

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
Personal Services	2,619,116	143,584	0	2,762,700	128,502	0	2,747,618	5,510,318
Operating Expenses	2,932,588	27,721	842,948	3,803,257	(31,592)	662,704	3,563,700	7,366,957
Equipment	25,455	0	0	25,455	0	0	25,455	50,910
Local Assistance	4,783,882	218,299	674,459	5,676,640	221,299	674,459	5,679,640	11,356,280
Grants	8,055,788	676,277	1,243,541	9,975,606	872,958	1,243,541	10,172,287	20,147,893
Benefits & Claims	1,000	0	23,900,127	23,901,127	0	25,095,133	25,096,133	48,997,260
Transfers	119,398,527	5,500,225	3,891,008	128,789,760	5,318,436	3,584,588	128,301,551	257,091,311
Debt Service	99,156	(95,095)	0	4,061	(95,095)	0	4,061	8,122
Total Costs	\$137,915,512	\$6,471,011	\$30,552,083	\$174,938,606	\$6,414,508	\$31,260,425	\$175,590,445	\$350,529,051
General Fund	113,436,878	19,903,292	(11,712,784)	121,627,386	19,856,039	(12,008,831)	121,284,086	242,911,472
State/Other Special	14,455,976	(13,783,112)	14,792,136	15,465,000	(13,783,213)	15,263,237	15,936,000	31,401,000
Federal Special	10,022,658	350,831	27,472,731	37,846,220	341,682	28,006,019	38,370,359	76,216,579
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$137,915,512	\$6,471,011	\$30,552,083	\$174,938,606	\$6,414,508	\$31,260,425	\$175,590,445	\$350,529,051

Agency Description

Article X, Section 9 of the Montana Constitution requires that the Board of Regents appoint the Commissioner of Higher Education, who is the chief administrative officer of the Montana University System (MUS). The system includes: 1) the Office of the Commissioner of Higher Education (OCHE); 2) three community colleges; 3) two consolidated universities and their affiliated campuses, including Colleges of Technology (COTs); and 4) five public service and/or research agencies.

The three community colleges are Dawson Community College in Glendive, Miles Community College in Miles City, and Flathead Valley Community College in Kalispell. The two universities include: 1) Montana State University with campuses in Bozeman, Havre, Billings and a college of technology in Great Falls; and 2) the University of Montana with campuses in Missoula, Butte, Dillon, and a college of technology in Helena. The five public service and/or research agencies are the: 1) Agricultural Experiment Station; 2) Montana Extension Service; 3) Forestry and Conservation Research Station; 4) Bureau of Mines; and 5) Fire Services Training School. The MUS units are defined in section 20-25-201, MCA.

Summary of Legislative Action

The legislature appropriated: 1) a single biennial lump-sum to the Board of Regents for the combined operations of the OCHE (excluding the community colleges), the four-year units, and the colleges of technology; and 2) separate line items for the community colleges, non-beneficiary student support in tribal colleges, and the public service/research agencies. General fund, millage, and certain federal funds are appropriated in HB 2 line items as shown in the table above, while university tuition, interest, and federal and other funds, including agency funds, are appropriated in language and not included in the main table. In addition, the legislature appropriated funds for the pay plan in HB 13. Each of the budgets is discussed further in the following narratives.

Table 1 provides the fiscal 2001 FTE and a funding summary of the programs within the commissioner's office, including the distribution program (program 9) through which funds flow to: 1) the tribal colleges for nonbeneficiary (non-Indian) students, distance learning programs, the family practice residency program, and the educational units and COTs; 2) the public service/research agencies. As the table shows, the HB 2 general fund appropriation for the entire university system is over \$121 million each year. Total funds in HB 2, including the language appropriations, are \$289.8 million in fiscal 2000 and \$294.8 million in fiscal 2001. As shown on the bottom line of the table, when the HB 13 pay plan is included, appropriations total \$597.7 million for the biennium.

As noted above, the total lump sum fund appropriated to the Board of Regents includes all administrative and student support programs in OCHE and all distributions to the state educational units. The lump sum appropriation totals \$262.7 million in fiscal 2000 and \$267.7 million in fiscal 2001, as shown in the bottom portion of Table 1. In addition to these appropriations, the lump sum also includes the proportionate share of the pay plan to be distributed to entities funded by the lump sum.

Agency/Program	FY2001		-----Fiscal 2000-----			-----Fiscal 2001-----				
	FTE	General Fund	Tuition/Other**	Fed/Other***	Total Budget	General Fund	Tuition/Other**	Fed/Other***	Total Budget	
Commissioner of Higher Ed.										
Comm. of Higher Ed. Admin.	15.40	\$ 1,231,611			\$ 1,231,611	\$ 1,120,527			\$ 1,120,527	
Student Assistance		7,451,310		140,599	7,591,909	7,649,469		140,599	7,790,068	
DDE Math & Science				264,449	264,449			264,449	264,449	
Community Colleges		5,591,640			5,591,640	5,559,000			5,559,000	
Talent Search	10.95	93,760		473,736	567,496	93,760		539,583	633,343	
Perkins	4.00	80,000		8,890,000	8,970,000	80,000		8,090,000	8,170,000	
Guaranteed Student Loan	43.20			28,077,436	28,077,436			29,335,728	29,335,728	
Board of Regents	0	43,825		0	43,825	43,825		0	43,825	
TOTAL OCHE	73.55	\$ 14,492,146		\$37,846,220	\$ 52,338,366	\$ 14,546,581		\$ 38,370,359	\$ 52,916,940	
Program 9 - Distribution										
Nonbeneficiary Students-Tribal Coll.		\$ 417,000			\$ 417,000	\$ 417,000			\$ 417,000	
Distance Learning-in Lump		200,000			200,000	200,000			200,000	
Family Practice Residency-in Lump		295,600			295,600	341,200			341,200	
University Units & COT in Lump*	3,502.73	91,111,002	109,529,521	14,809,000	215,449,523	90,724,010	\$113,802,095	15,280,000	219,806,105	
SUBTOTAL STUDENT EDUC. ****	3,502.73	\$ 92,023,602	\$ 109,529,521	\$ 14,809,000	\$216,362,123	\$ 91,682,210	\$113,802,095	\$ 15,280,000	\$ 220,764,305	
Ag. Experiment Station	231.79	\$ 8,639,885	\$ 3,040,772		\$ 11,680,657	\$ 8,561,006	\$ 3,097,921		\$ 11,658,927	
Extension Service	118.58	3,855,089	2,228,255		6,083,344	3,852,536	2,228,255		6,080,791	
Forestry & Conservation	13.74	840,714	4,923		845,637	840,044	4,959		845,003	
Bureau of Mines	35.74	1,441,082	59,000	656,000	2,156,082	1,438,306	59,000	656,000	2,153,306	
Fire Services Training	6.80	334,868	4,097		338,965	363,403	4,097		367,500	
SUBTOTAL AGENCIES	406.65	\$ 15,111,638	\$ 5,337,047	\$ 656,000	\$ 21,104,685	\$ 15,055,295	\$ 5,394,232	\$ 656,000	\$ 21,105,527	
TOTAL DISTRIBUTIONS HB 2	3,909.38	\$ 107,135,240	\$ 114,866,568	\$ 15,465,000	\$237,466,808	\$ 106,737,505	\$ 119,196,327	\$ 15,936,000	\$ 241,869,832	
TOTAL LUMP SUM MUS-OCHE	3,576.28	\$ 100,507,108	\$ 109,529,521	\$ 52,655,220	\$262,691,849	\$ 100,252,791	\$ 113,802,095	\$ 53,650,359	\$ 267,705,245	
(Excluding CC's, Nonbeneficiary Students in Tribal Colleges, and Agencies)										
TOT. UNIVERSITY SYSTEM HB2	3,982.93	\$ 121,627,386	\$ 114,866,568	\$ 53,311,220	\$289,805,174	\$ 121,284,086	\$ 119,196,327	\$ 54,306,359	\$ 294,786,772	
Pay Plan HB 13	0	2,468,068	1,267,664	0	3,735,729	5,941,224	3,451,417	0	9,392,638	
TOT. HB2 & HB 13	3,982.93	\$ 124,095,454	\$ 116,134,229	\$ 53,311,220	\$293,540,903	\$ 127,225,307	\$ 122,647,744	\$ 54,306,359	\$ 304,179,410	

* Includes \$3,356 for Fire Services Training School audit costs
 **Tuition, interest, proprietary funds, and federal funds in the Ag. Experiment Station and Extension, are university funds appropriated in language
 ***Proprietary, federal, and state special funds in House Bill 2
 ****Totals may not tie to main table due to rounding

Major legislative appropriation initiatives included: 1) \$1.5 million general fund per year for the Montana Tuition Assistance Program (MTAP), up from \$65,000 per year in the 1999 biennium; 2) general fund of \$674,459 each year for increased funding for community colleges; 3) \$417,000 general fund per year for distributions for nonbeneficiary students in tribal colleges, which is a program funded in the 1997 biennium but not in the 1999 biennium; 4) general fund increases of \$95,600 in fiscal 2000 and \$141,200 in fiscal 2001 for the Rural Family Practice Residency program; 5) increased general fund of approximately \$120,000 each year to offset reductions in federal funding for the Extension Service; and 6) federal funds of \$23.9 million and \$25.1 million in fiscal years 2000 and 2001, respectively, to implement an accounting change in the Guaranteed Student Loan program. Details of these and other appropriations are included in the following narratives.

Table 2
FTE Employees in Montana University System
Fiscal 1998 Base & 2001 Biennium Anticipated

	FY 1998*	FY 2000	FY 2001
Units			
Great Falls COT	72.59	78.45	78.45
Helena COT	58.52	60.05	60.05
UM-Missoula	1,253.42	1,262.54	1,262.54
MSU-Bozeman	1,134.76	1,160.98	1,160.98
MT Tech-UM	249.50	251.03	251.03
MSU-Billings	362.76	377.39	377.39
MSU-Northern	182.34	183.81	183.81
WMC-UM	124.97	128.48	128.48
SUBTOTAL	3,438.86	3,502.73	3,502.73
Agencies			
Ag. Experiment Stn.	231.79	231.79	231.79
Extension Service	117.58	118.58	118.58
Forestry	13.74	13.74	13.74
Bureau of Mines	35.74	35.74	35.74
Fire Services	5.33	6.07	6.80
SUBTOTAL	404.18	405.92	406.65
OCHE	73.55	73.55	73.55
TOTAL FTE	3,916.59	3,982.20	3,982.93

* Base Budget FTE

Table 2 provides comparative FTE employee detail for the fiscal 1998 base and the anticipated FTE employees expected as a result of legislative appropriations for the 2001 biennium. As can be seen, total estimated FTE increase from 3,917 in the fiscal 1998 base to over 3,982 each year of the 2001 biennium. The major portion of the increase, nearly 64 FTE, is the result of increased personal services appropriations to accommodate an increasing number of students in the next biennium. The legislature also added: 1) one FTE on a one-time-only basis to the Extension Service for the Montana Beef Network to aid in increasing markets for beef; and 2) 0.74 FTE instructor in fiscal 2000 and 1.74 FTE instructors in fiscal 2001 in the Fire Services Training School.

Other Legislation

Other legislation having a fiscal impact on the university system includes legislation: 1) imposing the six-mill levy and changing the revenue it generates; 2) altering distribution of Resource Indemnity Trust (RIT) funds; 3) changing the fund designation for the Montana Rural Physicians Incentive Fund; and 4) approving capital projects. Since legislation to change the allocation of the accommodation tax failed, the statutory appropriation to UM-Missoula for travel research remains unchanged at the 2.5 percent authorized by 15-65-121, MCA, which will result in estimated revenue of \$245,263 in fiscal 2000 and \$253,109 in fiscal 2001.

Six-Mill Levy

Senate Bill 79 – This bill imposes the six-mill levy for the university system for 10 years, as approved by the electorate in November, 1998. However, the legislature also passed three bills that revised property tax laws in such a manner that the six-mill levy will generate an estimated \$5.0 million less state special revenue than appropriated by the 1999 legislature in HB 2 (see "Property Tax" in the overview volume of the 2001 Biennium Legislative Fiscal Report).

Senate Bill 184 – This bill reduced taxes on residential property and transferred general fund of \$691,246 in fiscal 2000 and \$1,774,042 in fiscal 2001 to the six-mill state special revenue account to replace lost revenue for the 2001 biennium, only.

Senate Bill 200 - This bill reduced property taxes on class 6 and class 8 business property, but did not offset this revenue loss to the six-mill levy state special revenue account. The estimated university system revenue reductions are \$126,860 in fiscal 2000 and \$350,690 in fiscal 2001. The university system has HB 2 spending authority for these funds, but it will not receive the money to spend. Because of a phase-in of tax reductions, six-mill revenue reductions as a result of SB 200 are estimated at \$1.3 million in the 2003 biennium, \$3.8 million in the 2005 biennium, and \$5.2 million in the 2007 biennium.

Senate Bill 260 – This bill reduced taxes on motor vehicles and provided general fund transfers of \$604,305 in fiscal 2000 and \$1,268,732 in fiscal 2001 to the six-mill state special revenue account to offset the motor vehicle tax revenue loss. The combined impact of this bill and SB 184 was to replace over \$4.3 million in revenue reductions resulting from property tax reform, leaving the HB 2 millage appropriation with approximately \$0.5 million unfunded spending authority in the 2001 biennium.

Resource Indemnity Trust

Resource Indemnity Trust funds are allocated to two programs in the university system: 1) the Bureau of Mines and Geology groundwater assessment program; and 2) the statutorily funded environmental science-water quality program at MSU-Northern. Both programs were altered by legislation passed by the 1999 legislature.

Senate Bill 49 – This bill revised: 1) the allocation of the RIT and groundwater tax proceeds of the metal mines tax; and 2) the distribution of the interest earnings from the RIT fund. The bill changes the annual funding for the Bureau of Mines and Geology Groundwater program by: 1) eliminating \$666,000 from allocations of 14.1 percent of resource indemnity and ground water assessment tax (RIGWAT) and 2.2 percent of the proceeds from the metalliferous mines license taxes in 85-2-905, MCA; and 2) allocating instead a flat amount of \$300,000 RIGWAT and \$300,000 of interest income from the RIT fund.

