

Program Budget Comparison

The following table summarizes the total executive 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	187,855,072	189,629,104	351,028,334	377,484,176	26,455,842	7.54%
Total Costs	\$175,035,264	\$175,993,070	\$187,855,072	\$189,629,104	\$351,028,334	\$377,484,176	\$26,455,842	7.54%
General Fund	155,310,140	154,820,436	167,545,460	168,812,466	310,130,576	336,357,926	26,227,350	8.46%
State Special	19,725,124	21,172,634	20,309,612	20,816,638	40,897,758	41,126,250	228,492	0.56%
Total Funds	\$175,035,264	\$175,993,070	\$187,855,072	\$189,629,104	\$351,028,334	\$377,484,176	\$26,455,842	7.54%

Program Description

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

Program Highlights

Appropriation Distribution Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ Although there is no constitutional or statutory requirement for the legislature to provide state funds for higher education, historically the legislature has appropriated state funds to cover a portion of the general operating budgets of the educational units and research/public service agencies ◆ The executive budget states that it has a Governor’s Tuition Cap Agreement with the Montana University System for the 2015 biennium <ul style="list-style-type: none"> • The executive increases state funds \$28.3 million in the 2015 biennium from the FY 2012 base to cover the state portion of the projected cost increases in the general operating budgets • The executive used the proportion of resident and WUE students as a percentage of total students to calculate the state portion of the projected cost increases ◆ Montana University System enrollments are projected to increase in the 2015 biennium ◆ The executive replaces \$1.7 million general fund with a like amount of six-mill levy revenue in the 2015 biennium
Major LFD Issues
<ul style="list-style-type: none"> ◆ The proposed Governor’s Tuition Cap Agreement lacks the formality and substance of the tuition cap agreement reached between the Governor’s Office and MUS in 2006 and adopted by the 2007 Legislature. At the time this narrative was written in mid-December, the executive had not produced a written plan and the MUS had indicated there was no official agreement. ◆ The natural resource operations account is over-allocated and may impact appropriations for the Bureau of Mines

Program Narrative

Higher Education Funding

One of the policy choices the Montana legislature makes during its biennial 90-day session is how much of the MUS budget request it will fund from state funds. Similar to other state agencies, in September 2012 the MUS education units and agencies submitted their 2015 biennium budget request for education and general operating costs funded from the current unrestricted fund (the university-equivalent of the state general fund). For the educational units, the education and general operating costs are funded with state funds (general fund and the six-mill levy) and student tuition. The legislature establishes the state appropriations during the legislative session. The Board of Regents establishes the final budget, including tuition rates, after the legislature adjourns. The Board of Regents is the sole authority in setting the tuition rates for the MUS. Tuition is not controlled or appropriated by the legislature. Tuition revenue fills the “gap” between the Board of Regent approved expenditure budget for educational units and the state funds appropriated by the legislature.

While the Montana Constitution grants governance authority to the Board of Regents, the power to appropriate state funds remains with the legislature. With this “power of the purse” comes the authority to attach policy decisions and accountability measures to the funding.

State funds are an important component of university funding because:

- State general fund support is the second largest source of current unrestricted revenue for the MUS, after tuition
- General fund appropriations in House Bill 2 provide the vehicle with which the legislature may have a public policy impact upon the MUS
- Montana Supreme Court decisions say that the Regents’ power to govern must be harmonized with the legislature’s power to appropriate, set public policy, and ensure accountability of state revenue and expenditures

The legislature considers many factors to develop the MUS appropriation including:

- Projected student enrollment
- Base year and actual expenditures and funding
- State funds available
- Legislative priorities
- Governor’s recommendation
- Board of Regents’ priorities
- Shared policy goals

Lump Sum Appropriation

Since the 1995 legislative session, the legislature has combined the appropriation for the six four-year campuses, five colleges of technology, and most of the Office of the Commissioner of Higher Education into a single, biennial lump-sum appropriation. Appropriations for the remaining units are contained in line items in the general appropriations act (HB 2).

Proposed Executive Budget

The 2015 biennium proposed executive HB 2 budget would increase state funding to the Montana University System educational units and research/public service agencies by 7.5%, \$26.5 million, from the 2013 biennium. The following one-time-only HB 2 appropriations approved by the 2013 Legislature were not continued into the 2015 biennium:

- \$9.2 million for increased state funding for the educational units
- \$3.5 million for research activities at the educational units

When the proposed executive budget is compared to the amount of state funding the educational units and agencies had available to spend in the 2013 biennium, including the one-time-only appropriations just noted, the 2015 biennial increase is 3.8%.

