0	0	0	0.00%	550,000	550,000	1,100,000	12.11%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$90,971	\$90,782	\$181,753		\$4,540,148	\$4,542,586	\$9,082,734	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget approved 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					251,252					253,614
Vacancy Savings					(45,476)					(45,572)
Inflation/Deflation					(196)					(24)
Total Statewide Present Law Adjustments		\$7,753	\$0	\$197,827	\$205,580		\$7,564	\$0	\$200,454	\$208,018
DP 50 - Initial Motion to FY 2012 Base	0.00	(7,753)	0	(197,827)	(205,580)	0.00	(7,564)	0	(200,454)	(208,018)
DP 51 - Adjustment for Statewide Personal Services	0.00	7,770	0	198,006	205,776	0.00	7,576	0	200,466	208,042
DP 52 - Adjustment for Statewide Operations	0.00	(17)	0	(179)	(196)	0.00	(12)	0	(12)	(24)
DP 601 - Present law increases for OCHE programs	0.00	0	0	550,000	550,000	0.00	0	0	550,000	550,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$550,000	\$550,000	0.00	\$0	\$0	\$550,000	\$550,000
Grand Total All Present Law Adjustments	0.00	\$7,753	\$0	\$747,827	\$755,580	0.00	\$7,564	\$0	\$750,454	\$758,018

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 601 - Present law increases for OCHE programs - The legislature added \$550,000 authority each year from federal funds for scholarship awards made by the GEAR UP program.

Page Reference

Legislative Budget Analysis, E-111

Funding

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.

Proprietary Rates*Proprietary 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 provides workers' compensation insurance coverage for all university system employees and employees of the Office of Commissioner of Higher Education.

Proprietary Rate Explanation

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 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	4.45	4.45	4.45	4.45	4.45	4.45	0.00	0.00%
Personal Services	223,017	539,428	351,871	351,075	762,445	702,946	(59,499)	(7.80%)
Operating Expenses	382,490	254,159	450,412	450,100	636,649	900,512	263,863	41.45%
Grants	1,862,113	2,861,124	2,199,700	2,199,700	4,723,237	4,399,400	(323,837)	(6.86%)
Transfers	3,275,059	3,304,435	3,275,059	3,275,059	6,579,494	6,550,118	(29,376)	(0.45%)
Total Costs	\$5,742,679	\$6,959,146	\$6,277,042	\$6,275,934	\$12,701,825	\$12,552,976	(\$148,849)	(1.17%)
General Fund	90,067	90,067	90,067	90,067	180,134	180,134	0	0.00%
Federal Special	5,652,612	6,869,079	6,186,975	6,185,867	12,521,691	12,372,842	(148,849)	(1.19%)
Total Funds	\$5,742,679	\$6,959,146	\$6,277,042	\$6,275,934	\$12,701,825	\$12,552,976	(\$148,849)	(1.17%)

Page Reference

Legislative Budget Analysis, E-112

Funding

Funding for this program is nearly all federal funds. These federal funds:

- Are authorized by the federal Carl D. Perkins Career and Technical Education Improvement Act of 2006
- Are received by the Office of the Commissioner of Higher Education and distributed to postsecondary programs and to the Office of Public Instruction for secondary programs
- Require a dollar for dollar match on funds used for administration

The state general fund in this program is the non-federal match for the postsecondary administration costs. The state match for secondary administration is accounted for in the Office of Public Instruction.