Senate Bill 301 – This bill continues the statutory appropriation of RIT interest of \$240,000 each year to MSU-Northern until June 30, 2014, at which time the statutory appropriation is terminated. However, until then the school is authorized to use any funds not required for debt payments to establish a nonexpendable trust account from which income may be spent for operation of the program.

MSU-Northern allocated \$92,683 of the fiscal 1998 statutory appropriation of RIT funds to debt service on remodeling expenses for the water quality laboratory, and used the remainder for personal services and operating expenses in the instructional program. This bill changed the provisions for the statutory appropriation of RIT funds to: 1) allow, but not require, MSU-Northern to deposit any amount of the statutory appropriation not pledged to repay bonds issued prior to January 1, 1999 in a nonexpendable trust account from July 1, 1999 through June 30, 2014; and 2) terminate the statutory appropriation on July 1, 2014. According to the legislation, MSU-Northern may, but is not required to, use the income from the nonexpendable trust for the environmental science/water quality instructional program.

Montana Rural Physicians Incentive Program

House Bill 69 – This bill converted the trust fund for the Montana Rural Physicians Incentive program to a state special revenue fund, which is authorized in 20-26-1501, MCA. The Rural Physicians Incentive program is funded by student fees of up to eight percent (currently four percent) of the state annual support funds for students pursuing a medical program through an interstate compact, such as the WICHE and WWAMI programs. When doctors come to Montana to practice in underserved areas of the state, they are eligible for payments statutorily appropriated from the trust to aid in repayment of student loans, up to a maximum of \$45,000 over five years. Physicians who paid fees are given preference, but others may also apply. The estimated expenditures are \$128,240 in fiscal 2000 and \$171,744 in fiscal 2001, which draw down the fund balance because the revenue from fees is estimated at approximately \$97,400 each year.

Cooperative Development Center

House Bills 2 and 260 - The legislature appropriated \$600,000 of federal funds in HB 2 to the Department of Agriculture as a biennial appropriation to fund a cooperative development center at Montana State University - Northern. The center will assist in the development and expansion of producer-owned cooperatives created to help add value to agricultural commodities produced in Montana. The federal authority was provided in the event federal funds became available. The legislature also added language in HB 2 stating that, if HB 260 was passed and approved (which it was), \$65,000 each year of state funds appropriated in that bill must also be used for the center.

Capital Projects

House Bills 5 and 14 - These bills contain the cash and bonded capital projects for the university system as discussed in the "Long Range Planning" section of the Legislative Fiscal Report, 2001 Biennium. Cash projects are \$7.5 million state funds for maintenance and renovation of various buildings on all campuses and \$46.0 million of university funds for maintenance and new buildings on the University of Montana campuses. Bonded projects approved in HB 14 are \$4.2

million for a rural tech center at UM-Western, \$2.0 million for lab and classroom renovation at UM-Missoula, and \$7.5 million to renovate the Renne Library at MSU-Bozeman.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 1998	Executive Budget Fiscal 2000	Legislative Budget Fiscal 2000	Leg - Exec. Difference Fiscal 2000	Executive Budget Fiscal 2001	Legislative Budget Fiscal 2001	Leg - Exec. Difference Fiscal 2001	Biennium Difference Fiscal 00-01
Personal Services	2,619,116	2,956,057	2,762,700	(193,357)	2,939,557	2,747,618	(191,939)	(385,296)
Operating Expenses	2,932,588	3,758,907	3,803,257	44,350	3,599,588	3,563,700	(35,888)	8,462
Equipment	25,455	25,455	25,455	0	25,455	25,455	0	0
Local Assistance	4,783,882	5,002,181	5,676,640	674,459	5,005,181	5,679,640	674,459	1,348,918
Grants	8,055,788	9,955,206	9,975,606	20,400	10,109,587	10,172,287	62,700	83,100
Benefits & Claims	1,000	23,901,127	23,901,127	0	25,096,133	25,096,133	0	0
Transfers	119,398,527	133,163,028	128,789,760	(4,373,268)	132,838,060	128,301,551	(4,536,509)	(8,909,777)
Debt Service	99,156	4,061	4,061	0	4,061	4,061	0	0
Total Costs	\$137,915,512	\$178,766,022	\$174,938,606	(\$3,827,416)	\$179,617,622	\$175,590,445	(\$4,027,177)	(\$7,854,593)
General Fund	113,436,878	124,893,649	121,627,386	(3,266,263)	124,554,826	121,284,086	(3,270,740)	(6,537,003)
State/Other Special	14,455,976	15,863,336	15,465,000	(398,336)	16,530,800	15,936,000	(594,800)	(993,136)
Federal Special	10,022,658	38,009,037	37,846,220	(162,817)	38,531,996	38,370,359	(161,637)	(324,454)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$137,915,512	\$178,766,022	\$174,938,606	(\$3,827,416)	\$179,617,622	\$175,590,445	(\$4,027,177)	(\$7,854,593)

Executive Budget Comparison

The legislature adopted the major portion of the Executive Budget base and present law adjustments, except for relatively small net adjustments in the OCHE and the agencies, but it did not adopt all of the new proposals. The table above includes only the HB 2 line item appropriations. The discussion and Table 3 below include funds appropriated in language as well.

The legislature approved new proposals not included in the Executive Budget for: 1) increases in the community college budgets of \$674,459 general fund annually; and 2) \$417,000 general fund each year for nonbeneficiary students in tribal colleges. The legislature did not approve executive proposals for one-time-only general fund expenditures of: 1) \$1.5 million per year for quality improvements at the units; 2) \$1.6 million per year for research matching funds at the units; and 3) \$1.5 million for economic development programs at the Agricultural Experiment Station. The net changes by fund approved by the legislature are: 1) reductions of approximately \$3.3 million general fund each year; and 2) a net reduction of \$0.4 million of state and other funds in fiscal 2000 and a net increase of \$2.2 million of state and other funds in fiscal 2001. These changes from the Executive Budget are detailed by program and/or function in Table 3.

Table 3 provides specific legislative changes from the Executive Budget by funding source. The total general fund reductions of \$3.3 million each year equal the "Legislative - Executive Difference" in the Agency Budget Comparison table for each fiscal year. The budget additions for an operations and maintenance performance audit, student assistance, community colleges, the Rural Family Practice Residency program, nonbeneficiary students in tribal colleges, the Bureau of Mines and Geology, and the Fire Services Training School are discussed in the program narratives to follow.

State special revenue reductions of \$398,336 in fiscal 2000 and \$594,800 in fiscal 2001, shown in the Agency Budget Comparison table, are the sum of: 1) elimination of proposed Montana Science and Technology (MSTA) funding of \$327,328 in fiscal 2000 and \$502,792 in fiscal 2001 for research matching funds; and 2) millage reductions of \$71,008 in fiscal 2000 and \$92,008 in fiscal 2001 to compensate for lowered mill levy revenue estimates. Millage revenue is discussed further in the "Funding" section of the Distribution program narrative.

Federal revenue reductions of approximately \$162,000 each year in the Agency Budget Comparison table, also detailed in the Tuition/Other column in Table 3, are the federal reductions in Talent Search and the Guaranteed Student Loan Program. These items are included as reductions in the lump sum appropriations for the OCHE and the Montana University System.

Other budget changes, which are not included in the Agency Budget Comparison table because they are university funds, are changes in current unrestricted funds included in HB 2 language. These changes, which are detailed in the Tuition/Other column in Table 3, include: 1) tuition reductions of \$827,863 in fiscal 2000 and \$444,024 in fiscal 2001, primarily to compensate for reductions in non-resident enrollment estimates; 2) tuition increases of \$801,979 in fiscal 2000 and \$3,182,160 in fiscal 2001 for operations and maintenance; 3) increases in interest revenue of \$112,121 each year to be used for the MTAP program; and 4) additional anticipated federal funds of \$80,778 each year in the Extension budget.

Table 3
Montana University System Changes from the Executive Budget Funding
2001 Biennium

Differences from Executive*	Executive FY 2000			Executive FY 2001			Biennium Difference
	Executive Budget	---Changes from Executive FY 2000--- General Fund	Tuition/Other** Net Changes	Executive Budget	---Changes from Executive FY 2001--- General Fund	Tuition/Other** Net Changes	
Commissioner of Higher Ed	\$ 1,167,801	\$ (16,190)	\$ (16,190)	\$ 1,136,717	\$ (16,190)	\$ (16,190)	\$ (32,380)
O&M Performance Audit	-	80,000	80,000	-	-	-	80,000
Student Assistance	7,571,509	20,400	20,400	7,727,368	62,700	62,700	83,100
DDE Math & Science	264,449	-	-	264,449	-	-	0
Community Colleges	4,917,181	674,459	674,459	4,884,541	674,459	674,459	1,348,918
Talent Search	604,177	-	(36,681)	669,768	-	(36,425)	(73,106)
Perkins	8,970,000	-	-	8,170,000	-	-	0
Distance Learning	200,000	-	-	200,000	-	-	0
Rural Family Practice Residency	245,600	50,000	50,000	291,200	50,000	50,000	100,000
University Units & COT	215,373,357	(10,072)	(827,863)	216,979,514	(23,666)	(444,024)	(1,305,625)
Nonbeneficiary Students-Tribal Coll.	-	417,000	417,000	-	417,000	417,000	834,000
Interest Revenue for MTAP	-	-	112,121	-	-	112,121	224,242
Add'l Tuition for Op. & Maintenance	-	-	801,979	-	-	3,182,160	3,984,139
Quality Improvements	1,500,000	(1,500,000)	(1,500,000)	1,500,000	(1,500,000)	(1,500,000)	(3,000,000)
Research Matching Funds	1,927,328	(1,600,000)	(327,328)	2,102,792	(1,600,000)	(502,792)	(4,030,120)
General Fund/Millage Switch	-	71,008	(71,008)	-	92,008	(92,008)	0
Guaranteed Student Loan	28,203,572	-	(126,136)	29,460,940	-	(125,212)	(251,348)
Board of Regents	93,825	(50,000)	(50,000)	93,825	(50,000)	(50,000)	(100,000)
Ag. Experiment Station	11,680,657	-	-	11,658,927	-	-	0
Economic Development	1,500,000	(1,500,000)	(1,500,000)	1,500,000	(1,500,000)	(1,500,000)	(3,000,000)
Extension Service	6,002,566	-	80,778	6,000,013	-	80,778	161,556
Forestry & Conservation	845,637	-	-	845,003	-	-	0
Bureau of Mines	2,107,950	48,132	48,132	2,105,358	47,948	47,948	96,080
Fire Services Training	289,966	49,000	0	292,500	75,000	0	124,000
TOTALS	\$293,465,575	\$ (3,266,263)	\$ (394,138)	\$295,882,915	\$ (3,270,741)	\$ 2,174,598	\$ (4,756,544)

* Totals may not tie to main table due to rounding

** Tuition & interest in units and federal funds, proprietary funds, and interest in agencies in language only

The additional tuition revenue appropriated for operations and maintenance is a portion of the revenue generated by a proposed 4 percent annual tuition increase that is in excess of the calculated budget needs for the 2001 biennium. The legislature appropriated these funds for operations and maintenance, along with coordinating language requesting that the university system increase its operations and maintenance budget to 13 percent of the total current unrestricted operating budget. The legislature also included an \$80,000 one-time-only general fund appropriation to the Commissioner of Higher Education for a performance audit of the operations and maintenance programs.

Language

Language to implement the university system budget in all programs and agencies includes:

Lump Sum Appropriation

"Items [OCHE (except community colleges) and the units and COTs] are a single biennial lump-sum appropriation."

Community Colleges

"Total audit costs are estimated to be \$64,000 for the community colleges for the biennium. The general fund appropriation for each community college provides 51 percent of the total audit costs in fiscal year 2000. The remaining 49 percent of these costs must be paid from funds other than those appropriated in item [Legislative Audit]. Audit costs for the biennium may not exceed \$20,000 each for Dawson and Miles community colleges and \$24,000 for Flathead Valley Community College."

"Total SummitNet costs are estimated to be \$25,000 each year for the community colleges. The general fund appropriation for the community colleges provides 51 percent of the total SummitNet costs. The remaining 49 percent of these costs must be paid from funds other than those appropriated in item [Community Colleges]. Summitnet costs for each year may not exceed \$8,000 each for Dawson and Miles community colleges and \$9,000 for Flathead Valley Community College."

"The general fund appropriation in item [Community Colleges] is calculated to fund education in the community colleges for an estimated 2,180 resident FTE students each year. If total annual resident FTE student enrollment in the community colleges is greater than 2,180, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than 2,180 in either year, the commissioner of higher education shall revert \$2,550 in general fund money from the appropriation in item [Community Colleges] to the state for each estimated FTE student who did not enroll."

Resident Enrollment Requirements in the Units and COTs

"The general fund and millage appropriation in item [Appropriation Distribution Transfers] is calculated to fund education in the four-year units and the colleges of technology for an estimated 24,622 resident FTE students in fiscal 2000 and 24,871 resident FTE students in fiscal 2001. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students without a state general fund contribution. If actual resident student enrollment is less than the estimated number for the biennium, the commissioner of higher education shall revert \$1,837 in general fund money to the state for each estimated FTE student who did not enroll."

Tuition, Interest, and Other Revenue Appropriation

"Revenue appropriated to the Montana university system units and colleges of technology includes: (1) state special revenue from interest earnings of \$1,608,019 each year of the 2001 biennium; and (2) tuition and other revenue of \$107,119,523 in fiscal year 2000 and \$109,011,916 in fiscal year 2001. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in item [Appropriation Distribution Transfers]."

Energy Conservation Program

"Item [OCHE and University Units Lump-Sum] includes \$399,060 in each year of the biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state building energy conservation program. The costs of this transfer in each year of the biennium are: University of Montana-Missoula, \$207,300; Montana Tech of the University of Montana, \$28,000; Montana State University-Northern, \$97,000; Montana State University-Billings, \$56,000; and Western Montana College of the University of Montana, \$10,760."

Audit Costs

"Total audit costs are estimated to be \$549,842 for the university system other than the Office of the Commissioner of Higher Education. Each unit shall pay a percentage of these costs from funds other than those appropriated in item [Legislative Audit]."