FY 2012 Base

The executive increased funding from the statewide six-mill levy \$1.7 million in the 2015 biennium compared to the FY 2012 base six-mill funding. This adjustment offsets the amount of general fund that otherwise would be needed.

Present Law Adjustments

The executive proposes to fund \$26.5 million in present law adjustments for the 2015 biennium for the education units and agencies. Present law adjustments account for the entire proposed increase in the executive budget in this program.

The executive budget includes present law budget adjustments applied to other state agencies, including annualization of the FY 2012 and FY 2013 pay plan approved by the Board of Regents, inflation and fixed costs, and 4% vacancy savings applied to non-faculty positions. The executive budget also includes adjustments not routinely applied to other state agencies, such as a general inflation increase, and adjustments unique to higher education, such as an adjustment for mandatory fee waivers.

The executive does not propose a present law adjustment for enrollment growth. Although historically the executive and the legislature have used student enrollment projections to estimate present law budget adjustments, 2007 was the most recent year the legislature used enrollment to calculate funding for the MUS educational units in Montana. The figure below presents historical actual student FTE enrollment since FY 2002 and projected student FTE enrollment for the 2015 biennium for the MUS educational units. As the figure shows, FTE enrollment at the educational units has increased steadily since FY 2002, with enrollment increasing 14.3% between FY 2008 and FY 2012 and projected to increase 3.0% by FY 2015 compared to FY 2012.

Montana University System Student FTE Enrollment							
FY 2002 - FY 2015							
FY		Resident Student FTE	Annual % Change	WUE		Total Student FTE	Resident +
				Student FTE	Non-Resident Student FTE		Resident as a % of Total
2002	Actual	25,566	2.9%	1,305	5,219	32,090	83.7%
2003	Actual	26,226	2.6%	1,229	5,218	32,673	84.0%
2004	Actual	26,828	2.3%	1,448	4,907	33,183	85.2%
2005	Actual	26,322	-1.9%	1,434	5,008	32,764	84.7%
2006	Actual	26,422	0.4%	1,603	5,066	33,091	84.7%
2007	Actual	26,298	-0.5%	1,659	5,216	33,173	84.3%
2008	Actual	26,279	-0.1%	1,710	5,361	33,350	83.9%
2009	Actual	26,740	1.8%	1,603	5,577	33,920	83.6%
2010	Actual	28,398	6.2%	1,730	5,772	35,900	83.9%
2011	Actual	29,730	4.7%	1,964	6,291	37,985	83.4%
2012	Actual	29,602	-0.4%	1,984	6,542	38,128	82.8%
2013	Projected*	29,503	-0.3%	2,050	6,757	38,310	82.4%
2014	Projected*	29,892	1.3%	2,115	6,823	38,830	82.4%
2015	Projected*	30,215	1.1%	2,144	6,929	39,288	82.4%

* Data from the Office of the Commission of Higher Education (September 2012)

How the Executive Proposes to fund the PL Budget

The executive budget uses a methodology based upon the portion of resident and Western Undergraduate Exchange enrollment to total enrollment to calculate the state share of present law budget increases. For the 2015 biennium, this ratio is approximately 82.4%. The executive budget therefore funds 82% of the present law budget increase with general fund. The remaining 18% of the present law budget increase would be funded from university funds, primarily tuition revenue. The tuition portion of the present law budget adjustment is not appropriated by the legislature and does not appear in HB 2.

**LFD
ISSUE**Proposed Tuition Cap Agreement -- No Written Agreement and Commitment is Unclear

The executive budget proposes a Tuition Cap Agreement for the 2015 biennium and has included \$34.1 million additional state funds in the proposed budget for this purpose. (Note: \$28.3 million is added to this program for the educational units and \$5.8 million is added to the Student Assistance program for scholarships.) However, unlike the tuition cap agreement forged in the 2007 session, the current proposal:

- Has no written document identifying:
 - The scope of the proposed agreement (i.e. general operations, pay plan, pensions)
 - Clear and measurable goals and objectives that are time-bound
 - Clearly stated milestones
 - Total estimated cost of the agreement
 - What the expectations are for 2015 biennium tuition rates
- Has not been agreed to by the university system

During the budget analysis, the Legislative Fiscal Division inquired of the Office of Budget and Program Planning (OBPP) if there was a written document outlining the proposed tuition cap agreement. The OBPP informed the LFD that there was no written plan. The LFD also inquired of the Office of the Commissioner of Higher Education if there was any kind of tuition cap agreement between the executive and the university system for the 2015 biennium and was informed that there was no agreement.