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	90,067	90,067	180,134	100.00%	5,742,679	5,742,679	11,485,358	91.50%
Statewide PL Adjustments	0	0	0	0.00%	128,778	128,011	256,789	2.05%
Other PL Adjustments	0	0	0	0.00%	405,585	405,244	810,829	6.46%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$90,067	\$90,067	\$180,134		\$6,277,042	\$6,275,934	\$12,552,976	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget approved 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					143,516					142,686
Vacancy Savings					(14,662)					(14,628)
Inflation/Deflation					(76)					(47)
Total Statewide Present Law Adjustments		\$0	\$0	\$128,778	\$128,778		\$0	\$0	\$128,011	\$128,011
DP 50 - Initial Motion to FY 2012 Base	0.00	0	0	(128,778)	(128,778)	0.00	0	0	(128,011)	(128,011)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	0	128,854	128,854	0.00	0	0	128,058	128,058
DP 52 - Adjustment for Statewide Operations	0.00	0	0	(76)	(76)	0.00	0	0	(47)	(47)
DP 801 - Present law adjustments for Perkins Program	0.00	0	0	405,585	405,585	0.00	0	0	405,244	405,244
Total Other Present Law Adjustments	0.00	\$0	\$0	\$405,585	\$405,585	0.00	\$0	\$0	\$405,244	\$405,244
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$534,363	\$534,363	0.00	\$0	\$0	\$533,255	\$533,255

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 801 - Present law adjustments for Perkins Program - The legislature added federal appropriation authority to spend additional available funds on contracted services and grants.

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
Transfers	175,035,264	175,993,070	191,605,583	193,445,338	351,028,334	385,050,921	34,022,587	9.69%
Total Costs	\$175,035,264	\$175,993,070	\$191,605,583	\$193,445,338	\$351,028,334	\$385,050,921	\$34,022,587	9.69%
General Fund	155,310,140	154,820,436	170,966,977	172,299,975	310,130,576	343,266,952	33,136,376	10.68%
State Special	19,725,124	21,172,634	20,638,606	21,145,363	40,897,758	41,783,969	886,211	2.17%
Total Funds	\$175,035,264	\$175,993,070	\$191,605,583	\$193,445,338	\$351,028,334	\$385,050,921	\$34,022,587	9.69%

Page Reference

Legislative Budget Analysis, E-114

Funding

The Appropriation Distribution program is the conduit through which state funds are transferred to the university educational units and the research/public service agencies affiliated with the university units. State funding in this program comes from six sources:

- 1) State general fund
- 2) State special revenue from the statewide six-mill property tax levy that is appropriated for the support, maintenance, and improvement of the Montana University System. This revenue also provides a direct offset to state general fund
- 3) State special revenue from the motorcycle safety account that is funded from motorcycle endorsement fees and motorcycle safety fees that is appropriated for the operation of the Montana motorcycle safety training program at MSU-Northern in Havre
- 4) State special revenue from the groundwater assessment account that is funded from an allocation of resource indemnity trust interest and an allocation of taxes on mineral production and is used to fund groundwater assessment activities at the Montana Bureau of Mines in Butte
- 5) State special revenue from an allocation of the natural resources operations account that is funded from resource indemnity trust interest, metal mines tax, and oil and natural gas production tax. This revenue is also used to fund groundwater assessment activities at the Montana Bureau of Mines.
- 6) State special revenue from a one-time-only appropriation from the coal bed methane protection account for the 2015 biennium only. This funding will be used at the Montana Bureau of Mines for making coal and mine data available online to the public. See New Proposal DP 930

State general fund for the educational units and the state special revenue from the statewide six-mill property tax levy are appropriated as part of the lump sum appropriation and are distributed by the board of regents to the educational units using an allocation formula. State general fund and the state special revenues for the Bureau of Mines are line-itemed in HB 2 for each research or public service agency.

The figure below illustrates the legislative budget for each component of the appropriation distribution program, including the university educational units and the research/public service agencies.