Operations and Maintenance

"At the direction of the Legislative Audit Committee, the Legislative Auditor shall conduct at least three performance audits of university and college of technology campus physical plant and grounds and maintenance operations during the 2001 biennium. When deciding which campuses to audit, the Legislative Audit Committee shall consider comments from

representatives from each campus, the Commissioner of Higher Education, and the Architecture and Engineering Division. The Legislative Audit Committee shall rank each campus in order of audit priority, considering maintenance needs, current maintenance and physical plant expenditures, and other information that the committee considers relevant. The Commissioner of Higher Education shall pay the audit costs of up to \$80,000 from the one-time only, biennial general fund appropriation restricted to that purpose. The Legislative Auditor shall report the results of the performance audits to the Legislative Audit Committee and to the public prior to the 2001 legislative session."

"The legislature recommends that a minimum of 13% of the total current unrestricted operating funds for the units and the colleges of technology be spent on operations and maintenance in program 7 because an increasing level of deferred maintenance has followed: (1) construction of a substantial number of new buildings in recent years; and (2) a decline in the proportional amount of the current unrestricted funds spent on operations and maintenance. This percentage is recommended to ensure more timely maintenance that should result in a lower level of deferred maintenance in university system buildings."

General Instructions

"University system units are defined in 17-7-102(13). For all university system units, except the Office of the Commissioner of Higher Education, all funds (other than plant funds appropriated in [long range planning bill] relating to long-range building and current unrestricted operating funds) are appropriated contingent on approval of the comprehensive program budget by the Board of Regents by October 1 of each year. For all university system four-year units and colleges of technology, all funds, other than funds appropriated in [long-range planning bill] for long-range building programs, are appropriated as a lump sum for the biennium contingent upon approval of the comprehensive program budget by the Board of Regents by October 1 of each year. The Board of Regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditure and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the Board of Regents approves operating budgets, transfers between units may be made only with the approval of the Board of Regents. Requests for transfer and related justification must be submitted to the Office of Budget and Program Planning and to the Legislative Fiscal Analyst prior to approval by the Board of Regents. All movement of funds between the current unrestricted subfund and the designated subfund accounts must be clearly identified in the state budgeting and accounting system."

"All university system units, except the Office of the Commissioner of Higher Education, shall account for expenditures consistently within programs and funds across all units and shall use the national center for higher education management systems program classifications structure, along with the college and university business administration (CUBA) system, as a minimum standard for achieving consistency."

"The Montana University System, except the Office of the Commissioner of Higher Education and the community colleges, shall provide the Offices of Budget and Program Planning and the Legislative Fiscal Division with Banner training and online electronic access to the entire university system's Banner information system by May 1, 2000, except:

- (1) the ability to change data;
- (2) portions of the Banner information system that are the property of third parties (such as alumni associations or foundations); and
- (3) 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, 20 U.S.C. 1232g.

Items 1 through 3 in no way limit the power of the Budget Director or the Legislative Fiscal Analyst to receive and examine copies of any state government information, including confidential records, in accordance with 5-12-303 and 17-1-132.

By fiscal yearend 2000 and thereafter:

- (1) the actual personal services data for all funds on Banner must tie to the actual expenditures as recorded on the state

accounting and human resource systems; and

(2) the budgeted personal services for current unrestricted operating funds on Banner must tie to the operating plan for expenditure of funds appropriated in [this act] and other bills, as approved by the Board of Regents.

The Montana University System shall provide the electronic data required to upload human resource data for the current unrestricted operating funds into the MBARS system by program number, cost center, and position, including but not limited to the budgeted salary and benefits, grade and step, FTE, position title and position type, longevity dates and increments, years of service, benefit factors, workers' compensation code, final ending hourly salary, and class code."

"The Montana university system shall present a report to the legislative education committee established in Senate Bill No. 11 in the first quarter of each fiscal year that provides the average actual instruction program cost per student credit hour for the most recently completed fiscal year and the supporting information per unit. The averages and the detail per unit must be provided as follows:

- (1) lower division, which includes freshmen and sophomore classes;
- (2) upper division, which includes junior and senior classes;
- (3) graduate I level, which includes classes for those with a bachelor's degree who are working on a master's degree; and
- (4) graduate II level, which includes classes for those with a master's degree who are working on a higher degree."

Agricultural Experiment Station

"Revenue appropriated to the Agricultural Experiment Station includes: (1) state special revenue from interest earnings of \$79,332 each year of the 2001 biennium; (2) federal revenue of \$1,986,061 in fiscal year 2000 and \$2,045,643 in fiscal year 2001; and (3) proprietary revenue from sales of \$975,379 in fiscal year 2000 and \$972,946 in fiscal year 2001. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item [Agricultural Experiment Station]."

Extension Service

"Revenue appropriated to the Extension Service each year of the biennium includes: (1) state special revenue from interest earnings of \$40,739; and (2) federal revenue of \$2,187,516. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item [Extension Service]."

"General fund money of \$90,000 each year of the 2001 biennium in item [Montana Beef Network] is a biennial, one-time-only appropriation for one staff person and for expenses for the Montana Beef Network within the Extension Service."

Forestry and Conservation Experiment Station

"Interest revenue of \$4,923 in fiscal year 2000 and \$4,959 in fiscal year 2001 is appropriated to the Forestry and Conservation Experiment Station for current unrestricted operating expenses. This amount is in addition to that shown in item [Forestry and Conservation Experiment Station]."

Bureau of Mines and Geology

"Proprietary revenue of \$59,000 each year of the biennium is appropriated to the Bureau of Mines and Geology for current unrestricted operating expenses. This amount is in addition to that shown in item [Bureau of Mines and Geology]."

Fire Services Training School

"Interest revenue of \$4,097 each year of the biennium is appropriated to the Fire Services Training School for current unrestricted operating expenses. This amount is in addition to that shown in item [Fire Services Training School]."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	15.40	.00	.00	15.40	.00	.00	15.40	15.40
Personal Services	760,515	148,784	0	909,299	142,651	0	903,166	1,812,465
Operating Expenses	253,708	(11,396)	80,000	322,312	(36,347)	0	217,361	539,673
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$1,014,223	\$137,388	\$80,000	\$1,231,611	\$106,304	\$0	\$1,120,527	\$2,352,138
General Fund	1,014,223	137,388	80,000	1,231,611	106,304	0	1,120,527	2,352,138
State/Other Special	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$1,014,223	\$137,388	\$80,000	\$1,231,611	\$106,304	\$0	\$1,120,527	\$2,352,138

Program Description

The Administration program includes the Commissioner of Higher Education and personnel to assist the commissioner in implementing the Board of Regents policy. Article X, Section 9 of the Montana Constitution requires that the Board of Regents appoint the commissioner and prescribe the incumbent's powers and duties. The commissioner and agency personnel are responsible for providing leadership, technical assistance, and staff support to the Board of Regents and postsecondary education agencies. Duties include: 1) general administration of the university system; 2) academic, financial, and legal administration; 3) labor relations and personnel administration; and 4) student assistance administration.

Funding

Funding for the operation of this program is entirely general fund.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001
Present Law Description	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law						
Personal Services			148,784			142,651
Inflation/Deflation			745			666
Fixed Costs			3,859			(21,013)
Total Statewide Adjustments			\$153,388			\$122,304
Present Law Adjustments						
104 Base reduced-job search expense	.00	(16,000)	(16,000)	.00	(16,000)	(16,000)
Total PL Adjustments	.00	(\$16,000)	(\$16,000)	.00	(\$16,000)	(\$16,000)
Present Law Adjustments Total			\$137,388			\$106,304

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 104 - Base reduced-job search expense - The legislature reduced the base by \$16,000 each year to reflect one-time-only expenses for a candidate search for the deputy commissioner position.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
102	Performance Audit	.00	80,000	80,000	.00	0	0
Total New Proposals		.00	\$80,000	\$80,000	.00	\$0	\$0

New Proposals

DP 102 - Performance Audit - The legislature approved a one-time-only, restricted, biennial general fund appropriation of \$80,000 to the Office of the Commissioner of Higher Education for performance audits of at least three university and college of technology physical plant and grounds maintenance operations during the 2001 biennium. This appropriation is coordinated with language in the Distribution program requesting the audits and recommending that a minimum of 13 percent of the total current unrestricted operating funds for the units and the colleges of technology be used for operations and maintenance.

Language

"Audit costs for the office of the commissioner of higher education are estimated to be \$32,224."

"At the direction of the Legislative Audit Committee, the Legislative Auditor shall conduct at least three performance audits of university and college of technology campus physical plant and grounds and maintenance operations during the 2001 biennium. When deciding which campuses to audit, the Legislative Audit Committee shall consider comments from representatives from each campus, the Commissioner of Higher Education, and the Architecture and Engineering Division. The Legislative Audit Committee shall rank each campus in order of audit priority, considering maintenance needs, current maintenance and physical plant expenditures, and other information that the committee considers relevant. The Commissioner of Higher Education shall pay the audit costs of up to \$80,000 from the one-time only, biennial general fund appropriation restricted to that purpose. The Legislative Auditor shall report the results of the performance audits to the Legislative Audit Committee and to the public prior to the 2001 legislative session."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	.00	.00	.00	.00	.00	.00	.00	.00
Local Assistance	81,000	4,000	0	85,000	7,000	0	88,000	173,000
Grants	5,553,055	453,854	1,500,000	7,506,909	649,013	1,500,000	7,702,068	15,208,977
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$5,634,055	\$457,854	\$1,500,000	\$7,591,909	\$656,013	\$1,500,000	\$7,790,068	\$15,381,977
General Fund	5,493,456	457,854	1,500,000	7,451,310	656,013	1,500,000	7,649,469	15,100,779
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	140,599	0	0	140,599	0	0	140,599	281,198
Total Funds	\$5,634,055	\$457,854	\$1,500,000	\$7,591,909	\$656,013	\$1,500,000	\$7,790,068	\$15,381,977

Program Description

The Student Assistance program consists of the:

- 1) Western Interstate Commission on Higher Education (WICHE) Student Exchange Program which provides educational opportunities for Montana students in the fields of medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, public health, occupational therapy, and podiatry;
- 2) Washington, Wyoming, Alaska, Montana, Idaho (WWAMI) Program, a cooperative agreement with the University of Washington School of Medicine providing medical education opportunities;
- 3) Minnesota Dental Program, a cooperative agreement with the University of Minnesota School of Dentistry providing dental education opportunities;
- 4) State Student Incentive Grant (SSIG) Program which provides grant funds to needy students;
- 5) Carl Perkins Loan Fund;
- 6) state matching dollars for the federal Supplemental Educational Opportunity Grant (SEOG);
- 7) Montana Tuition Assistance Program (MTAP); and
- 8) state's share of the Montana Work Study Program (Title 20, Chapter 25, Part 7, MCA).

Under Chapter 26 of Title 20, MCA, the Commissioner of Higher Education is responsible for the administration of the resident student financial assistance program. The Western Regional Higher Education Compact is authorized in 20-25-801 through 806, MCA. The compact allows reciprocal agreements with member states for the enrollment of students.

Funding

The student assistance programs are funded by both state general fund and federal funds as shown in Table 4. WICHE/WWAMI and the Minnesota Dental interstate student assistance programs are funded by state general fund monies. The Carl Perkins Loan Fund and SEOG programs are funded with 75 percent federal funding on the campus and 25 percent state general fund. SSIG is approximately 25 percent federal funds, as anticipated in fiscal 1999, and 75 percent state general fund. The Montana Tuition

Program	Actual FY 1998	Op. Plan FY 1999	Leg. Budget FY 2000	Leg. Budget FY 2001
Interstate Assistance				
WICHE Dues	\$ 81,000	\$ 83,000	\$ 85,000	\$ 88,000
WICHE Assistance	1,111,060	1,228,434	1,352,301	1,446,500
WWAMI	2,444,980	2,590,020	2,633,760	2,731,920
Minnesota Dentistry	<u>76,267</u>	<u>85,800</u>	<u>100,100</u>	<u>102,900</u>
TOTAL	<u>\$3,713,307</u>	<u>\$3,987,254</u>	<u>\$4,171,161</u>	<u>\$4,369,320</u>
Student Aid Programs				
SSIG	\$ 370,161	\$ 290,177	\$ 370,161	\$ 370,161
Perkins Loans	283,438	240,208	283,438	283,438
SEOG	446,571	460,234	446,571	446,571
MT Student Asst. Pgm.*	84,700	201,341	1,696,821	1,696,821
State Work Study	<u>735,878</u>	<u>861,767</u>	<u>735,878</u>	<u>735,878</u>
TOTAL	<u>\$1,920,748</u>	<u>\$2,053,727</u>	<u>\$3,532,869</u>	<u>\$3,532,869</u>
Funding				
General Fund	\$5,493,456	\$5,858,446	\$7,451,310	\$7,649,469
Interest Earnings	-	112,121	112,121	112,121
Federal SSIG	<u>140,599</u>	<u>70,414</u>	<u>140,599</u>	<u>140,599</u>
TOTAL	<u>\$5,634,055</u>	<u>\$6,040,984</u>	<u>\$7,704,030</u>	<u>\$7,902,189</u>

* \$112,121 each year of 2001 biennium appropriated in Distribution program

Assistance program is funded with general fund and excess interest earnings. Work Study is 70 percent state general fund and 30 percent employer match, with the employer being responsible for any applicable student benefits.

WICHE-WWAMI Interstate Student Assistance

General fund funding for interstate student assistance in professional schools not available in Montana is detailed in Table 5. The table shows the number of funded student slots by profession and the cost of each. The legislature funded one new veterinary slot in fiscal 2000 and two new slots and one continuing slot in fiscal 2001. The funding increases in interstate student assistance are therefore the result of both the four new slots and rate increases for some professions, including increases of 9 percent from fiscal 1998 to fiscal 2001 in the WWAMI medical program and 5 percent in the same period for veterinary slots.