The executive has no written agreement with the university system outlining a tuition cap plan and the university system indicates there is no agreement. The executive budget has a proposal to fund approximately 82% of the present law increases for the education units.

Given that there is no statutory requirement regarding the state percent share of funding for the various university system budget components (e.g. present law adjustments, pay plan, pensions) and that the state percent share is solely a matter of public policy, the legislature may want to consider other state percent share levels for any of these budget components. (Note: pay plan and pension costs are discussed in Volume 1.)

For a further discussion of the impact of the state percent share of funding on tuition rates, see the LFD comment "Tuition Impact" in the Educational Units Subprogram later in this program narrative.

New Proposals

The executive budget does not include any new proposals for the educational units and research/public service agencies in the 2015 biennium.

Total Proposed Executive Budget

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

Montana University System Executive Budget Proposal Appropriation Distribution Program - 2015 Biennium								
Unit	FY 2012 Base	State Share			State Share			2015 Biennium Total
		Present Law FY 2014	New Proposals FY 2014	Executive Budget FY 2014	Present Law FY 2015	New Proposals FY 2015	Executive Budget FY 2015	
Educational Units								
MSU Gt Falls	\$5,910,069	\$343,047		\$6,253,116	\$342,139		\$6,252,208	\$12,505,324
UM Helena	4,502,265	391,990		4,894,255	396,911		4,899,176	9,793,431
UM Missoula	49,268,294	4,673,069		53,941,363	5,729,951		54,998,245	108,939,607
MSU Bozeman	44,490,570	4,407,122		48,897,692	4,982,358		49,472,928	98,370,619
UM Tech	12,897,465	811,267		13,708,732	934,605		13,832,070	27,540,802
MSU Billings	18,851,964	1,011,314		19,863,278	1,067,431		19,919,395	39,782,673
MSU Northern	8,422,062	980,388		9,402,450	955,737		9,377,799	18,780,249
UM Western	<u>6,576,301</u>	<u>595,639</u>		<u>7,171,940</u>	<u>658,862</u>		<u>7,235,163</u>	<u>14,407,103</u>
Subtotal Ed Units	<u>\$150,918,989</u>	<u>\$13,213,836</u>	<u>\$0</u>	<u>\$164,132,825</u>	<u>\$15,067,994</u>	<u>\$0</u>	<u>\$165,986,983</u>	<u>\$330,119,808</u>
Research/Public Service Agencies								
Agricultural Experiment Station	\$12,455,424	(\$381,085)		\$12,074,339	(\$367,004)		\$12,088,420	\$24,162,759
Extension Service	5,338,715	(102,707)		5,236,008	(134,118)		5,204,597	10,440,605
Forest & Conservation Experiment Station	1,011,216	(64,150)		947,066	(64,913)		946,303	1,893,369
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	(64,047)		673,802	(63,483)		674,366	1,348,168
Motorcycle Safety Program	<u>375,000</u>	<u>60,000</u>		<u>435,000</u>	<u>0</u>		<u>375,000</u>	<u>810,000</u>
Subtotal Agencies & Programs	<u>\$24,116,275</u>	<u>(\$394,028)</u>	<u>\$0</u>	<u>\$23,722,247</u>	<u>(\$474,154)</u>	<u>\$0</u>	<u>\$23,642,121</u>	<u>\$47,364,368</u>
Grand Total Costs	<u>\$175,035,264</u>	<u>\$12,819,808</u>	<u>\$0</u>	<u>\$187,855,072</u>	<u>\$14,593,840</u>	<u>\$0</u>	<u>\$189,629,104</u>	<u>\$377,484,176</u>
Funding								
General Fund	\$155,310,140	\$12,235,320	\$0	\$167,545,460	\$13,502,326	\$0	\$168,812,466	\$336,357,926
State Special Revenue	<u>19,725,124</u>	<u>584,488</u>	<u>0</u>	<u>20,309,612</u>	<u>1,091,514</u>	<u>0</u>	<u>20,816,638</u>	<u>41,126,250</u>
Grand Total Funding	<u>\$175,035,264</u>	<u>\$12,819,808</u>	<u>\$0</u>	<u>\$187,855,072</u>	<u>\$14,593,840</u>	<u>\$0</u>	<u>\$189,629,104</u>	<u>\$377,484,176</u>

