

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
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	13,522,685	14,186,063	25,876,846	27,708,748	1,831,902	7.08%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$12,295,818	\$14,084,679	\$13,841,044	\$14,510,346	\$26,380,497	\$28,351,390	\$1,970,893	7.47%
General Fund	9,606,033	10,445,767	13,691,514	14,360,816	20,051,800	28,052,330	8,000,530	39.90%
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	\$13,841,044	\$14,510,346	\$26,380,497	\$28,351,390	\$1,970,893	7.47%

Program Description

This program includes several different types of student financial assistance, including:

- Need- and merit-based state grants
- Federal grant matching programs
- State funded work study
- Professional student exchange programs for Montana students to obtain primarily medical education (medicine, dentistry, veterinary medicine) which is not available in Montana
- Student loan repayment assistance for selected professions

Title 20, Chapters 4, 25 and 26, MCA, govern the program.

Program Highlights

Student Assistance Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ The general fund funding switch implemented by the 2011 Legislature is mostly reversed in the proposed 2015 biennium executive budget ◆ The executive includes two new proposals totaling \$2.5 million in the 2015 biennium <ul style="list-style-type: none"> • \$2.0 million as a one-time-only increase for adding new programs to serve veterans • \$0.5 million beginning in FY 2015 as an ongoing increase to expand the number of medical education slots in WWAMI by 10 each year. A related decision package is included in the Appropriation Distribution program for increased costs anticipated for Montana State University (See DP 909)

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 - Student Assistance Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$28,052,330	\$0	\$0	\$28,052,330	96.4%		
State Special Total	\$299,060	\$0	\$744,336	\$1,043,396	3.6%		
02846 Family Ed Savings Admin Fee	\$299,060	\$0	\$0	\$299,060	1.0%	20-26-150	Direct
02943 Rural Physicians Account	\$0	\$0	\$744,336	\$744,336	2.6%		
Total All Funds	\$28,351,390	\$0	\$744,336	\$29,095,726	100.0%		
Percent - Total All Sources	97.4%	0.0%	2.6%				

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 executive budget would replace most of the fund switch back to general fund, adding \$5,175,780 general fund and reducing federal funds by a like amount.

The program also receives a statutory appropriation for the Montana Rural Physician Incentive Program (MRPIP). Because it is a statutory appropriation, it is excluded from HB 2. The MRPIP program provides a financial incentive for physicians to practice in rural areas or medically underserved areas by paying up to \$100,000 of student loan debt. Funding for the program comes from fees paid by medical students in the professional student exchange programs. Statutes governing the MRPIP program also allow administrative costs to be paid, up to 10% of the annual fees assessed.

LFD COMMENT	The agency uses \$15,000 annually from the MRPIP statutory appropriation to cover program administrative costs. These costs are accounted for in the Administration Program. The personnel performing the related administrative services are budgeted in HB 2. Because the funding from the statutory appropriation is available and allowable to be spent on administrative costs, the legislature has the option of reducing HB 2 personal services costs in the Administration Program by \$15,000 annually.
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The table below summarizes the proposed budgets for the student assistance programs for the 2015 biennium.

Student Financial Assistance Programs Fiscal 2012 through 2015						
Types of Student Assistance	Actual FY 2012	Approp FY 2013	Exec. Budget FY 2014	Exec. Budget 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	6,192,018	\$410,224	3.6%
<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%
NP202 - Veterans' Success (BIEN/OTO)			\$1,000,000	\$1,000,000	\$2,000,000	
<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	\$13,841,044	\$14,510,346	\$1,970,893	7.5%
<u>Funding</u>						
General Fund	\$9,606,033	\$10,445,767	\$13,691,514	\$14,360,816	\$8,000,530	39.9%
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	\$13,841,044	\$14,510,346	\$1,970,893	7.5%

* 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	68.49%	12,295,818	12,295,818	24,591,636	86.74%
Statewide PL Adjustments	37,829	37,753	75,582	0.27%	35,852	35,727	71,579	0.25%
Other PL Adjustments	459,762	613,875	1,073,637	3.83%	459,762	613,875	1,073,637	3.79%
New Proposals	3,587,890	4,103,155	7,691,045	27.42%	1,049,612	1,564,926	2,614,538	9.22%
Total Budget	\$13,691,514	\$14,360,816	\$28,052,330		\$13,841,044	\$14,510,346	\$28,351,390	

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
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 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)	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 201 - WICHE/WWAMI/MN Dental - The executive budget includes \$216,652 in FY 2014 and \$370,765 in FY 2015 general fund for student slots at anticipated increased tuition levels for the WICHE, WWAMI and MN Dental professional student exchange programs and is part of the Governor's Tuition CAP proposal . The table below illustrates the adjustment for each program:

WICHE/WWAMI/MN Dental Program Present Law Adjustments -- 2015 Biennium Executive Budget (DP 201)						
					Present Law Adjustment	
	FY 2012 Actual	FY 2013 Appropriated	FY 2014 Proposed	FY 2015 Proposed	FY 2014	FY 2015
WICHE Annual Dues	\$125,000	\$125,000	\$131,000	\$137,000	\$6,000	\$12,000
WICHE Student Support	2,204,884	2,199,700	2,309,000	2,301,733	104,116	96,849
WWAMI Student Support	2,884,104	3,261,600	2,987,040	3,091,620	102,936	207,516
MN Dental Student Support	92,000	117,000	95,600	146,400	3,600	54,400
Unallocated	0	295,146	0	0	0	0
Total	\$5,305,988	\$5,998,446	\$5,522,640	\$5,676,753	\$216,652	\$370,765

LFD COMMENT The present law increase in the professional student exchange programs (WICHE/WWAMI/MN Dental) is caused by rising tuition rates at participating universities. As tuition rates increase, state support fees paid on behalf of Montana students increase. State support fees increase an average of \$2,161 per slot in FY 2015, as compared to base year FY 2012 fees. The number of slots for Montana students remains the same at 166 per year, with no program expansion for additional students. See the Appendix for a detailed schedule of the number of new and continuing slots by medical discipline for each year of the 2015 biennium.

State support fees are negotiated by an interstate council upon which Montana is represented by the Commissioner of Higher Education and members of the legislature. Once negotiated and agreed upon, the legislature has no further control over these support fees so that any changes in expenditure levels in this program would require adjustments to the number of student slots that would be funded in the biennium.

DP 207 - Quality Educator Loan Forgiveness (RST) – The executive budget would add \$243,110 general fund each year of the biennium to fund the current and projected pipeline of students in the program. The executive anticipates providing loan assistance to 100 new teachers each year of the 2015 biennium in addition to those teachers already in the pipeline. The executive budget recommends this adjustment be approved as a restricted appropriation.

**LFD
COMMENT**

This program was created in 2007 as an incentive for teachers to teach at underserved school districts in Montana. A qualifying educator is eligible for loan assistance for a maximum of four years up to \$3,000 per year, subject to an appropriation expressly established for the program. The table below summarizes the number of new and returning teachers that have received loan assistance from this program since FY 2008 and the program cost. This program is funded entirely from general fund.

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	Exec Budget	\$3,000
2015	100	72	49	25	246	\$738,000	Exec Budget	\$3,000

This table tracks GRANTS only. Administrative costs are excluded.

As shown in the table, the first year of a full pipeline was 2011 when 143 teachers were served. The pipeline increased to 167 in the budget base year of FY 2012. The executive budget projects serving 246 teachers each year for FY 2013, FY 2014, and FY 2015.

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 - BIEN / OTO										
02	0.00	1,000,000	0	0	1,000,000	0.00	1,000,000	0	0	1,000,000
DP 203 - WWAMI Expansion										
02	0.00	0	0	0	0	0.00	515,265	0	0	515,265
DP 205 - GSL/Student Assistance fund allocation										
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	\$3,587,890	\$49,612	(\$2,587,890)	\$1,049,612	0.00	\$4,103,155	\$49,661	(\$2,587,890)	\$1,564,926

New Proposals

DP 202 - Veterans' Success - BIEN / OTO - The executive recommends \$2 million biennial one-time-only general fund to ensure the Montana University System (MUS) excels as a veterans' friendly system by providing 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.

DP 203 - WWAMI Expansion - The executive budget includes general fund to expand the Washington-Wyoming-Alaska-Montana-Idaho (WWAMI) 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 by approximately \$500,000 each year until the pipe line (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.

LFD COMMENT	This decision package would start the funding for this program expansion in FY 2015 and would not be included in the budget base for the 2017 biennium budget. Therefore, the agency would be required to submit a new proposal to continue this program during the next budget cycle. Based upon the estimated pipeline costs described in DP 203, the cost of this program expansion in the 2017 biennium would be approximately \$2.6 million.
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DP 205 - GSL/Student Assistance fund allocation - The executive budget would restore \$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.

LFD COMMENT	As stated earlier, the 2011 Legislature, upon recommendation of the Governor, used one-time federal fund balance in the Guaranteed Student Loan program to replace general fund in this program. This new proposal would restore ongoing general fund support for the programs. This new proposal impacts the funding for two financial assistance programs: <ul style="list-style-type: none"> o \$2,093,000 general fund each year would replace a like amount of federal authority and would support the Governor's Postsecondary Scholarship Program o \$494,890 general fund each year would replace a like amount of federal authority and would support the Quality Educator Loan Assistance Program
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DP 206 - Family Education Savings Plan - The executive budget would increase the budget of this program by \$49,612 in FY 2014 and \$49,661 in FY 2015 for increased contracted services. Existing fund balance would be used to cover the additional costs.