Montana University System Legislative Budget - HB 2 Appropriation Distribution Program - 2015 Biennium								
Unit	FY 2012 Base	State Share Present Law FY 2014	New Proposals FY 2014	Legislative Budget FY 2014	State Share Present Law FY 2015	New Proposals FY 2015	Legislative Budget FY 2015	2015 Biennium Total
Educational Units								
MSU Gt Falls	\$5,910,069	\$345,042		\$6,255,111	\$343,935		\$6,254,004	\$12,509,115
UM Helena	4,502,265	393,138		4,895,403	398,192		4,900,457	9,795,860
UM Missoula	49,268,294	4,699,207		53,967,501	5,755,303		55,023,597	108,991,097
MSU Bozeman	44,490,570	4,431,645		48,922,215	5,006,899		49,497,469	98,419,683
UM Tech	12,897,465	816,031		13,713,496	939,776		13,837,241	27,550,737
MSU Billings	18,851,964	1,017,468		19,869,432	1,073,698		19,925,662	39,795,094
MSU Northern	8,422,062	955,049		9,377,111	930,602		9,352,664	18,729,775
UM Western	6,576,301	597,885		7,174,186	661,116		7,237,417	14,411,603
Motorcycle Safety Program	375,000	88,994		463,994	28,725		403,725	867,719
New Proposals								
902-Energy & Natural Resources Doctoral Program (Biennial/OTO)			300,000	300,000		300,000	300,000	600,000
903-Workforce Development & 2-Yr Education (OTO)			500,000	500,000		500,000	500,000	1,000,000
905-Veterinary Medicine (BIEN/OTO)			500,000	500,000		500,000	500,000	1,000,000
909-WWAMI Expansion (Ongoing)			193,551	193,551		199,358	199,358	392,909
935-Bio-Energy Research Center/MSU-N (OTO)			200,000	200,000		200,000	200,000	400,000
950-Family Practice Residency (Ongoing)			200,000	200,000		200,000	200,000	400,000
Subtotal Ed Units	<u>\$151,293,989</u>	<u>\$13,344,459</u>	<u>\$1,893,551</u>	<u>\$166,531,999</u>	<u>\$15,138,246</u>	<u>\$1,899,358</u>	<u>\$168,331,593</u>	<u>\$334,863,592</u>
Research/Public Service Agencies								
Agricultural Experiment Station	\$12,455,424	(\$283,480)		\$12,171,944	(\$247,372)		\$12,208,052	\$24,379,996
Extension Service	5,338,715	(138,784)		5,199,931	(132,179)		5,206,536	10,406,467
Forest & Conservation Experiment Station	1,011,216	(34,078)		977,138	(34,886)		976,330	1,953,468
Bureau of Mines	4,198,071	157,961		4,356,032	155,364		4,353,435	8,709,467
Fire Services Training School	737,849	(64,294)		673,555	(63,089)		674,760	1,348,315
New Proposals								
920-Increase Funding for Ag Exper Station (OTO)			125,000	125,000		125,000	125,000	250,000
920-Increase Funding for Ag Exper Station (Ongoing)			400,000	400,000		400,000	400,000	800,000
921-Increase Funding for Extension (OTO)			200,000	200,000		200,000	200,000	400,000
921-Increase Funding for Extension (Ongoing)			200,000	200,000		200,000	200,000	400,000
925-Eliminate Vacancy Savings for Ag Exper Station			369,984	369,984		369,632	369,632	739,616
930-Bureau of Mines Coal & Mine Data Records (RST/OTO)			300,000	300,000		300,000	300,000	600,000
951-Local Government Center (OTO)			100,000	100,000		100,000	100,000	200,000
Subtotal Agencies & Programs	<u>\$23,741,275</u>	<u>(\$362,675)</u>	<u>\$1,694,984</u>	<u>\$25,073,584</u>	<u>(\$322,162)</u>	<u>\$1,694,632</u>	<u>\$25,113,745</u>	<u>\$50,187,329</u>
Grand Total Costs	<u>\$175,035,264</u>	<u>\$12,981,784</u>	<u>\$3,588,535</u>	<u>\$191,605,583</u>	<u>\$14,816,084</u>	<u>\$3,593,990</u>	<u>\$193,445,338</u>	<u>\$385,050,921</u>
Funding								
General Fund	\$155,310,140	\$12,368,302	\$3,288,535	\$170,966,977	\$13,695,845	\$3,293,990	\$172,299,975	\$343,266,952
State Special Revenue	<u>19,725,124</u>	<u>613,482</u>	<u>300,000</u>	<u>20,638,606</u>	<u>1,120,239</u>	<u>300,000</u>	<u>21,145,363</u>	<u>41,783,969</u>
Grand Total Funding	<u>\$175,035,264</u>	<u>\$12,981,784</u>	<u>\$3,588,535</u>	<u>\$191,605,583</u>	<u>\$14,816,084</u>	<u>\$3,593,990</u>	<u>\$193,445,338</u>	<u>\$385,050,921</u>