Source: SABHRS data for base year expenditures; Executive Budget Nov 15th 2015 Biennium Budget

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Appropriation Distribution								
Funds	HB 2	Non-		Total All Sources	% Total All Funds	MCA Reference	Statutory Category	
		Budgeted Proprietary	Statutory Appropriation					
General Fund	\$336,357,926	\$0	\$2,721,082	\$339,079,008	89.0%	19-21-203	Direct	
State Special Total	\$41,126,250	\$0	\$820,000	\$41,946,250	11.0%			
02111 Accommodation Tax Account	\$0	\$0	\$820,000	\$820,000	0.2%	15-65-121	Pass Thru	
02289 Bureau Of Mines Groundwater	\$1,332,000	\$0	\$0	\$1,332,000	0.3%			
02443 University Millage	\$38,632,478	\$0	\$0	\$38,632,478	10.1%			
02576 Natural Resources Operations Ssr Fu	\$351,772	\$0	\$0	\$351,772	0.1%			
02944 Motorcycle Safety Training	\$810,000	\$0	\$0	\$810,000	0.2%			
Total All Funds	\$377,484,176	\$0	\$3,541,082	\$381,025,258	100.0%			
Percent - Total All Sources	99.1%	0.0%	0.9%					

While funding for this program is primarily general fund, state special revenue from the six-mill property tax levy funds the university educational units. Resource Indemnity Trust interest (RIT) and oil and gas and metal mines taxes support

research programs at the Montana Bureau of Mines, and program fees and an allocation from driver’s license fees support the motorcycle safety program at MSU-Northern in Havre.

Six-Mill Property Tax Levy

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

The six-mill levy revenue is used to fund the education and general operating expenses of the educational units and is the second largest state funding source for the MUS after general fund. The executive budget increases funding from the six-mill levy from \$35.3 million in the 2013 biennium to \$39.0 million in the 2015 biennium, a 1.4% biennial increase.

Natural Resource Operations State Special Revenue Account

The 2007 Legislature created the natural resource operations state special revenue account and allocated revenues from the Resource Indemnity Trust Fund, metal mines license tax proceeds, and oil and gas production taxes to the account. Appropriations were authorized by the 2009 Legislature from this account for the Department of Natural Resources and Conservation (DNRC), the Montana Bureau of Mines, the Department of Environmental Quality, and the Water Court in the Judicial Branch. The 2009 and 2011 Legislatures have appropriated \$175,866 per year of natural resource operations state special revenue for general program support for the Montana Bureau of Mines. A like amount each year is proposed in the 2015 biennium executive budget.

LFD
ISSUE

Natural Resource Operations Account is Over-Allocated in the Executive Budget

The executive budget proposes expenditures from the natural resource operations account that exceed the projected revenue available in this account by the end of the biennium. The table below presents a summary of the account for the 2015 biennium.

The joint appropriation subcommittees on education and natural resources may wish to consult before making a final appropriation decision on this state special revenue account

Natural Resource Operations Fund (02576) Fund Balance Projection, 2015 Biennium	
Estimated Beginning Fund Balance (7/1/2013)	\$1,293,481
Revenue Projections ¹	
Interest Earnings	\$236,600
Metal Mines Tax	2,534,000
Oil & Gas Tax	<u>4,402,037</u>
2015 Biennium Revenues	\$7,172,637
Proposed Expenditures ²	
UM Bureau of Mines	(\$351,772)
DNRC	(2,041,940)
DEQ	(4,075,450)
Judiciary-Water Courts	<u>(2,062,727)</u>
Total Expenditures	<u>(\$8,531,889)</u>
Estimated Ending Fund Balance (6/30/2015)	<u>(\$65,771)</u>
¹ LFD estimates	
² Executive general appropriations act proposal	

Statutory Appropriations

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

- An allocation of the 4% lodging facility use tax is transferred to the University of Montana for travel research. The estimated amount of this statutory appropriation for the 2015 biennium is \$820,000 state special revenue.
- General fund is statutorily appropriated for a 1% employer contribution increase to the MUS defined contribution retirement plan authorized by HB 95 passed by the 2007 Legislature