Table 5
Interstate Student Assistance Programs
2001 Biennium

Program	-----Fiscal 2000-----						-----Fiscal 2001-----					
	Cost per Slot	---New--- Students	Cost	---Continuing--- Students	Cost	Total Cost	Cost per Slot	---New--- Students	Cost	---Continuing--- Students	Cost	Total Cost
WICHE - Administrative Dues						\$85,000						\$88,000
Medicine	\$22,800	6	\$ 136,800	18	\$ 410,400	\$ 547,200	\$22,800	6	\$ 136,800	19	\$ 433,200	\$ 570,000
Dentistry	14,300	1	14,300	5	71,500	85,800	14,700	1	14,700	5	73,500	88,200
Optometry	9,300	1	9,300	4	37,200	46,500	9,500	1	9,500	5	47,500	57,000
Public Health	5,300	1	5,300	0	0	5,300	5,400	1	5,400	1	5,400	10,800
Osteopathic Medicine	13,700	2	27,400	1	13,700	41,100	14,000	1	14,000	2	28,000	42,000
Veterinary	20,400	8	163,200	20	408,000	571,200	20,900	9	188,100	22	459,800	647,900
Occupational Therapy*	7,600	1	7,600	3	38,001	45,601	7,800	1	7,800	1	13,000	20,800
Podiatry	9,600	1	9,600	0	0	9,600	9,800	0	0	1	9,800	9,800
SUBTOTAL		21	\$ 373,500	51	\$ 978,801	\$ 1,437,301		20	\$ 376,300	56	\$ 1,070,200	\$ 1,534,500
Minnesota Dentistry	\$14,300	2	\$ 28,600	5	\$ 71,500	\$ 100,100	\$14,700	2	\$ 29,400	5	\$ 73,500	\$ 102,900
WWAMI Medicine**	43,896	20	0	60	2,633,760	2,633,760	45,532	20	-	60	2,731,920	2,731,920
TOTAL		43		116	\$ 3,684,061	\$ 4,171,161		42	\$ 405,700	121	\$ 3,875,620	\$ 4,369,320

* The cost per slot for continuing occupational therapy students is calculated at 1 2/3 the annual support fee to include support for two required clinical rotations
 ** No additional cost for first year WWAMI students because they attend school at Bozeman

Table 6 shows the number of actual student slots funded from fiscal 1995 through 1999 compared to those authorized in the 2001 biennium. The number of slots funded declined from a high of 146 in fiscal 1995 down to 127 and 128 in fiscal years 1997 and 1998, primarily because of legislative reductions in veterinary slots due to funding shortfalls. The legislature increased funded slots to 143 in fiscal 2001, thus restoring nearly all the positions, particularly in veterinary medicine, that were eliminated in the mid-1990's.

Because the legislature included interstate student assistance in the lump sum, the Board of Regents has complete authority to increase or decrease the total numbers of funded slots and the numbers of slots available in each profession. However, data for prior years suggests that: 1) the actual numbers of students vary from those funded by the legislature by only one to five students in any given year; and 2) variations are the result of varying student decisions rather than changes by the Board of Regents.

Table 6
Comparison of Numbers of Students
Fiscal 1995 through Fiscal 2001

Program	Actual FY 1995	Actual FY 1996	Actual FY 1997	Actual FY 1998	Op. Plan FY 1999	Leg. Budget FY 2000	Leg. Budget FY 2001
WICHE							
Medicine	22	21	22	23	24	24	25
Dentistry	7	6	5	5	4	6	6
Optometry	8	6	4	5	3	5	6
Public Health	2	3	2	2	2	1	2
Osteopathic Medicine	5	6	4	1	4	3	3
Veterinary	36	29	25	22	26	28	31
Occupational Therapy	1	2	3	4	2	4	2
Podiatry	1	1	1	1	1	1	1
SUBTOTAL WICHE	82	74	66	63	66	72	76
Minnesota Dentistry	5	5	5	6	7	7	7
WWAMI Medicine*	59	59	56	59	60	60	60
TOTAL	146	138	127	128	133	139	143
Difference from Budgeted	1	(3)	(5)	(2)	0	0	0

* 20 WWAMI students each year not included because they take their first year at Bozeman

State Student Incentive Grant

Table 7 shows the State Student Incentive Grant (SSIG) funding from fiscal 1995 through that estimated for fiscal 2001, as appropriated in HB 2. These awards, which average \$600 per grant, are for financially needy, full-time resident students attending a unit of the Montana University system. As the table shows, the federal share of the funding declined from approximately \$200,000 in fiscal 1995 to an estimated \$70,414 in fiscal 1999, while the legislature and the OCHE, through transfers of funds, have maintained the state general fund share at \$220,000 to \$230,000 each year. The grant was originally 50 percent state funds and 50 percent federal funds, but as the federal funds declined, the federal regulations required a state maintenance of effort at the \$220,000 level. The legislature approved federal spending authority for the 2001 biennium at \$140,599 each year, which is the actual federal funding level in fiscal 1998. However, preliminary estimates that are based on the fiscal 1999 grant award indicate that the 2001 biennium federal spending authority is approximately double the amount that will actually be received.

Table 7
State Student Incentive Grant Funding Trend
Fiscal 1995 through Estimated Fiscal 2001

Funding	Actual FY 1995	Actual FY 1996	Actual FY 1997	Actual FY 1998	Op Plan FY 1999	Leg. Budget FY 2000	Leg. Budget FY 2001
General Fund	\$220,000	\$219,763	\$228,081	\$229,562	\$219,763	\$220,000	\$220,000
Federal Funds	<u>199,612</u>	<u>174,576</u>	<u>87,972</u>	<u>140,599</u>	<u>70,414</u>	<u>140,599</u>	<u>140,599</u>
TOTAL	\$419,612	\$394,339	\$316,053	\$370,161	\$290,177	\$360,599	\$360,599
Cumulative % Change		-6.02%	-24.68%	-11.78%	-30.85%	-14.06%	-14.06%

Supplemental Educational Opportunity Grant

Table 8 shows the Supplemental Educational Opportunity Grant (SEOG) funding from fiscal 1995 through that estimated for fiscal 2001. The SEOG awards, which average \$550 to \$600 per student, are supplemental grants to the neediest of students who are in an undergraduate degree or certificate program. The 25 percent state funds match is appropriated in HB 2, while the 75 percent matching federal funds are provided through the campuses. As the table shows, the federal grants increased annually from fiscal 1995 through fiscal 1999.

**Table 8
Supplemental Education Opportunity Grant Funding Trend
Fiscal 1995 through Estimated Fiscal 2001**

Funding	Actual FY 1995	Actual FY 1996	Actual FY 1997	Actual FY 1998	OP Plan FY 1999	Leg. Budget FY 2000	Leg. Budget FY 2001
General Fund Share-25%	\$ 287,669	\$ 386,117	\$ 419,020	\$ 446,571	\$ 460,234	\$ 446,571	\$ 446,571
Federal Share 75%*	863,007	1,158,351	1,257,060	1,339,713	1,380,702	1,339,713	1,339,713
TOTAL	\$1,150,676	\$1,544,468	\$1,676,080	\$1,786,284	\$1,840,936	\$1,786,284	\$1,786,284
Cumulative % Change		34.22%	45.66%	55.24%	59.99%	55.24%	55.24%

*Grants awarded on the campuses - only 25% general fund match appropriated in House Bill 2

The legislature funded the SEOG program for the 2001 biennium at the fiscal 1998 actual general fund level of \$446,571. However, based on fiscal 1999 estimated federal funding and the record of federal increases, the available 2001 biennium federal funding may require more general fund match money than has been appropriated. In that case, if the university system wishes to draw all available federal funds, it may wish to transfer general fund from other areas to complete the 25 percent state match. Given the lump sum appropriation, the Board of Regents has the authority to transfer other university general fund monies to this program if it deems the move necessary.

Montana Tuition Assistance Program

The Montana Tuition Assistance program was initiated by the 1997 legislature with a \$65,457 annual general fund appropriation in the 1999 biennium to provide \$500 annual grants to low and moderately low income working Montana students who are in a degree program. As shown in Table 9, the university system increased the program with transfers from: 1) work/study and WICHE-WWAMI in fiscal 1998; and 2) WICHE-WWAMI and interest earnings in fiscal 1999. The 1999 legislature increased funding to \$1.7 million annually for the 2001 biennium by approving the general fund base of \$84,700 and adding \$1.5 million general fund and \$112,121 interest earnings each year. At \$500 per student, these funds will provide grants to 3,393 students each year of the 2001 biennium.

**Table 9
Montana Tuition Assistance Program
1999 and 2001 Biennia**

	Actual FY 1998	Op Plan FY 1999	Leg. Budget FY 2000	Leg. Budget FY 2001
Source of Funds-				
Base Appropriation	\$ 65,457	\$ 65,500	\$ 84,700	\$ 84,700
New Proposal			1,500,000	1,500,000
Transfer from Work Study	19,200			
Trans. from FY 98 WICHE-WWAMI	43	23,720		
Trans. from Units' Interest Earnings*	0	112,121	112,121	112,121
TOTAL	\$ 84,700	\$201,341	\$1,696,821	\$1,696,821
Funding				
General Fund	\$ 84,700	\$ 89,220	\$1,584,700	\$1,584,700
Interest Earnings*	0	112,121	112,121	112,121
TOTAL	\$ 84,700	\$201,341	\$1,696,821	\$1,696,821

* Interest earnings in 2001 biennium appropriated in Distribution program

Work Study

The Montana Work Study program provides work for Montana students to help them pay for their educational costs. Seventy percent of the appropriated funds must be allocated to students with demonstrated financial need, according to section 504.3 of the Board of Regents policy manual. The legislature funded the Work Study program at the fiscal 1998 actual level of expenditures, as shown in Table 10. Assuming program increases in proportion to estimated enrollment increases, the funding may be insufficient by \$9,544 in fiscal 2000 and \$16,999 in fiscal 2001. Should this situation occur, the Board of Regents may transfer funds from other areas through its lump sum funding authority.

Table 10
Work Study General Fund Trend
Fiscal 1995 through Estimated Fiscal 2001

Funding	FY 1995	FY 1996	FY 1997	FY 1998	Op. Plan FY 1999	Leg. Budget FY 2000	Leg. Budget FY 2001
Budgeted Funds	\$ 500,000	\$ 653,008	\$ 686,153	\$ 838,292	\$ 861,767	\$ 735,878	\$ 735,878
Actual Expenditures*	499,985	651,829	688,747	735,878	734,406	745,422	752,877
Budget Over (Under) Actual	\$ 15	\$ 1,179	\$ (2,594)	\$ 102,414	\$ 127,361	\$ (9,544)	\$ (16,999)
Annual % Change in Expenditures*		30.37%	5.66%	6.84%	-0.20%	1.50%	1.00%

*Assume expenditures change in proportion to estimated enrollment changes from FY98 through FY01

Present Law Adjustments

The table below shows the changes made by the legislature to the adjusted base budget. The numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Present Law Adjustments							
202	WICHE	.00	245,241	245,241	.00	342,440	342,440
203	WWAMI	.00	188,780	188,780	.00	286,940	286,940
204	Minnesota Dental	.00	23,833	23,833	.00	26,633	26,633
Total PL Adjustments		.00	\$457,854	\$457,854	.00	\$656,013	\$656,013
Present Law Adjustments Total				\$457,854			\$656,013

DP 202 - WICHE - The legislature appropriated general fund increases of \$587,681 in the 2001 biennium to fund: 1) increases in WICHE dues from the fiscal 1998 base of \$81,000 to \$85,000 in fiscal 2000 and \$88,000 in fiscal 2001; 2) cost increases for 71 student slots in various medical fields in fiscal 2000 and 73 slots in fiscal 2001; and 3) additional general fund of \$20,400 for one new veterinary slot in fiscal 2000 and \$62,700 for two new veterinary slots and one new continuing veterinary slot in fiscal 2001.

DP 203 - WWAMI - The legislature appropriated general fund increases of \$475,720 in the 2001 biennium to fund cost increases for 60 continuing WWAMI medical student slots each year.

DP 204 - Minnesota Dental - The legislature appropriated general fund increases of \$50,466 in the 2001 biennium to fully fund current Minnesota Dentistry student slots.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
201	Student grants (MTAP)	.00	1,500,000	1,500,000	.00	1,500,000	1,500,000
Total New Proposals		.00	\$1,500,000	\$1,500,000	.00	\$1,500,000	\$1,500,000

New Proposals

DP 201 - Student grants (MTAP) - The legislature appropriated \$3.0 million general fund in the 2001 biennium to provide grants of \$500 to students who qualify for the Montana Tuition Assistance Program (MTAP). The program would provide grants to an additional 3,000 working resident students each year who demonstrate financial need and progress toward a degree or certificate.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	.00	.00	.00	.00	.00	.00	.00	.00
Personal Services	6,100	(6,100)	0	0	(6,100)	0	0	0
Operating Expenses	6,218	0	0	6,218	0	0	6,218	12,436
Grants	171,404	86,827	0	258,231	86,827	0	258,231	516,462
Total Costs	\$183,722	\$80,727	\$0	\$264,449	\$80,727	\$0	\$264,449	\$528,898
Federal Special	183,722	80,727	0	264,449	80,727	0	264,449	528,898
Total Funds	\$183,722	\$80,727	\$0	\$264,449	\$80,727	\$0	\$264,449	\$528,898

Program Description

The Dwight D. Eisenhower Math and Science Education Act of 1988 provides funds to upgrade the teaching skills of teachers in mathematics and science. Grants are awarded on a competitive basis to all institutions of higher education within the state.

Funding

Funding is entirely from federal funds.

Present Law Adjustments							
Present Law Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law							
Personal Services				(6,100)			(6,100)
Total Statewide Adjustments				(\$6,100)			(\$6,100)
Present Law Adjustments							
301	Federal Award at FY99 Level	.00	0	86,827	.00	0	86,827
Total PL Adjustments		.00	\$0	\$86,827	.00	\$0	\$86,827
Present Law Adjustments Total				\$80,727			\$80,727

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 301 - Federal Award at FY99 Level - The legislature appropriated federal funds at the same level as the fiscal 1999 grant award. This results in an increase of \$86,827 each year of the 2001 biennium.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	.00	.00	.00	.00	.00	.00	.00	.00
Personal Services	0	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	(32,640)	0	(32,640)	(32,640)
Local Assistance	4,702,882	214,299	674,459	5,591,640	214,299	674,459	5,591,640	11,183,280
Total Costs	\$4,702,882	\$214,299	\$674,459	\$5,591,640	\$181,659	\$674,459	\$5,559,000	\$11,150,640
General Fund	4,702,882	214,299	674,459	5,591,640	181,659	674,459	5,559,000	11,150,640
Total Funds	\$4,702,882	\$214,299	\$674,459	\$5,591,640	\$181,659	\$674,459	\$5,559,000	\$11,150,640

Program Description

The Community College Assistance program distributes funds appropriated by the legislature for the support of Montana's three community colleges - Miles Community College, Dawson Community College, and Flathead Valley Community College. Each community college district has an elected board of trustees accountable to and supervised by the Board of Regents in budget and program matters. The local board controls the administration of each college.