Source: SABHRS data for base year actuals, MBARS for budgeted amounts

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	155,310,140	155,310,140	310,620,280	90.49%	175,035,264	175,035,264	350,070,528	90.92%
Statewide PL Adjustments	(524,488)	(1,091,514)	(1,616,002)	(0.47%)	0	0	0	0.00%
Other PL Adjustments	12,892,790	14,787,359	27,680,149	8.06%	12,981,784	14,816,084	27,797,868	7.22%
New Proposals	3,288,535	3,293,990	6,582,525	1.92%	3,588,535	3,593,990	7,182,525	1.87%
Total Budget	\$170,966,977	\$172,299,975	\$343,266,952		\$191,605,583	\$193,445,338	\$385,050,921	

Present Law Adjustments

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

	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Total Statewide Present Law Adjustments		(\$524,488)	\$524,488		\$0		(\$1,091,514)	\$1,091,514		\$0
DP 901 - State Support of Educational Units	0.00	13,185,885	0	0	13,185,885	0.00	15,040,332	0	0	15,040,332
DP 904 - Statewide Present Law Adjustments Agencies	0.00	(366,218)	0	0	(366,218)	0.00	(326,337)	0	0	(326,337)
DP 930 - Fixed Cost Rate Adjustments	0.00	73,123	0	0	73,123	0.00	73,364	0	0	73,364
DP 959 - Adjustment to Correct Reporting	0.00	524,488	(524,488)	0	0	0.00	1,091,514	(1,091,514)	0	0
DP 960 - General Fund Replacement with Six Mill Levy Funds	0.00	(524,488)	524,488	0	0	0.00	(1,091,514)	1,091,514	0	0
DP 9071 - Motorcycle Safety Equip Replacement and PL Adjustm	0.00	0	88,994	0	88,994	0.00	0	28,725	0	28,725
Total Other Present Law Adjustments	0.00	\$12,892,790	\$88,994	\$0	\$12,981,784	0.00	\$14,787,359	\$28,725	\$0	\$14,816,084
Grand Total All Present Law Adjustments	0.00	\$12,368,302	\$613,482	\$0	\$12,981,784	0.00	\$13,695,845	\$1,120,239	\$0	\$14,816,084

DP 901 - State Support of Educational Units - The legislature approved funding for the Tuition CAP Agreement (CAP) totaling \$13.2 million in FY 2014 and \$15.0 million in FY 2015 to fund present law adjustments. Items funded with this present law adjustment include faculty, classified and contract employee market/merit/inversion pay, mandatory fee waivers, utilities and library inflation, overtime, statewide present law adjustments and other base budget operating adjustments. The legislature determined the state portion of the present law adjustments should reflect the portion of resident and Western Undergraduate Exchange (WUE) students in the Montana University System, or 82% of the total.

DP 904 - Statewide Present Law Adjustments Agencies - Included in this adjustment are personal services adjustments, vacancy savings, inflation/deflation, fixed costs, and administrative assessments as they relate to the agencies of the Montana University System (MUS).

DP 930 - Fixed Cost Rate Adjustments - This adjustment reflects the fixed cost rates for risk management and state accounting services (SABHRS) as approved by the General Government joint appropriations subcommittee.

DP 959 - Adjustment to Correct Reporting - This is a technical adjustment that corrects the reporting of the fund switch between general fund and the six-mill levy.

DP 960 - General Fund Replacement with Six Mill Levy Funds - The legislature adopted the executive's six mill levy revenue estimate for the 2015 biennium. This action replaced general fund with a like amount of six mill levy revenue.