Budget Summary by Category

The following summarizes the total budget 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	92.35%	175,035,264	175,035,264	350,070,528	92.74%
Statewide PL Adjustments	(524,488)	(1,091,514)	(1,616,002)	(0.48%)	0	0	0	0.00%
Other PL Adjustments	12,759,808	14,593,840	27,353,648	8.13%	12,819,808	14,593,840	27,413,648	7.26%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$167,545,460	\$168,812,466	\$336,357,926		\$187,855,072	\$189,629,104	\$377,484,176	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

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
					*					*
DP 901 - State Support of Educational Units	0.00	13,213,836	0	0	13,213,836	0.00	15,067,994	0	0	15,067,994
DP 904 - Statewide Present Law Adjustments Agencies	0.00	(454,028)	0	0	(454,028)	0.00	(474,154)	0	0	(474,154)
DP 9071 - Motorcycle Safety Equipment Replacement	0.00	0	60,000	0	60,000	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$12,759,808	\$60,000	\$0	\$12,819,808	0.00	\$14,593,840	\$0	\$0	\$14,593,840
Grand Total All Present Law Adjustments	0.00	\$12,235,320	\$60,000	\$0	\$12,819,808*	0.00	\$13,502,326	\$0	\$0	\$14,593,840*

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

Sub-Program Details

EDUCATIONAL UNITS -SP 01

Sub-Program Proposed Budget

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
Transfers	150,918,989	13,213,836	0	164,132,825	15,067,994	0	165,986,983	330,119,808
Total Costs	\$150,918,989	\$13,213,836	\$0	\$164,132,825	\$15,067,994	\$0	\$165,986,983	\$330,119,808
General Fund	132,410,751	12,689,348	0	145,100,099	13,976,480	0	146,387,231	291,487,330
State/Other Special	18,508,238	524,488	0	19,032,726	1,091,514	0	19,599,752	38,632,478
Total Funds	\$150,918,989	\$13,213,836	\$0	\$164,132,825	\$15,067,994	\$0	\$165,986,983	\$330,119,808

Sub-Program Description

This subprogram presents the base and proposed budget for the Montana University System educational units.

Budget Summary by Category

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

Budget Summary by Category								
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	132,410,751	132,410,751	264,821,502	90.85%	150,918,989	150,918,989	301,837,978	91.43%
Statewide PL Adjustments	(524,488)	(1,091,514)	(1,616,002)	(0.55%)	0	0	0	0.00%
Other PL Adjustments	13,213,836	15,067,994	28,281,830	9.70%	13,213,836	15,067,994	28,281,830	8.57%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$145,100,099	\$146,387,231	\$291,487,330		\$164,132,825	\$165,986,983	\$330,119,808	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

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
					*					*
DP 901 - State Support of Educational Units	0.00	13,213,836	0	0	13,213,836	0.00	15,067,994	0	0	15,067,994
Total Other Present Law Adjustments	0.00	\$13,213,836	\$0	\$0	\$13,213,836	0.00	\$15,067,994	\$0	\$0	\$15,067,994
Grand Total All Present Law Adjustments	0.00	\$12,689,348	\$0	\$0	\$13,213,836*	0.00	\$13,976,480	\$0	\$0	\$15,067,994*

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

DP 901 - State Support of Educational Units - In accordance with the Governor's Tuition Cap Agreement Plan (CAP) this decision package includes \$13,213,836 in FY 2014, and \$15,067,994 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. These costs are funded at the overall resident/WUE share as a percentage of total students.

**LFD
COMMENT**

Present law adjustments for the MUS educational units and agencies are for statewide present law adjustments and other requested adjustments. As noted earlier, the legislature funds a portion of the university budget request. This portion, or state percent share, has varied over the years, depending upon legislative priorities and state revenues available. The 2015 biennium executive budget funds most of the present law adjustments it has included in its budget recommendation at the ratio of projected resident and WUE students to total students, approximately 82%. The dollar amounts in the tables in the Budget Analysis are the state share only (unless otherwise noted).

For a detailed listing of the present law adjustments by campus included in the proposed executive budget, see the table “Montana University System – Executive Budget Proposed Present Law Adjustments for the Educational Units – DP 901” in the appendix. This table presents the total executive proposed budget increase by campus, the state percent share by campus, and the total state share amount included in DP 901 of the proposed executive budget.