Funding

State support for community colleges in the 2001 biennium budget is \$2,550 per FTE, or 51 percent of the total calculated cost of \$5,000 per FTE, which includes 51 percent of the SummitNet fixed costs. The estimated FTE is equal to the projected enrollment of 2,180 for each of the next two fiscal years. To that amount is added 51 percent of the legislative audit costs. State funding is entirely from the general fund, while the remaining community college funding is primarily from local property taxes and tuition.

Table 11 shows the resident enrollment from fiscal 1995 through that estimated by the legislature in fiscal 2001. In prior years, funding was based on 51 percent of a total calculated cost of approximately \$4,500 per student, plus audit costs and pay plan, for the number of students equal to the prior two years' average resident enrollment. The calculated cost for the 2001 biennium was increased to \$5,000 per student, and the funding was based on projected enrollment, with the agreement that \$2,550 per student would be refunded to the state general fund for each projected student who did not actually enroll (see language section).

	Actual FY 1995	Actual FY 1996	Actual FY 1997	Actual FY 1998	Op Plan FY 1999	Leg. Budget FY 2000	Leg. Budget FY 2001
Miles	497	510	524	508	503	540	540
Dawson	467	410	350	437	438	440	440
Flathead Valley	<u>1,052</u>	<u>1,073</u>	<u>1,124</u>	<u>1,148</u>	<u>1,063</u>	<u>1,200</u>	<u>1,200</u>
TOTAL	2,016	1,993	1,998	2,093	2,004	2,180	2,180

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
	Personal Services			0			0
	Fixed Costs			0			(32,640)
	Total Statewide Adjustments			\$0			(\$32,640)
Present Law Adjustments							
401	PLB-Resident FTE	.00	214,299	214,299	.00	214,299	214,299
	Total PL Adjustments	.00	\$214,299	\$214,299	.00	\$214,299	\$214,299
	Present Law Adjustments Total			\$214,299			\$181,659

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 401 - PLB-Resident FTE - The legislature appropriated general fund of \$214,299 each year for increased community college enrollment. The total present law budget is dependent on: 1) 2,045 resident FTE, which is the average FTE in the two most recently completed fiscal years; 2) the annualized average cost per FTE of \$4,683; and 3) state support of \$2,388 per FTE, which calculated at 51 percent of total costs. The present law adjustment is then the difference between the fiscal 1998 base expenditures and the calculated present law budget for total estimated resident FTE.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
402	Community College Increases	.00	674,459	674,459	.00	674,459	674,459
	Total New Proposals	.00	\$674,459	\$674,459	.00	\$674,459	\$674,459

New Proposals

DP 402 - Community College Increases - The legislature increased state funding for community colleges by \$1.3 million for the 2001 biennium. This increase is the result of: 1) increasing the calculated cost per community college resident student from \$4,683 to \$5,000; and 2) increasing the number of resident students from the prior two-year average of 2,045 to a projected estimate of 2,180. The 51 percent state share of the total cost remains the same as that currently provided. The community colleges agreed that if all resident students projected do not enroll, the community colleges will revert general fund to the state for each projected student who does not enroll.

Language

"Total audit costs are estimated to be \$64,000 for the community colleges for the biennium. The general fund appropriation for each community college provides 51 percent of the total audit costs in fiscal year 2000. The remaining 49 percent of these costs must be paid from funds other than those appropriated in item [Legislative Audit]. Audit costs for the biennium may not exceed \$20,000 each for Dawson and Miles community colleges and \$24,000 for Flathead Valley Community College."

"Total SummitNet costs are estimated to be \$25,000 each year for the community colleges. The general fund appropriation for the community colleges provides 51 percent of the total SummitNet costs. The remaining 49 percent of these costs must be paid from funds other than those appropriated in item [Community Colleges]. SummitNet costs for each year may not exceed \$8,000 each for Dawson and Miles community colleges and \$9,000 for Flathead Valley Community College."

"The general fund appropriation in item [Community Colleges] is calculated to fund education in the community colleges for an estimated 2,180 resident FTE students each year. If total annual resident FTE student enrollment in the community colleges is greater than 2,180, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than 2,180 in either year, the commissioner of higher education shall revert \$2,550 in general fund money from the appropriation in item 4 to the state for each estimated FTE student who did not enroll."

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. All university system employees, retirees, and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits.

Funding

This program is an enterprise fund in which the proprietary funding is derived from: 1) employer health insurance premiums; 2) employee-paid premiums; 3) employee payments to flexible spending accounts; and 4) interest earnings on the fund.

Language

"Because certain employee benefit plans require a large number of individual premiums for a variety of benefit options, because the portion of these premiums paid by the state is statutorily established in 2-18-703, and because the employee-paid portion of these premiums must be adjusted from time to time to maintain employee group benefit plans on an actuarially sound basis, the legislature defines rates and fees for Montana university system employee benefit programs to mean the state contribution toward employee group benefits provided for in 2-18-703 and the employee contribution toward employee group benefits necessary to maintain the employee group benefit plans on an actuarially sound basis."

Rate Explanation

The budget includes university system contributions per employee of \$3,240 each year of the 2001 biennium. Employee premiums depend on whether the contributor is a current employee, employee dependent, or retiree. Payments to a flexible spending account are at the employee's discretion, subject to a \$10 monthly minimum for those who enroll.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	10.95	.00	.00	10.95	.00	.00	10.95	10.95
Personal Services	390,737	(22,059)	0	368,678	(24,063)	0	366,674	735,352
Operating Expenses	150,766	1,113	45,939	197,818	937	113,966	265,669	463,487
Equipment	0	0	0	0	0	0	0	0
Benefits & Claims	1,000	0	0	1,000	0	0	1,000	2,000
Total Costs	\$542,503	(\$20,946)	\$45,939	\$567,496	(\$23,126)	\$113,966	\$633,343	\$1,200,839
General Fund	86,605	7,155	0	93,760	7,155	0	93,760	187,520
Federal Special	455,898	(28,101)	45,939	473,736	(30,281)	113,966	539,583	1,013,319
Total Funds	\$542,503	(\$20,946)	\$45,939	\$567,496	(\$23,126)	\$113,966	\$633,343	\$1,200,839

Program Description

Talent Search is a federally funded program to provide career and financial aid counseling to students who are either low-income, physically handicapped, or culturally deprived. The program's objectives are to decrease the high school dropout rate in targeted high schools and to increase enrollment of disadvantaged students in Montana's postsecondary institutions.

Funding

The Talent Search program includes general fund for an American Indian/Minority Achievement program, as well as the federal Talent Search Funds.

Present Law Adjustments						
Present Law Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law						
Personal Services			(22,059)			(24,063)
Inflation/Deflation			1,113			937
Total Statewide Adjustments			(\$20,946)			(\$23,126)

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies.

New Proposals						
Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
602 Increase Authority to Projected Level	.00	0	45,939	.00	0	113,966
Total New Proposals	.00	\$0	\$45,939	.00	\$0	\$113,966

New Proposals

DP 602 - Increase Authority to Projected Level - The legislature approved this new proposal to increase federal spending authority by \$159,905 for the 2001 biennium, which is approximately a 13 percent annual increase in the federal award. If federal funds do not increase by the anticipated amount, the agency will have empty spending authority not matched by available cash.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	4.00	.00	.00	4.00	.00	.00	4.00	4.00
Personal Services	213,929	(30,276)	0	183,653	(31,366)	0	182,563	366,216
Operating Expenses	105,870	37,301	237,009	380,180	36,614	(1,262)	141,222	521,402
Equipment	0	0	0	0	0	0	0	0
Grants	2,331,329	135,596	(256,459)	2,210,466	137,118	(256,459)	2,211,988	4,422,454
Transfers	3,021,108	108,478	3,066,115	6,195,701	108,478	2,504,641	5,634,227	11,829,928
Total Costs	\$5,672,236	\$251,099	\$3,046,665	\$8,970,000	\$250,844	\$2,246,920	\$8,170,000	\$17,140,000
General Fund	73,169	6,831	0	80,000	6,831	0	80,000	160,000
Federal Special	5,599,067	244,268	3,046,665	8,890,000	244,013	2,246,920	8,090,000	16,980,000
Total Funds	\$5,672,236	\$251,099	\$3,046,665	\$8,970,000	\$250,844	\$2,246,920	\$8,170,000	\$17,140,000

Program Description

The Carl D. Perkins Vocational Education Act funds support vocational education at the secondary and postsecondary levels. The Board of Regents is the state agency that administers these funds, including provision of technical assistance in the field, grants management, performance reviews, filing of an annual performance report, and the development and submission of a state plan for the use of the funds. According to SB 393, the Board of Regents must contract with the Superintendent of Public Instruction for the administration and supervision of the K-12 vocational education programs.

This program also administers the federal School-to-Work funds.

Funding

Administration of this program is funded with a combination of: 1) \$80,000 federal Carl Perkins vocational education administration funds granted under the authority of Public Law 101-392, which describes the requirements for state program participation; 2) the required 50 percent general fund match of \$80,000 each year; 3) Technology Preparation and State Leadership funds of \$65,000 per year; and 4) School-to-Work funds of \$338,885 in fiscal 2000 and \$95,359 in fiscal 2001.

Grants to the postsecondary institutions and transfers to OPI for grants to secondary institutions are funded with: 1) Carl Perkins funds of \$5.34 million each year; and 2) School-to-Work funds of \$3.07 million in fiscal 2000 and \$2.51 million in fiscal 2001, granted by Public Law 103-239.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				(30,276)			(31,366)
Inflation/Deflation				1,264			1,107
Fixed Costs				3,499			3,207
Total Statewide Adjustments				(25,513)			(27,052)
Present Law Adjustments							
801	Federal Authority at FY99 Level	.00	0	244,074	.00	0	245,596
802	Offset FY98 base reductions - OTO	.00	0	32,538	.00	0	32,300
Total PL Adjustments				\$0	.00	\$0	\$277,896
Present Law Adjustments Total				\$251,099			\$250,844

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are

standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 801 - Federal Authority at FY99 Level - The legislature appropriated funds of nearly \$490,000 for the 2001 biennium for increases in grants, transfers, and federal spending authority to reflect increases in federal awards from the fiscal 1998 level to fiscal 1999 award level.

DP 802 - Offset FY98 base reductions - OTO - The legislature approved this present law adjustment of \$64,838 for the 2001 biennium for increased funding to offset fiscal 1998 base reductions. The base services were provided through fiscal 1998 general operating expenses, which have been reduced as shown. The one-time-only increase is for replacement funds to provide services at the fiscal 1998 level.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
803	STW Implementation Grant	.00	0	3,046,665	.00	0	2,246,920
Total New Proposals		.00	\$0	\$3,046,665	.00	\$0	\$2,246,920

New Proposals

DP 803 - STW Implementation Grant - The legislature approved this new proposal for additional School-to-Work funds received in June, 1998. The total grant is for \$6.0 million in 2001 biennium. Since a portion of the funds are already in the present law base, the new proposal adds the increased amounts shown to reach that total. The purpose of the grant is to provide awards to communities to develop school-based, connecting, and work-based activities that will provide comprehensive school-to-work career systems for all kindergarten-postsecondary (The budget for the Office of Public Instruction also includes \$5.9 million federal funds over the biennium for School to Work activities.).

Distribution Program	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	3,843.04	63.87	1.74	3,908.65	63.87	2.47	3,909.38	3,909.38
Personal Services	171,485,979	12,274,025	91,302	183,851,306	12,085,594	109,980	183,681,553	367,532,859
Operating Expenses	41,601,814	4,883,239	15,633	46,500,686	9,057,698	214,500	50,874,012	97,374,698
Equipment/Other	6,107,444	112,066	478,306	6,697,816	83,131	706,692	6,897,267	13,595,083
Transfers	-	-	417,000	417,000	-	417,000	417,000	834,000
Total Costs	219,195,237	17,269,330	1,002,241	237,466,808	21,226,423	1,448,172	241,869,832	\$479,336,640
General Fund	101,920,730	19,198,617	(13,984,107)	107,135,240	19,016,828	(14,200,053)	106,737,505	213,872,745
State Special	14,459,630	(13,803,630)	14,809,000	15,465,000	(13,803,630)	15,280,000	15,936,000	31,401,000
Interest	1,615,969	121,141	-	1,737,110	121,177	-	1,737,146	3,474,256
Proprietary	977,907	56,472	-	1,034,379	54,039	-	1,031,946	2,066,325
Federal	3,797,759	375,818	-	4,173,577	435,400	-	4,233,159	8,406,736
Tuition	95,598,844	11,320,912	177,348	107,097,104	15,402,609	368,225	111,369,678	218,466,782
Other	824,398	-	-	824,398	-	-	824,398	1,648,796
Total Funds	\$219,195,237	\$17,269,330	\$1,002,241	\$237,466,808	\$21,226,423	\$1,448,172	\$241,869,832	\$479,336,640

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) nonbeneficiary student support in tribal colleges; 2) distance learning programs, the family practice residency program administered through MSU-Bozeman, and the university system units and colleges of technology, which are all included in the lump sum appropriation; and 3) the research/public service agencies.

Funding

Funding for the Distribution Program includes funding for nonbeneficiary students in tribal colleges, the six units, the colleges of technology, and the public service/research agencies. Funds for the units and colleges of technology are included in the lump sum, while the other appropriations are in separate line items.

The main table above shows the combined FTE, operating expenses, and funding, comprised of: 1) general fund; 2) state special revenue funds, which are millage and Resource Indemnity Trust (RIT) funds; and 3) university funds, including interest, proprietary funds, federal funds, and tuition. The state funds are included in the line items in House Bill 2. University funds are included in House Bill 2 language. The combined appropriation of state and university funds constitutes the total current unrestricted fund, which is the general operating fund for the university system.