DP 9071 - Motorcycle Safety Equip Replacement and PL Adjustm - The legislature increased state special revenue authority for equipment replacement including a 10 year old pickup that is used to haul the motorcycles to offered trainings around the state and replacement of older motorcycles. The legislature also increased state special revenue authority for present law adjustments for the motorcycle safety program.

New Proposals

Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 902 - Energy & Natural Resources Doctoral Pgm BIEN / OTO										
09	0.00	300,000	0	0	300,000	0.00	300,000	0	0	300,000
DP 903 - Workforce Development and Two Year Education (OTO)										
09	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 905 - Veterinary Medicine BIEN / OTO										
09	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 909 - WWAMI Expansion										
09	0.00	193,551	0	0	193,551	0.00	199,358	0	0	199,358
DP 920 - Increase Funding for Ag Experiment Station (OTO)										
09	0.00	525,000	0	0	525,000	0.00	525,000	0	0	525,000
DP 921 - Increase Funding for Extension Service (OTO)										
09	0.00	400,000	0	0	400,000	0.00	400,000	0	0	400,000
DP 925 - Eliminate Vac Savings at AES										
09	0.00	369,984	0	0	369,984	0.00	369,632	0	0	369,632
DP 930 - Bureau of Mines Coal & Mine Data Records (RST/OTO)										
09	0.00	0	300,000	0	300,000	0.00	0	300,000	0	300,000
DP 935 - Bio-Energy Research Center at MSU-N (Biennial/OTO)										
09	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 950 - Family Practice Residency										
09	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 951 - Local Government Center (OTO)										
09	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
Total	0.00	\$3,288,535	\$300,000	\$0	\$3,588,535	0.00	\$3,293,990	\$300,000	\$0	\$3,593,990

DP 902 - Energy & Natural Resources Doctoral Pgm BIEN / OTO - The legislature included \$600,000 of biennial one-time-only general fund to implement the energy and natural resources doctoral program at Montana Tech of the University of Montana.

DP 903 - Workforce Development and Two Year Education (OTO) - The legislature approved \$1.0 million one-time-only general fund in the 2015 biennium to invest in two-year education across Montana. These funds are intended to be used to expand dual enrollment opportunities, increase access and affordability to Montana's two year schools, and ensure ease of transferability from two year to four year degree seekers.

DP 905 - Veterinary Medicine BIEN / OTO - The legislature added \$1 million biennial one-time-only general fund to expand the veterinary medicine program at Montana State University.

DP 909 - WWAMI Expansion - The legislature increased general fund for operating costs at Montana State University (MSU) to expand the Washington-Wyoming-Alaska-Montana-Idaho (WWAMI) program by 10 slots.

DP 920 - Increase Funding for Ag Experiment Station (OTO) - The legislature added funding to the Agriculture Experiment Station in the 2015 biennium. A portion of the funding, \$250,000, is intended for the Montana Seed Lab in Bozeman and is one-time-only funding. The remaining portion of this decision package, \$800,000, is added to the agency's budget base and is intended to support investment in research positions, including:

- Horticulture Specialty Crops
- Pulse Crops

- Animal Nutrition
- Wildlife Management

DP 921 - Increase Funding for Extension Service (OTO) - The legislature added funding to the Extension Service in the 2015 biennium. A portion of the funding, \$400,000, is intended for the Schutter Diagnostic Laboratory in Bozeman and is one-time-only funding. The remaining portion of this decision package, \$400,000, is added to the agency's budget base and is intended to support investment in extension specialist positions, including:

- Extension Farm Management Specialist
- Beef Management Specialist

DP 925 - Eliminate Vac Savings at AES - The legislature eliminated vacancy savings at the Agriculture Experiment Station for the 2015 biennium. This action added \$739,616 general fund in the 2015 biennium.

DP 930 - Bureau of Mines Coal & Mine Data Records (RST/OTO) - The legislature added restricted, one-time-only funding from the coal bed methane protection state special revenue account to the Montana Bureau of Mines for 3.0 FTE and related expenses to assist with making data records of mines and coal available online to the public.