In addition, while the executive states the DP is in accordance with the tuition agreement, as stated earlier it does not appear that an actual agreement is in place.

**LFD
COMMENT**Tuition Impact

As previously noted, the university system submits its board-approved biennial budget request to the OBPP in September of each even-numbered year. The executive reviews the request and develops a budget recommendation for the upcoming biennium, which includes the base budget and the anticipated total cost increases or decreases to the base budget (e.g. present law adjustments). The executive then recommends the portion of the present law adjustment that should be borne by the state and appropriated in HB 2. For the 2015 biennium, the executive is recommending that the state percent share should be based upon the proportion of resident and WUE students to total students. The above present law adjustment table is the executive’s recommended state share for present law adjustments in the 2015 biennium.

To the extent that this present law adjustment is funded at a lower amount than the executive budget level, student tuition rate increases would be necessary to fill the gap between the projected costs and state funds made available via HB 2.

According to information provided by the university system, a 1% compounded tuition rate increase (1% in the first year and an additional 1% in the second year) in the 2015 biennium would yield \$6.36 million tuition revenue over the biennium. For example, if the legislature funded present law adjustment DP 901 – State Support of Educational Units at one-half the amount proposed by the executive, the gap would be \$14.1 million, requiring a compounded tuition rate increase of 2.2% in the 2015 biennium.

Sub-Program Details**AES TRANSFERS - SP 09****Sub-Program Proposed Budget**

The following table summarizes the proposed executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget									
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15	
Transfers	12,455,424	(381,085)	0	12,074,339	(367,004)	0	12,088,420	24,162,759	
Total Costs	\$12,455,424	(\$381,085)	\$0	\$12,074,339	(\$367,004)	\$0	\$12,088,420	\$24,162,759	
General Fund	12,455,424	(381,085)	0	12,074,339	(367,004)	0	12,088,420	24,162,759	
Total Funds	\$12,455,424	(\$381,085)	\$0	\$12,074,339	(\$367,004)	\$0	\$12,088,420	\$24,162,759	

Sub-Program Description

This subprogram presents the base and proposed budget for the Agricultural Experiment Station.

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	12,455,424	12,455,424	24,910,848	103.10%	12,455,424	12,455,424	24,910,848	103.10%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	(381,085)	(367,004)	(748,089)	(3.10%)	(381,085)	(367,004)	(748,089)	(3.10%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$12,074,339	\$12,088,420	\$24,162,759		\$12,074,339	\$12,088,420	\$24,162,759	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

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
DP 904 - Statewide Present Law Adjustments Agencies	0.00	(381,085)	0	0	(381,085)	0.00	(367,004)	0	0	(367,004)
Total Other Present Law Adjustments	0.00	(\$381,085)	\$0	\$0	(\$381,085)	0.00	(\$367,004)	\$0	\$0	(\$367,004)
Grand Total All Present Law Adjustments	0.00	(\$381,085)	\$0	\$0	(\$381,085)	0.00	(\$367,004)	\$0	\$0	(\$367,004)

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).

LFD COMMENT

The proposed budget includes the following adjustments for the Agricultural Experiment Station:

- Statewide present law adjustments – (\$759,058)
- Administrative Assessment -- \$77,300
- Utilities Inflation -- \$69,708
- Restoration of Base Expenditures -- \$13,830
- Reclassification of Federal Funding – (\$149,869)

The statewide present law adjustment is negative primarily due to 4% vacancy savings applied to the budget.

Administrative assessments are overhead charges the agencies pay to the main campus for administrative services provided to the agency.

Sub-Program Details

EXTENSION SERVICE TRF - SP 10

Sub-Program Proposed Budget

The following table summarizes the proposed executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
Transfers	5,338,715	(102,707)	0	5,236,008	(134,118)	0	5,204,597	10,440,605
Total Costs	\$5,338,715	(\$102,707)	\$0	\$5,236,008	(\$134,118)	\$0	\$5,204,597	\$10,440,605
General Fund	5,338,715	(102,707)	0	5,236,008	(134,118)	0	5,204,597	10,440,605
Total Funds	\$5,338,715	(\$102,707)	\$0	\$5,236,008	(\$134,118)	\$0	\$5,204,597	\$10,440,605

Sub-Program Description

This subprogram presents the base and proposed budget for the Extension Service.