	-----Fiscal 2000-----			-----Fiscal 2001-----		
	Current Unrestr. Operating Budget	Tuition/Other Language Approp.	Legislative State Funds Budget	Current Unrestr. Operating Budget	Tuition/Other Language Approp.	Legislative State Funds Budget
Base Budget	\$219,195,237	\$102,814,877	\$116,380,360	\$219,195,237	\$102,814,877	\$116,380,360
Present Law Adjustments	47,269,330	41,874,343	5,394,987	21,226,423	46,013,225	5,213,198
Present Law Budget	\$236,464,567	\$114,689,220	\$121,775,347	\$240,421,660	\$118,828,102	\$121,593,558
New Proposals	1,002,241	177,348	824,893	1,448,172	368,225	1,079,947
Total Budget	\$237,466,808	\$114,866,568	\$122,600,240	\$241,869,832	\$119,196,327	\$122,673,505

The total current unrestricted operating budget is detailed in Table 12 by base budget, present law adjustments, and new proposals. This table shows the current unrestricted operating fund totals \$237.5 million in fiscal 2000 and \$241.9 million in fiscal 2001. As the table shows, the total current unrestricted operating budgets are comprised of: 1) language

appropriations of university funds totaling \$114.9 million in fiscal 2000 and \$119.2 million in fiscal 2001; and 2) state funds appropriations of approximately \$122.6 million each year.

Table 13
University, COT, & Agency Funds
HB 2 Biennium Budget Comparisons*

	1998-99 Biennium	2000-01 Biennium	Biennium Change	Percent Change
State Funds - HB2 Line Items				
Units and COTs	\$205,174,644	\$211,924,012	\$ 6,749,368	3.29%
Ag. Experiment Station	16,559,315	17,200,891	641,576	3.87%
Extension Service	7,115,388	7,707,625	592,237	8.32%
Bureau of Mines	3,921,742	4,191,388	269,646	6.88%
Forestry & Conservation	1,642,630	1,680,758	38,128	2.32%
Fire Services	551,379	698,274	146,892	26.64%
TOTALS	\$234,965,098	\$243,402,945	\$ 8,437,847	3.59%
Tuition/Interest/Other - HB 2 Language				
Units and COTs	\$211,276,872	\$223,331,616	\$12,054,744	5.71%
Ag. Experiment Station	5,840,733	6,138,693	297,960	5.10%
Extension Service	4,293,846	4,456,510	162,664	3.79%
Bureau of Mines	93,477	118,000	24,523	26.23%
Forestry & Conservation	9,918	9,882	(36)	-0.36%
Fire Services	8,254	8,194	(60)	-0.73%
TOTALS	\$221,523,100	\$234,062,895	\$12,539,795	5.66%

*MUS Operating Plans

Table 13 details the total current unrestricted operating funds for the university units and the research/public service agencies and compares the 1999 biennium to the 2001 biennium appropriations. As can be seen, state funds, including general fund, millage, and RIT funding, increased by 3.6 percent, while university funds increased by 5.7 percent from the 1999 to the 2001 biennium. The state appropriations for the Extension Service and the Fire Services Training School were increased by the addition of new general fund proposals for the 2001 biennium (see "New Proposals" discussion).

The \$12.1 million increase in tuition is the combined result of increases in tuition rates and enrollment changes from one biennium to the next. The 26.2 percent change in the Bureau of Mines is the result of restoring proprietary funds to the \$59,000 level from the \$34,477 actually expended in fiscal 1998.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Present Law Adjustments							
1	Enrollment Growth	.00	549,116	549,116	.00	1,008,242	1,008,242
10	Statewide Present Law Adjustments	.00	3,792,161	3,792,161	.00	3,050,672	3,050,672
11	New Space Maintenance	.00	507,095	507,095	.00	564,537	564,537
12	Fee Waivers	.00	311,478	311,478	.00	354,711	354,711
14	HB 188 Bond Payments	.00	0	16,856	.00	0	16,755
15	Restore Full Authority from RIT	.00	0	230,023	.00	0	230,023
16	Remove millage	.00	14,030,000	0	.00	14,030,000	0
20	Return Distance Education to Biennial Level	.00	(18,032)	(18,032)	.00	(18,032)	(18,032)
21	Fire Services Accreditation - OTO	.00	3,050	3,050	.00	3,050	3,050
Total PL Adjustments		.00	\$19,174,868	\$5,391,747	.00	\$18,993,180	\$5,209,958

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Enrollment Growth - The legislature appropriated funds for student enrollment increases, which are considered a present law adjustment under current budgeting statutes. This adjustment includes general fund and tuition for increases in the number of resident students and tuition for increases in the number of non-resident students. Funding for increases in the number of students is based on an estimated marginal cost per additional FTE student. For the 2001 biennium, the

marginal cost was estimated at \$4,049 per student. This marginal cost is funded by: 1) general fund of \$1,837 and tuition of \$2,212 for resident FTE; and 2) tuition of \$4,049 per non-resident FTE. The adjustments are based on enrollment increases from fiscal 1998 of : 1) residents totaling 298 FTE in fiscal 2000 and 547 FTE in fiscal 2001; and 2) non-residents totaling 311 FTE in fiscal 2000 and 562 FTE in fiscal 2001.

DP 10 - Statewide Present Law Adjustments - This adjustment constitutes the statewide present law adjustments for the units, the colleges of technology and the public service/research agencies. Present law increases are for: 1) annualizing the pay plan; and 2) fixed cost increases in selected areas. The adjustment includes general fund of \$48,132 in fiscal 2000 and \$47,949 in fiscal 2001 added to correct a personal services error in the Bureau of Mines and Geology budget. Other funding totaling \$8.6 million in fiscal 2000 and \$48.7 million in fiscal 2001, primarily from tuition and federal funds, is included in language appropriations.

The statewide present law adjustments are reduced by vacancy savings of \$2,263,141 in fiscal 2000 and \$2,255,829 in fiscal 2001. These amounts constitute a 2.8 percent vacancy savings rate applied to all salaries and benefits, except those for faculty in the units and colleges of technology. The estimated general fund portion of the vacancy savings is \$1,236,476 in fiscal 2000 and \$1,231,158 in fiscal 2001.

DP 11 - New Space Maintenance - New buildings authorized by prior legislatures will be put into service during the 2001 biennium. The legislature approved a present law adjustment for costs of maintaining those new buildings. The amounts shown were based on agreements with the Long Range Planning Committee when the new space was authorized. As shown in Table 14, the total maintenance cost is funded by specified percentages of current unrestricted funds and university research/other funds. The current unrestricted portion of those increases not funded with general fund are funded with tuition, which is included in language.

Table 14
University Units and Colleges of Technology
New Building Maintenance Increases

<u>Fiscal 2000 Maintenance</u>	<u>Total Cost of Maintenance</u>	<u>Current Unrestr. %</u>	<u>General Fund Fiscal 2000</u>	<u>Tuition Fiscal 2000</u>	<u>Total Funds Fiscal 2000</u>
Great Falls COT	\$ 66,251	100.00%	\$ 66,063	\$ 188	\$ 66,251
UM Science Complex	17,910	100.00%	12,362	5,548	17,910
UM Pharmacy/Psych Building	212,811	88.00%	129,263	58,011	187,274
MSU Ag/Bioscience Building	425,255	50.00%	155,998	56,630	212,628
less Maintenance in Base			(36,485)		(36,485)
Billings Special Ed Building	96,852	100.00%	91,574	5,278	96,852
MTTech Chemistry Building	102,286	100.00%	88,320	13,966	102,286
TOTAL	\$ 921,365		\$ 507,095	\$ 139,621	\$ 646,715

<u>Fiscal 2001 Maintenance</u>	<u>Total Cost of Maintenance</u>	<u>Current Unrestr. %</u>	<u>General Fund Fiscal 2001</u>	<u>Tuition Fiscal 2001</u>	<u>Total Funds Fiscal 2001</u>
Great Falls COT	\$ 67,340	100.00%	\$ 67,149	\$ 191	\$ 67,340
UM Science Complex	17,910	100.00%	12,362	5,548	17,910
UM Pharmacy/Psych Building	318,795	88.00%	193,638	86,902	280,540
MSU Ag/Bioscience Building	425,255	50.00%	155,998	56,630	212,628
less Maintenance in Base			(36,485)		(36,485)
Billings Special Ed Building	98,981	100.00%	93,587	5,394	98,981
MTTech Chemistry Building	90,668	100.00%	78,288	12,380	90,668
TOTAL	\$ 1,018,949		\$ 564,537	\$ 167,045	\$ 731,582

DP 12 - Fee Waivers - Present law general fund adjustments for increased fee waivers of nearly \$0.7 million for the biennium are the result of present law adjustments for additional projected students receiving waivers at the fiscal 1999 tuition rates. The tuition portion of the adjustments for fee waivers totals approximately \$1.6 million for the biennium and is included in the language appropriation in HB 2.

DP 14 - HB 188 Bond Payments - The 1997 legislature approved House Bill 188, which allowed the sale of general obligation bonds for information technology projects. The requirements for the university system are that \$1.6 million of the \$3.2 million of authorized bonds be repaid from sources other than general fund. The payments approved by the legislature are for the current unrestricted non-general fund portion of the bonds. Millage funds the portion of the bonds shown in the present law adjustment table, while \$125,450 in fiscal 2000 and \$124,700 in fiscal 2001 is tuition included in language.

DP 15 - Restore Full Authority from RIT - The legislature approved restoration of the statutorily authorized spending authority of \$656,000 for the Groundwater Assessment program (\$666,000 less \$10,000 for vacancy savings). The actual

funds from the Resource Indemnity Trust (RIT) were \$429,630 in fiscal 1998. SB 49 revised the statutorily authorized funding for this program by allocating \$300,000 of RIGWAT funds and \$300,000 of RIT interest income each year. Since the \$6000,000 annual revenue is less than the appropriated authority in the 2001 biennium, the Bureau of Mines will be able to spend only the available funds.

DP 16 - Remove millage - The legislature approved the use of \$14.03 million general fund each year of the 2001 biennium to replace millage revenue because the present law authorizing the six-mill levy expires on January 1, 1999. The voters approved reauthorization of the levy for 10 years, but CI-75 left doubt as to whether it could be implemented. Therefore, the legislature included general fund to replace the expiring millage revenue as a present law adjustment. It then approved a new proposal, shown below, to use millage revenue to replace general fund. Authorizing legislation in SB 56, SB 79, and SB 80 was enacted in accordance with CI-75. Subsequent to this legislation, the Montana Supreme Court declared CI-75 invalid. Therefore, the mill levy can be imposed without a further vote of the people, in accordance with SB 79. Senate Bills 56 and 80 were voided by the Supreme Court decision.

DP 20 - Return Distance Education to Biennial Level - The legislature returned distance education to the \$200,000 annual level established by the Board of Regents for the 1999 biennium. This results in an \$18,032 annual general fund reduction from the fiscal 1998 base.

DP 21 - Fire Services Accreditation - OTO - The Fire Services Training School is accredited by two entities: 1) International Fire Service Accreditation Congress (IFSAC); and 2) the National Board on Fire Service Professional Qualifications (Pro-Board). This increase of \$6,100 general fund, which addresses costs associated with maintaining accreditation, is appropriated on a one-time-only basis because accreditation is not required every biennium.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001
Description	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
5	Montana Beef Network-OTO-Restricted	.00	90,000	90,000	.00	90,000
9	Family Practice Residency	.00	95,600	95,600	.00	141,200
13	Fee Waivers - 4% Tuition Increases	.00	173,293	173,293	.00	356,747
17	Passage of Legislation for 6 Mills	.00	(14,792,136)	0	.00	(15,263,237)
22	Add Funding to Fire Services	.00	49,000	49,000	.00	75,000
25	Nonbeneficiary Students - OTO	.00	417,000	417,000	.00	417,000
Total New Proposals		.00	(\$13,967,243)	\$824,893	.00	(\$14,183,290)

New Proposals

DP 5 - Montana Beef Network-OTO-Restricted - The legislature appropriated general fund of \$90,000 each year as a biennial appropriation to the Extension Service for funding the Montana Beef Network on a one-time-only basis. These funds are restricted to that use and may not be used for any other purpose.

DP 9 - Family Practice Residency - The legislature appropriated general fund increases of \$95,600 in fiscal 2000 and \$141,200 in fiscal 2001 for the Montana Family Practice Residency program. The adjustment represents a 47.8 percent annual increase from the fiscal 1998 base budget of \$200,000. The additional funds would be used to establish a Western Montana training site and provide rotations for specialty medical programs in other locations.

DP 13 - Fee Waivers - 4% Tuition Increases - The legislature appropriated funds for fee waiver increases resulting from projected 4 percent annual tuition increases in the 2001 biennium. The general fund of \$173,293 in fiscal 2000 and \$356,747 in fiscal 2001 is for resident students only. The tuition appropriation of \$177,356 in fiscal 2000 and \$368,225 in fiscal 2001 includes waivers for both residents and non-residents and is included in the tuition appropriation language in HB 2.

DP 17 - Passage of Legislation for 6 Mills - The legislature appropriated millage revenue of \$14.8 million in fiscal 2000 and \$15.3 million in fiscal 2001, which replaces a like amount of general fund. This action, which is the result of legislation to allow continuation of the six-mill levy, reverses the general fund/millage funding switch approved in the

present law adjustments. Nearly \$17,000 each year is appropriated for HB 188 bonds, as shown in the present law table. The remainder is included above in the new proposal table.

DP 22 - Add Funding to Fire Services - The legislature added general fund of \$49,000 in fiscal 2000 and \$75,000 in fiscal 2001 to allow the Fire Services Training School to add 0.74 FTE and operating expenses in the first year and 1.47 FTE and expenses in the second year of the biennium. These FTEs and expenses are to enable the school to provide training services to more fire service personnel.

DP 25 - Nonbeneficiary Students - OTO - The legislature approved \$417,000 general fund each year of the biennium as a restricted, one-time-only appropriation for the support of nonbeneficiary students enrolled at tribal colleges. This appropriation is a line item in the university system distribution program appropriation. The tribal colleges must each apply to the Regents for this assistance, which is equal to a maximum of \$1,500 for each resident nonbeneficiary full-time equivalent student enrolled in that tribal community college during the previous year. According to section 20-25-428, the funds are to be prorated according to the resident enrollment in each tribal college, subject to: 1) a reduction based on fee waivers to nonbeneficiary students equal to the percentage of total university system resident enrollment who are Indian students receiving fee waivers to attend a Montana university unit; and 2) reversion of unspent funds. As a one-time-only appropriation, the program must not be included in the base budget for the 2003 biennium, but must be considered a new proposal if the Governor chooses to include the program in the Executive Budget.