DP 935 - Bio-Energy Research Center at MSU-N (Biennial/OTO) - The legislature increased one-time-only general fund to support the Bio-Energy Research Center at Montana State University-Northern.

DP 950 - Family Practice Residency - The legislature added general fund to expand medical residency programs in Montana from one to three. With this addition, the total number of medical residency slots will increase from 8 to 24. This appropriation is added to the base and will increase the total base funding in HB 2 for medical residency programs from \$319,366 to \$519,366 annually.

DP 951 - Local Government Center (OTO) - The legislature added one-time-only general fund in the 2015 biennium for support of the Local Government Center at Montana State University - Bozeman.

Language and Statutory Authority

The legislature included the following language in HB 2.

1. *Language containing estimated public funds that will be received by MUS educational units and agencies and deposited to the current unrestricted fund. These revenues are in addition to the state funds contained in line items in HB 2.*

"Revenue anticipated to be received by the Montana university system units and colleges includes interest earnings and other revenues of \$956,891 for each year of the 2015 biennium. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in OCHE—Appropriation Distribution Transfers.

Anticipated interest earnings and other revenue of \$8,500 each year of the 2015 biennium is appropriated to the agricultural experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

Anticipated interest earnings of \$1,500 each year of the 2015 biennium is appropriated to the extension service for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

Anticipated interest revenue of \$800 in each year of the 2015 biennium is appropriated to the forestry and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

Anticipated sales revenue of \$40,000 each year in the 2015 biennium is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

Anticipated interest revenue of \$200 each year of the 2015 biennium is appropriated to the fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers."

2. Legislative Audit Costs

"Total audit costs are estimated to be \$530,974 for the university system educational units and public service/research agencies, other than the office of the commissioner of higher education. Audit costs charged to the educational units and public service/research agencies for the 2015 biennium may not exceed \$265,487 for the University of Montana and \$265,487 for Montana State University."

3. Language that requires the MUS units to transfer funds for bond payments relating to the state energy conservation program

"OCHE -- Appropriation Distribution Transfers includes \$1,442,114 in FY 2014 and \$1,384,114 in FY 2015 that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements or repay loans received for energy improvements through the state energy conservation program. The costs of this transfer in each year of the 2015 biennium are as follows: University of Montana-Missoula, \$468,859 each year; University of Montana- Western, \$147,867 each year; University of Montana-Montana Tech, \$32,099 each year; Helena College, \$64,104 each year; Montana State University-Bozeman \$383,410 in FY 2014 and \$325,410 in FY 2015; Montana State University- Billings \$170,542 each year; Montana State University-Northern, \$85,336 each year; and Great Falls College, \$86,500 each year of the biennium."

4. Language that requires the MUS to transfer funds to the Montana state library for the natural resource information system:

"The Montana university system shall pay \$88,506 for the 2015 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."

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
Grants	842,085	842,085	1,026,527	1,026,527	1,684,170	2,053,054	368,884	21.90%
Total Costs	\$842,085	\$842,085	\$1,026,527	\$1,026,527	\$1,684,170	\$2,053,054	\$368,884	21.90%
General Fund	842,085	842,085	1,026,527	1,026,527	1,684,170	2,053,054	368,884	21.90%
Total Funds	\$842,085	\$842,085	\$1,026,527	\$1,026,527	\$1,684,170	\$2,053,054	\$368,884	21.90%

Page Reference

Legislative Budget Analysis, E-131

Funding

Funding is entirely from the state general fund. The table below illustrates a recent history of actual program expenditures, the legislative appropriation for the 2015 biennium, and the changes in average state funds per non-beneficiary¹ student over the same time horizon.