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	5,338,715	5,338,715	10,677,430	102.27%	5,338,715	5,338,715	10,677,430	102.27%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	(102,707)	(134,118)	(236,825)	(2.27%)	(102,707)	(134,118)	(236,825)	(2.27%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$5,236,008	\$5,204,597	\$10,440,605		\$5,236,008	\$5,204,597	\$10,440,605	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

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
DP 904 - Statewide Present Law Adjustments Agencies	0.00	(102,707)	0	0	(102,707)	0.00	(134,118)	0	0	(134,118)
Total Other Present Law Adjustments	0.00	(\$102,707)	\$0	\$0	(\$102,707)	0.00	(\$134,118)	\$0	\$0	(\$134,118)
Grand Total All Present Law Adjustments	0.00	(\$102,707)	\$0	\$0	(\$102,707)	0.00	(\$134,118)	\$0	\$0	(\$134,118)

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).

LFD COMMENT

The proposed budget includes the following adjustments for the Extension Service:

- o Statewide present law adjustments – (\$2,018,579)
- o Administrative Assessment-- \$76,452
- o Restoration of Base Expenditures -- \$1,587,874
- o Adjustment for Director Position -- \$117,428

Statewide present law adjustment are negative due to special extension service employee benefit costs being removed from the base and 4% vacancy savings applied to the budget. The special benefits are restored in the “restoration of base expenditures” portion of this decision package.

Administrative assessments are overhead charges the agencies pay to the main campus for administrative services provided to the agency

Sub-Program Details

FCES TRANSFER - SP 11

Sub-Program Proposed Budget

The following table summarizes the proposed executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
Transfers	1,011,216	(64,150)	0	947,066	(64,913)	0	946,303	1,893,369
Total Costs	\$1,011,216	(\$64,150)	\$0	\$947,066	(\$64,913)	\$0	\$946,303	\$1,893,369
General Fund	1,011,216	(64,150)	0	947,066	(64,913)	0	946,303	1,893,369
Total Funds	\$1,011,216	(\$64,150)	\$0	\$947,066	(\$64,913)	\$0	\$946,303	\$1,893,369

Sub-Program Description

This subprogram presents the base and proposed budget for the Forest & Conservation Experiment Station.

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	1,011,216	1,011,216	2,022,432	106.82%	1,011,216	1,011,216	2,022,432	106.82%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	(64,150)	(64,913)	(129,063)	(6.82%)	(64,150)	(64,913)	(129,063)	(6.82%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$947,066	\$946,303	\$1,893,369		\$947,066	\$946,303	\$1,893,369	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

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
DP 904 - Statewide Present Law Adjustments Agencies	0.00	(64,150)	0	0	(64,150)	0.00	(64,913)	0	0	(64,913)
Total Other Present Law Adjustments	0.00	(\$64,150)	\$0	\$0	(\$64,150)	0.00	(\$64,913)	\$0	\$0	(\$64,913)
Grand Total All Present Law Adjustments	0.00	(\$64,150)	\$0	\$0	(\$64,150)	0.00	(\$64,913)	\$0	\$0	(\$64,913)

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).

LFD COMMENT	<p>The proposed budget includes the following adjustments for the Forest & Conservation Experiment Station:</p> <ul style="list-style-type: none"> ○ Statewide present law adjustments – (\$129,063) <p>Statewide present law adjustments are negative because base year one-time benefits costs were not continued in the 2015 biennium budget.</p>
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Sub-Program Details

BUREAU TRANSFERS - SP 12

Sub-Program Proposed Budget

The following table summarizes the proposed executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
Transfers	4,198,071	157,961	0	4,356,032	155,364	0	4,353,435	8,709,467
Total Costs	\$4,198,071	\$157,961	\$0	\$4,356,032	\$155,364	\$0	\$4,353,435	\$8,709,467
General Fund	3,356,185	157,961	0	3,514,146	155,364	0	3,511,549	7,025,695
State/Other Special	841,886	0	0	841,886	0	0	841,886	1,683,772
Total Funds	\$4,198,071	\$157,961	\$0	\$4,356,032	\$155,364	\$0	\$4,353,435	\$8,709,467

Sub-Program Description

This subprogram presents the base and proposed budget for the Bureau of Mines.