Distribution to Units								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	3,438.86	63.87	0.00	3,502.73	63.87	0.00	3,502.73	3,502.73
Personal Services	155,071,010	10,838,280	0	165,909,290	10,675,982	0	165,746,992	331,656,282
Operating Expenses	39,073,271	4,594,043	(26,687)	43,640,627	8,767,528	172,180	48,012,979	91,653,606
Equipment/Other	5,749,381	172,896	472,928	6,395,205	143,961	693,992	6,587,334	12,982,539
Transfers			417,000	417,000		417,000	417,000	834,000
Total Costs	\$199,893,662	\$15,605,219	\$863,241	\$216,362,122	\$19,587,471	\$1,283,172	\$220,764,305	\$437,126,427
General Fund	87,944,522	18,202,186	(14,123,107)	92,023,601	18,102,741	(14,365,053)	91,682,210	183,705,811
Millage	14,030,000	(14,030,000)	14,809,000	14,809,000	(14,030,000)	15,280,000	15,280,000	30,089,000
Interest	1,495,898	112,121		1,608,019	112,121	0	1,608,019	3,216,038
Tuition	95,598,844	11,320,912	177,348	107,097,104	15,402,609	368,225	111,369,678	218,466,782
Other	824,398		0	824,398		0	824,398	1,648,796
Total Funds	\$199,893,662	\$15,605,219	\$863,241	\$216,362,122	\$19,587,471	\$1,283,172	\$220,764,305	\$437,126,427

Program Description

The Appropriation Distribution Program is the program through which funds for the support of higher education are transferred to the units. Distributions to the units include: 1) a line-item, restricted state general fund appropriation for transfers to the tribal colleges for nonbeneficiary students, as discussed in the Distribution program "New Proposal" section; 2) appropriations for distance learning and the family practice residency program; and 3) current unrestricted operating funds for the university units and the COTs. The main table provides the FTE, personal services, operating expenses, and equipment and other expenses anticipated by the legislature when it appropriated a lump sum to the university system. Except for the transfers to tribal colleges, the Board of Regents has the authority to adjust the expenditures among the expense categories, programs, and units, and between fiscal years.

Funding

State Support for Nonbeneficiary Students in Tribal Colleges

The legislature approved a \$0.8 million one-time-only general fund appropriation (\$417,000 each year) for the support of nonbeneficiary students in tribal colleges. This line-item appropriation, discussed in detail in the "New Proposal" section, is restricted to providing up to \$1,500 support annually for each Montana resident FTE who is enrolled in a tribal college.

Distance Learning

The legislature appropriated \$0.4 million general fund (\$200,000 each year) for distance learning programs and included the funds in the biennial lump sum appropriation for the university system. This biennial appropriation is \$34,064 less than expended in fiscal 1998, as discussed in the present law adjustments. The university system uses these funds for faculty development, planning grants, and electronic course development.

Rural Family Practice Residency Program

The legislature appropriated general fund of \$0.6 million (\$295,600 in fiscal 2000 and \$341,200 in fiscal 2001) for the biennium) for the Rural Family Practice Residency program, which provides incentive funding for students who have completed their medical degrees to participate in a family practice residency program in rural Montana communities. The program is associated with two hospitals and the Deering Clinic in Billings, as well as with the rural hospitals in Sidney and Glasgow. The legislature added \$95,600 to the base budget in fiscal 2000 and \$141,200 in fiscal 2001, as discussed in the "New Proposals," to be used to establish a western Montana training site and provide rotations for specialty medical programs in other locations.

The Rural Family Practice Residency program received certification in fiscal 1997 as a full, three-year residency program for medical students completing their family practice residencies in rural Montana communities. The 1997 legislature appropriated \$200,000 each year to help implement the fully certified, three-year program. The first class of five doctors graduated from the program in fiscal 1999.

Table 15
Montana Family Practice Residency
Fiscal 1998 through Fiscal 2001

	Actual FY 1998	OP Plan FY 1999	Leg. Budget FY 2000	Leg. Budget FY 2001
Funding Source				
Hospitals	\$ 1,217,415	\$ 2,136,788	\$ 2,133,788	\$ 2,133,788
Provider Contracts	112,070	256,320	256,320	256,320
State Support	200,000	200,000	295,600	341,200
TOTAL	<u>\$ 1,529,485</u>	<u>\$ 2,593,108</u>	<u>\$ 2,685,708</u>	<u>\$ 2,731,308</u>
# Residents	13	18	19	18
Ave. Cost/Resident	\$ 109,032	\$ 129,822	\$ 127,863	\$ 137,499

*Cost/Resident does not include provider contracts for patient care

Funding for the program, in addition to the state support, is provided by hospitals, provider contracts, and other sources, as shown in Table 15. Total funding for the program is approximately \$2.7 million each year of the 2001 biennium. Fiscal 1999 was the first year of a fully budgeted, three-year program for 18 residents, with a total allocation of nearly \$130,000 per resident. The additional state support in the 2001 biennium allows the program to expand, but does not immediately increase the number of doctors being trained. Therefore, the estimated cost per resident in fiscal 2001, excluding provider contracts because they pay only for patient care, is approximately \$137,000, as shown in the table.

Distribution to the University Units and COTs

The funding for the university units and COTs totals \$435.2 million in the 2001 biennium, which includes: 1) \$91.1 million general fund, \$14.8 million millage revenue, and \$109.5 million tuition and other revenue in fiscal 2000; and 2) \$90.7 million general fund, \$15.3 million millage revenue, and \$113.8 million tuition and other revenue in fiscal 2001. Factors included in calculating the total amount appropriated include the number of resident and nonresident students and the tuition levels for each fiscal year.

Table 16
Actual Resident & Non-Resident Students Compared to Projected
Fiscal 1995 through Fiscal 2001*

Unit	Actual FY 1995	Actual FY 1996	Actual FY 1997	Actual FY 1998	Prelim. FY 1999	Leg. Est. FY 2000	Leg. Est. FY 2001	% Chg. FY98-01
6 Units - Resident FTE								
UM-Missoula	6,706	6,639	6,886	7,022	7,187	7,014	7,076	0.77%
MSU-Bozeman	7,481	7,580	7,587	7,490	7,601	7,474	7,557	0.89%
UM-MT Tech	1,373	1,392	1,436	1,397	1,384	1,414	1,426	2.08%
MSU-Billings	3,017	3,036	3,019	3,207	3,100	3,316	3,353	4.55%
MSU-Northern	1,582	1,436	1,416	1,401	1,411	1,407	1,407	0.43%
UM-Dillon	962	980	945	922	843	922	919	-0.33%
SUBTOTAL	21,121	21,063	21,289	21,439	21,526	21,547	21,738	1.39%
6 Units-Non Resident/WUE FTE								
UM-Missoula	3,014	3,272	3,383	3,429	3,352	3,560	3,709	8.17%
MSU-Bozeman	2,541	2,705	2,763	2,719	2,774	2,805	2,871	5.59%
UM-MT Tech	287	287	282	259	258	262	269	3.86%
MSU Billings	234	239	202	194	236	213	225	15.98%
MSU-Northern	73	58	84	89	90	95	95	6.74%
UM-Dillon	403	402	86	110	127	145	150	36.36%
SUBTOTAL	6,252	6,663	6,800	6,800	6,836	7,080	7,319	7.63%
TOTAL FTE 6 UNITS	27,373	27,726	28,089	28,239	28,362	28,627	29,057	2.90%
Colleges of Technology Resident FTE								
Billings	407	418	445	454	478	480	485	6.83%
Butte	315	319	354	339	326	350	352	3.83%
Great Falls	677	711	707	703	745	707	707	0.57%
Helena	444	457	533	649	652	720	748	15.25%
Missoula	609	589	692	749	708	818	841	13.65%
SUBTOTAL	2,452	2,494	2,731	2,885	2,910	3,075	3,133	8.60%
Colleges of Technology Non-resident FTE								
Billings	7	18	17	18	29	20	21	16.67%
Butte	5	10	9	15	8	22	25	66.67%
Great Falls	9	16	7	2	5	2	2	0.00%
Helena	9	11	10	15	12	22	22	46.67%
Missoula	24	40	56	55	57	70	79	43.64%
SUBTOTAL	51	95	99	105	111	136	149	41.90%
TOTAL FTE 5 COT	2,503	2,589	2,830	2,990	3,021	3,211	3,282	9.77%
RESIDENT ENROLLMENT	23,573	23,557	24,020	24,324	24,435	24,622	24,871	2.25%
NONRES. ENROLLMENT	6,303	6,758	6,899	6,905	6,948	7,216	7,468	8.15%
TOTAL ENROLLMENT	29,876	30,315	30,919	31,229	31,383	31,838	32,339	3.55%

* Totals may not tie due to rounding

Table 16 shows the number of resident and nonresident students by unit for fiscal years 1995 through 2001. As can be seen, both resident and nonresident student numbers are expected to continue to increase during the 2001 biennium, although estimates vary at the individual units. In general, nonresident enrollment is expected to increase faster than resident enrollment, and resident and nonresident enrollments at the colleges of technology are expected to increase faster than similar enrollments in the units. As a result, the biennial present law adjustments for enrollment growth, as discussed earlier, include: 1) \$1.6 million general fund and \$1.9 million tuition for the marginal costs of resident increases; and 2) \$3.5 million tuition for the marginal cost increases of nonresidents.

Table 17
Annual Tuition
Fiscal 1995 through Fiscal 2001 - 15 Undergraduate Credits per Term

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	Est.*** FY 2000	Est.*** FY 2001
Resident Tuition							
Units**	\$ 1,631	\$ 1,777	\$ 1,861	\$ 1,982	\$ 2,110	\$ 2,194	\$ 2,282
% Change Six Units		8.95%	14.09%	21.48%	29.33%	34.50%	39.88%
Year to Year \$ Increase	\$ 213	\$ 146	\$ 84	\$ 121	\$ 128	\$ 84	\$ 88
UM-Missoula*	\$ 1,608	\$ 1,791	\$ 1,882	\$ 2,000	\$ 2,126	\$ 2,211	\$ 2,300
MT Tech-UM*	1,636	1,855	1,952	2,076	2,206	2,294	2,386
WMC-UM*	1,636	1,763	1,805	1,919	2,039	2,121	2,206
MSU-Bozeman	1,636	1,771	1,891	2,014	2,146	2,232	2,321
MSU Billings	1,636	1,768	1,838	1,962	2,093	2,177	2,264
MSU Northern	1,636	1,716	1,799	1,919	2,048	2,130	2,215
Non-resident Tuition							
Units**	\$ 5,440	\$ 5,839	\$ 6,151	\$ 6,593	\$ 7,069	\$ 7,351	\$ 7,646
% Change Six Units		7.34%	13.08%	21.20%	29.95%	35.14%	40.55%
Year to Year \$ Increase	\$ 298	\$ 399	\$ 312	\$ 442	\$ 476	\$ 283	\$ 294
UM-Missoula	\$ 5,584	\$ 5,889	\$ 6,191	\$ 6,632	\$ 7,106	\$ 7,390	\$ 7,686
MT Tech-UM	5,612	6,212	6,512	6,977	7,476	7,775	8,086
WMC-UM	5,276	5,494	5,725	6,131	6,569	6,832	7,105
MSU-Bozeman	5,612	6,105	6,528	7,029	7,575	7,878	8,193
MSU Billings	5,276	5,696	5,925	6,333	6,766	7,037	7,318
MSU Northern	5,276	5,636	6,027	6,455	6,920	7,197	7,485
Resident Tuition							
Colleges of Technology	\$ 1,356	\$ 1,520	\$ 1,592	\$ 1,693	\$ 1,801	\$ 1,873	\$ 1,948
% Change	14.14%	27.96%	33.98%	42.54%	51.64%	57.70%	64.01%
Year to Year \$ Increase	\$ 168	\$ 164	\$ 72	\$ 102	\$ 108	\$ 72	\$ 75
Missoula COT	\$1,356	\$1,548	\$1,630	\$1,732	\$1,841	\$ 1,914	\$ 1,991
MT Tech COT	1,356	1,544	1,626	1,728	1,836	1,909	1,986
MSU-Gt. Falls COT	1,356	1,460	1,551	1,652	1,760	1,830	1,903
Billings COT	1,356	1,484	1,543	1,645	1,754	1,824	1,897
Helena COT	1,356	1,565	1,609	1,710	1,817	1,889	1,965

* At UM four-year campuses, FY 1996 through FY 2001 rates are average of lower & upper division
 ** FY95 through FY99 are average rates for the six four-year campuses - \$60 registration fee included
 In prior years, all residents at the six units paid the same tuition, and all residents at the COT paid equally
 ***Assumes a 4% across the board tuition increase each year

Tuition increases are the other major factor in increases in tuition funding for the 2001 biennium. Table 17 shows the average annual tuition rates for 15 undergraduate credits per term from fiscal 1995 through fiscal 2001. Tuition increases averaged approximately 7 percent per year in fiscal 1998 and 1999. These increases are followed by 4 percent annual increases budgeted during the 2001 biennium, resulting in biennial present law tuition funding increases of \$21.3 million and average resident student tuition costs of \$2,282 at the units and \$1,948 at the COTs in fiscal 2001, as shown in the table.