State Assistance for Montana Tribal Community Colleges FY 2006 through FY 2015					
Fiscal Year	Number of Nonbeneficiary Montana Students Reported*	State Funds Distributed for Nonbeneficiary Students			Average State Funds per Nonbeneficiary Student
		One-Time	On-Going	Total	
FY 2006 Actual	298.11	\$80,183	\$400,000	\$480,183	\$1,611
FY 2007 Actual	307.87	419,817	0	419,817	1,364
FY 2008 Actual	301.39	461,401	450,002	911,403	3,024
FY 2009 Actual	312.02	493,548	450,000	943,548	3,024
FY 2010 Actual	273.13	384,944	441,002	825,946	3,024
FY 2011 Actual	278.56	515,056	327,309	842,365	3,024
FY 2012 Actual	339.46	0	842,085	842,085	2,481
FY 2013 Estimated	339.46	0	842,085	842,085	2,481
FY 2014 HB 2	339.46	184,442	842,085	1,026,527	3,024
FY 2015 HB 2	339.46	184,442	842,085	1,026,527	3,024

*FY 2013-2015 Number of Nonbeneficiary Montana Students are estimated
 **Per Section 20-25-428, MCA there is a maximum distribution of \$3,024 per nonbeneficiary student per year

¹ Non-beneficiary students are those that are not members of federally recognized tribes and are residents of Montana.

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	842,085	842,085	1,684,170	82.03%	842,085	842,085	1,684,170	82.03%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	184,442	184,442	368,884	17.97%	184,442	184,442	368,884	17.97%
Total Budget	\$1,026,527	\$1,026,527	\$2,053,054		\$1,026,527	\$1,026,527	\$2,053,054	

New Proposals

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1101 - Increase Tribal College Assistance										
11	0.00	184,442	0	0	184,442	0.00	184,442	0	0	184,442
Total	0.00	\$184,442	\$0	\$0	\$184,442	0.00	\$184,442	\$0	\$0	\$184,442

DP 1101 - Increase Tribal College Assistance (OTO) - The legislature increased state assistance to tribal colleges to \$3,024 per full-time equivalent (FTE) non-beneficiary student (statutory maximum) each year of the 2015 biennium. This increase is conditioned as one-time-only. The ongoing base budget for tribal college assistance would fund each FTE non-beneficiary student \$2,481, assuming the same FTE enrollment level as in the base year FY 2012.

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%

Page Reference

Legislative Budget Analysis, E-133

Funding

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

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 adjusted base budget approved 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.

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
Personal Services	3,650	6,350	6,300	6,300	10,000	12,600	2,600	26.00%
Operating Expenses	61,879	39,595	62,787	62,869	101,474	125,656	24,182	23.83%
Total Costs	\$65,529	\$45,945	\$69,087	\$69,169	\$111,474	\$138,256	\$26,782	24.03%
General Fund	65,529	45,945	69,087	69,169	111,474	138,256	26,782	24.03%
Total Funds	\$65,529	\$45,945	\$69,087	\$69,169	\$111,474	\$138,256	\$26,782	24.03%

Page Reference

Legislative Budget Analysis, E-135

Funding

This program is funded entirely by the state general fund.

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	65,529	65,529	131,058	94.79%	65,529	65,529	131,058	94.79%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	3,558	3,640	7,198	5.21%	3,558	3,640	7,198	5.21%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$69,087	\$69,169	\$138,256		\$69,087	\$69,169	\$138,256	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget approved 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
Total Statewide Present Law Adjustments		\$0			\$0		\$0			\$0
DP 1301 - Board of Regents Per Diem & Mileage	0.00	3,558	0	0	3,558	0.00	3,640	0	0	3,640
Total Other Present Law Adjustments	0.00	\$3,558	\$0	\$0	\$3,558	0.00	\$3,640	\$0	\$0	\$3,640
Grand Total All Present Law Adjustments	0.00	\$3,558	\$0	\$0	\$3,558	0.00	\$3,640	\$0	\$0	\$3,640

DP 1301 - Board of Regents Per Diem & Mileage - The legislature restored per diem expense at the original budgeted amount for the Board of Regent members and increase the budget for mileage reimbursement.