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	3,356,185	3,356,185	6,712,370	95.54%	4,198,071	4,198,071	8,396,142	96.40%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	157,961	155,364	313,325	4.46%	157,961	155,364	313,325	3.60%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$3,514,146	\$3,511,549	\$7,025,695		\$4,356,032	\$4,353,435	\$8,709,467	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

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
DP 904 - Statewide Present Law Adjustments Agencies	0.00	157,961	0	0	157,961	0.00	155,364	0	0	155,364
Total Other Present Law Adjustments	0.00	\$157,961	\$0	\$0	\$157,961	0.00	\$155,364	\$0	\$0	\$155,364
Grand Total All Present Law Adjustments	0.00	\$157,961	\$0	\$0	\$157,961	0.00	\$155,364	\$0	\$0	\$155,364

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).

LFD COMMENT	<p>The proposed budget includes the following adjustments for the Bureau of Mines:</p> <ul style="list-style-type: none"> ○ Statewide present law adjustments -- \$279,325 ○ Administrative Assessment -- \$32,000 ○ Restoration of Base Expenditures -- \$2,000 <p>Administrative assessments are overhead charges the agencies pay to the main campus for administrative services provided to the agency</p>
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Sub-Program Description

Sub-Program Details

FSTS TRANSFERS - SP 19

Sub-Program Proposed Budget

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
Transfers	737,849	(64,047)	0	673,802	(63,483)	0	674,366	1,348,168
Total Costs	\$737,849	(\$64,047)	\$0	\$673,802	(\$63,483)	\$0	\$674,366	\$1,348,168
General Fund	737,849	(64,047)	0	673,802	(63,483)	0	674,366	1,348,168
Total Funds	\$737,849	(\$64,047)	\$0	\$673,802	(\$63,483)	\$0	\$674,366	\$1,348,168

Sub-Program Description

This subprogram presents the base and proposed budget for the Fire Service Training School.

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	737,849	737,849	1,475,698	109.46%	737,849	737,849	1,475,698	109.46%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	(64,047)	(63,483)	(127,530)	(9.46%)	(64,047)	(63,483)	(127,530)	(9.46%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$673,802	\$674,366	\$1,348,168		\$673,802	\$674,366	\$1,348,168	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

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
DP 904 - Statewide Present Law Adjustments Agencies	0.00	(64,047)	0	0	(64,047)	0.00	(63,483)	0	0	(63,483)
Total Other Present Law Adjustments	0.00	(\$64,047)	\$0	\$0	(\$64,047)	0.00	(\$63,483)	\$0	\$0	(\$63,483)
Grand Total All Present Law Adjustments	0.00	(\$64,047)	\$0	\$0	(\$64,047)	0.00	(\$63,483)	\$0	\$0	(\$63,483)

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).

LFD COMMENT

The proposed budget includes the following adjustments for the Fire Services Training School:

- Statewide present law adjustments – (\$130,256)
- Administrative Assessment -- \$2,726

Statewide present law adjustments are negative because termination pay was incurred in the base year and is not restored in the 2015 biennium budget. Due to the agency’s small size, no vacancy savings was assessed to this budget in the 2015 biennium.

Administrative assessments are overhead charges the agencies pay to the main campus for administrative services provided to the agency

Sub-Program Description

This subprogram presents the base and proposed budget for the Motorcycle Safety Program.

Sub-Program Details

MOTORCYCLE SAFETY 24

Sub-Program Proposed Budget

The following table summarizes the proposed executive budget for the sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	Total Exec. Budget Fiscal 14-15
Transfers	375,000	60,000	0	435,000	0	0	375,000	810,000
Total Costs	\$375,000	\$60,000	\$0	\$435,000	\$0	\$0	\$375,000	\$810,000
State/Other Special	375,000	60,000	0	435,000	0	0	375,000	810,000
Total Funds	\$375,000	\$60,000	\$0	\$435,000	\$0	\$0	\$375,000	\$810,000

Sub-Program Description

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%	375,000	375,000	750,000	92.59%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	60,000	0	60,000	7.41%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$435,000	\$375,000	\$810,000	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 9071 - Motorcycle Safety Equipment Replacement	0.00	0	60,000	0	60,000	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$0	\$60,000	\$0	\$60,000	0.00	\$0	\$0	\$0	\$0
Grand Total All Present Law Adjustments	0.00	\$0	\$60,000	\$0	\$60,000	0.00	\$0	\$0	\$0	\$0

DP 9071 - Motorcycle Safety Equipment Replacement - The motorcycle safety program is requesting an additional \$60,000 of 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.