Table 18
System Funding Compared to Instruction, Tuition, and per Student Costs
Fiscal 1995 through Estimated Fiscal 2001

Unit	FY 1995	FY 1996	FY 1997	FY 1998	OP Plan FY 1999	Budget* FY 2000	Budget* FY 2001
Units & COT Funding							
General Fund	\$ 85,170,567	\$ 83,472,385	\$ 87,077,613	\$ 87,738,341	\$ 89,087,185	\$ 93,127,047	\$ 95,528,634
Mill Levy	13,957,022	15,079,000	13,840,000	14,030,000	14,319,118	14,809,000	15,280,000
Interest on Earnings				1,495,898	1,736,773	1,608,019	1,608,019
Tuition & Fees	69,383,329	80,929,189	88,970,266	95,206,245	109,576,801	108,364,765	114,821,095
Other	724,676	4,042,088	735,362	824,398	1,398,184	824,398	824,398
TOTAL	<u>\$169,235,594</u>	<u>\$ 180,522,662</u>	<u>\$190,623,241</u>	<u>\$ 199,294,882</u>	<u>\$216,118,061</u>	<u>\$218,733,229</u>	<u>\$228,062,146</u>
Total Instruction	\$ 91,103,782	\$ 97,220,919	\$104,326,178	\$108,531,265	\$120,037,958	\$119,653,830	\$122,257,682
Instruction % of Funding	53.83%	53.86%	54.73%	54.46%	55.54%	54.70%	53.61%
Tuition & per Student Costs							
GF+Mills+Interest/Tuition	142.87%	121.77%	113.43%	108.46%	95.95%	101.09%	97.91%
GF+Mills+Int./Resident FTE	\$ 4,205	\$ 4,184	\$ 4,201	\$ 4,245	\$ 4,303	\$ 4,449	\$ 4,520
Total Funds/Student	5,665	5,955	6,165	6,382	6,886	6,870	7,052
Tuition/Resident Need	1,459	1,771	1,964	2,136	2,584	2,421	2,532
Resident Unit Tuit./15 Credits	1,631	1,777	1,861	1,982	2,110	2,194	2,282
Resident COT Tuit./15 Credits	1,356	1,520	1,592	1,693	1,801	1,873	1,948
Non-Res. Unit Tuit./15 Credits	\$ 5,440	\$ 5,839	\$ 6,151	\$ 6,593	\$ 7,069	\$ 7,352	\$ 7,646
Non-Res. Tuit. Over (Under) Cost	(225)	(116)	(14)	211	183	482	594

* Includes estimated pay plan - GF of \$2,016,045 in FY00 & \$4,804,624 in FY01 ---Tuition of \$1,267,661 in FY00 & \$3,451,417 in FY01, which is 87.9% of total pay plan.
\$ are proportional to units FTE as a % of total system FTE=87.9%. Used all tuition & sufficient GF to equal the amounts - instruction pay plan is on funding as % of total

Table 18 shows the funding for the units and COTs from fiscal 1995 through budgeted fiscal 2001, including the 2001 biennium general fund and tuition pay plan amounts prorated on the basis of FTE employees in the postsecondary education institutions. The table also shows the portion of the funding allocated to instruction, which varies from 53.6 percent to 55.5 percent of total funding during the period. As the table shows, the ratio of state funding to tuition has declined from 142.9 percent in fiscal 1995 to an estimated 97.9 percent in fiscal 2001. State funding per FTE student increased approximately \$300 from \$4,205 in fiscal 1995 to \$4,520 in fiscal 2001, while the total funds expended-budgeted per student increased by \$1,387 from \$5,665 in fiscal 1995 to \$7,052 in fiscal 2001.

As a result of cost increases that exceed state funding increases, tuition funding increased by nearly \$1,100 from \$1,459 in fiscal 1995 to \$2,532 in fiscal 2001. However, Montana residents have paid only \$651 of the tuition increase through tuition rates changing from \$1,631 in fiscal 1995 to an estimated \$2,282 in fiscal 2001 because they are being subsidized by nonresident tuition. The bottom portion of the table shows that Montana went from a position of subsidizing nonresidents by \$225 per nonresident FTE in fiscal 1995 to being subsidized at the rate of \$594 per nonresident in fiscal 2001.

Table 19
Major Fee Changes - Rates for 15 Credits/Semester
Fiscal 1996 to Fiscal 1999

Unit	-----Fiscal 1996-----				-----Fiscal 1999-----				FY96 to FY99 Increase (Decrease)			
	Computer/ Network	Building Fee	Academic Facilities	Other	Computer/ Network	Building Fee	Academic Facilities	Other	Computer/ Network	Building Fee	Academic Facilities	Other
University of Montana*	\$18	\$31	\$0	\$274	\$36	\$31	\$25	\$286	\$18	\$0	\$25	\$11
Montana Tech*	18	45	-	168	36	45	25	197	18	-	25	29
Western*	18	41	-	117	36	56	23	138	18	15	23	21
Helena COT	18	30	-	89	36	30	20	92	18	-	20	4
MSU-Bozeman	21	58	-	224	53	71	-	238	32	13	-	14
MSU-Billings	21	90	-	158	93	93	25	148	72	3	25	(10)
MSU-Northern	21	95	-	137	60	95	-	167	39	-	-	31
Great Falls COT	21	35	-	26	63	49	-	40	42	14	-	14

*Lower Division

Cost of Education

The total cost of an education for an individual student includes not only the state funding and tuition comprising the total current unrestricted operating fund discussed above, but also fees, board and room, and miscellaneous expenses such as books and supplies. The funding excluded from the current unrestricted operating fund is not appropriated by the legislature but is generally controlled by the Board of Regents. As shown in Table 19, student fees vary widely by campus, ranging from fiscal 1999 charges of \$152 per semester at the Great Falls COT to \$378 per semester at the University of Montana. Preliminary Board of Regents action indicates that fees would increase from the fiscal 1999 levels by an average of three percent annually during the 2001 biennium.

Table 20
Estimated Annual Cost of Education
Fiscal 1995 through Fiscal 2001

Fiscal Year	Annual Tuition*	State \$ per FTE*	Units Fees*	Board &** Dbl Room	Misc.***	Total	% State Cost	Student % Cost	Cum. % Change	% CPI % Chq. Since '95
1995	\$ 1,631	\$ 4,205	\$ 486	\$ 3,710	\$ 600	\$ 10,632	39.55%	60.45%	0.00%	0.00%
1996	1,777	4,184	518	3,858	600	10,937	38.26%	61.74%	2.87%	2.99%
1997	1,861	4,201	535	3,821	600	11,018	38.13%	61.87%	3.63%	5.59%
1998	1,982	4,245	589	3,931	600	11,347	37.41%	62.59%	6.72%	7.68%
1999	2,110	4,303	658	4,040	600	11,711	36.74%	63.26%	10.15%	9.71%
2000	2,194	4,449	678	4,121	600	12,042	36.95%	63.05%	13.26%	12.11%
2001	2,282	4,520	698	4,203	600	12,303	36.74%	63.26%	15.72%	14.57%

* Average tuition is unit tuition & registration fees - Average state funds includes units & COT - 15 credit fees includes unit averages.

Unit average fees are annual 3% increases from FY 1999 in 2001 biennium

** FY95-96 MSU-Bozeman Board, Room - FY97-99 Units Ave Board & Room except MSU-Billings where food plan is not required
2% annual increases from FY 1999 in 2001 biennium

***Misc. (financial aid eligibility determination for books, supplies, etc.)

Table 20 shows the total estimated annual cost of education from fiscal 1995 through estimated fiscal 2001. In that period, the state share of the total funding for education decreased from nearly 40 percent to approximately 37 percent while the student share increased from 60 percent to 63 percent of the total. As shown in the last two columns, the cost of education increased at a rate slightly higher than the rate of increase in the Consumer Price Index.

Language

Language pertaining to the funding, operation, maintenance, and reporting requirements for the units and the COTs includes:

Funding for University and College of Technology Resident FTE

"The general fund and millage appropriation in item 7 [Appropriation Distribution] is calculated to fund education in the four-year units and the colleges of technology for an estimated 24,622 resident FTE students in fiscal 2000 and 24,871 resident FTE students in fiscal 2001. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students without a state general fund contribution. If actual resident student enrollment is less than the estimated number for the biennium, the commissioner of higher education shall revert \$1,837 in general fund money to the state for each estimated FTE student who did not enroll."

Tuition, Interest, and Other Revenue Appropriation

"Revenue appropriated to the Montana university system units and colleges of technology includes: (1) state special revenue from interest earnings of \$1,608,019 each year of the 2001 biennium; and (2) tuition and other revenue of \$107,119,523 in fiscal year 2000 and \$109,011,916 in fiscal year 2001. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in item [Appropriation Distribution]."

Energy Conservation Program

"Item [OCHE and University Units Lump-Sum] includes \$399,060 in each year of the biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state building energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$207,300; Montana Tech of the University of Montana, \$28,000; Montana State University-Northern, \$97,000; Montana State University-Billings, \$56,000; and Western Montana College of the University of Montana, \$10,760."

Audit Costs

"Total audit costs are estimated to be \$549,842 for the university system other than the Office of the Commissioner of Higher Education. Each unit shall pay a percentage of these costs from funds other than those appropriated in item [Legislative Audit Costs]."

Operations and Maintenance

"At the direction of the Legislative Audit Committee, the Legislative Auditor shall conduct at least three performance audits of university and college of technology campus physical plant and grounds and maintenance operations during the 2001 biennium. When deciding which campuses to audit, the Legislative Audit Committee shall consider comments from representatives from each campus, the Commissioner of Higher Education, and the Architecture and Engineering Division. The Legislative Audit Committee shall rank each campus in order of audit priority, considering maintenance needs, current maintenance and physical plant expenditures, and other information that the committee considers relevant. The Commissioner of Higher Education shall pay the audit costs of up to \$80,000 from the one-time only, biennial general fund appropriation restricted to that purpose. The Legislative Auditor shall report the results of the performance audits to the Legislative Audit Committee and to the public prior to the 2001 legislative session."

"The legislature recommends that a minimum of 13% of the total current unrestricted operating funds for the units and the colleges of technology be spent on operations and maintenance in program 7 because an increasing level of deferred maintenance has followed: (1) construction of a substantial number of new buildings in recent years; and (2) a decline in the proportional amount of the current unrestricted funds spent on operations and maintenance. This percentage is recommended to ensure more timely maintenance that should result in a lower level of deferred maintenance in university system buildings."

General Instructions

"University system units are defined in 17-7-102(13). For all university system units, except the Office of the Commissioner of Higher Education, all funds (other than plant funds appropriated in [long range planning bill] relating to

long-range building and current unrestricted operating funds) are appropriated contingent on approval of the comprehensive program budget by the Board of Regents by October 1 of each year. For all university system four-year units and colleges of technology, all funds, other than funds appropriated in [long-range planning bill] for long-range building programs, are appropriated as a lump sum for the biennium contingent upon approval of the comprehensive program budget by the Board of Regents by October 1 of each year. The Board of Regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditure and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the Board of Regents approves operating budgets, transfers between units may be made only with the approval of the Board of Regents. Requests for transfer and related justification must be submitted to the Office of Budget and Program Planning and to the Legislative Fiscal Analyst prior to approval by the Board of Regents. All movement of funds between the current unrestricted subfund and the designated subfund accounts must be clearly identified in the state budgeting and accounting system."

"All university system units, except the Office of the Commissioner of Higher Education, shall account for expenditures consistently within programs and funds across all units and shall use the national center for higher education management systems program classifications structure, along with the college and university business administration (CUBA) system, as a minimum standard for achieving consistency."

"The Montana University System, except the Office of the Commissioner of Higher Education and the community colleges, shall provide the Offices of Budget and Program Planning and the Legislative Fiscal Division with Banner training and online electronic access to the entire university system's Banner information system by May 1, 2000, except:

- (1) the ability to change data;
- (2) portions of the Banner information system that are the property of third parties (such as alumni associations or foundations); and
- (3) 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, 20 U.S.C. 1232g.

Items 1 through 3 in no way limit the power of the Budget Director or the Legislative Fiscal Analyst to receive and examine copies of any state government information, including confidential records, in accordance with 5-12-303 and 17-1-132.

By fiscal yearend 2000 and thereafter:

- (1) the actual personal services data for all funds on Banner must tie to the actual expenditures as recorded on the state accounting and human resource systems; and
- (2) the budgeted personal services for current unrestricted operating funds on banner must tie to the operating plan for expenditure of funds appropriated in [this act] and other bills, as approved by the Board of Regents.

The Montana University System shall provide the electronic data required to upload human resource data for the current unrestricted operating funds into the MBARS system by program number, cost center, and position, including but not limited to the budgeted salary and benefits, grade and step, FTE, position title and position type, longevity dates and increments, years of service, benefit factors, workers' compensation code, final ending hourly salary, and class code."

"The Montana university system shall present a report to the legislative education committee established in Senate Bill No. 11 in the first quarter of each fiscal year that provides the average actual instruction program cost per student credit hour for the most recently completed fiscal year and the supporting information per unit. The averages and the detail per unit must be provided as follows:

- (1) lower division, which includes freshmen and sophomore classes;
- (2) upper division, which includes junior and senior classes;
- (3) graduate I level, which includes classes for those with a bachelor's degree who are working on a master's degree; and
- (4) graduate II level, which includes classes for those with a master's degree who are working on a higher degree."

Agricultural Experiment Station	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	231.79			231.79			231.79	231.79
Personal Services	9,121,223	798,112	0	9,919,335	779,157	0	9,900,380	19,819,715
Operating Expenses	1,592,777	(46,992)	0	1,545,785	(49,767)	0	1,543,010	3,088,795
Equipment/Other	276,367	(60,830)	0	215,537	(60,830)	0	215,537	431,074
Total Costs	\$10,990,367	\$690,290	\$0	\$11,680,657	\$668,560	\$0	\$11,658,927	\$23,339,584
General Fund	8,088,135	551,750	0	8,639,885	472,871	0	8,561,006	17,200,891
State Special	0	-	0	-	-	0	0	0
Interest	79,332	-	0	79,332	-	0	79,332	158,664
Proprietary	943,430	31,949	0	975,379	29,516	0	972,946	1,948,325
Federal	1,879,470	106,591	0	1,986,061	166,173	0	2,045,643	4,031,704
Total Funds	\$10,990,367	\$690,290	\$0	\$11,680,657	\$668,560	\$0	\$11,658,927	\$23,339,584

Program Description

The Montana Agricultural Experiment Station was established at Montana State University-Bozeman by the legislature in 1893 under Hatch Act authorization enacted by the U.S. Congress. Its mission, as provided in Section 20-25-222, MCA, is to: 1) conduct research relating to agriculture, natural resources, and rural life; and 2) distribute the resulting information among the people of Montana. The agency is the agricultural research component of the land-grant university's three-part mission of teaching, research, and service.

The Fort Keogh Livestock and Range Research Laboratory at Miles City is a cooperative program of the U.S. Department of Agriculture, Agricultural Research Service, and the state through the Montana Agricultural Experiment Station. The purpose of the laboratory is to improve efficiency of livestock production from rangeland resources.

Funding

In addition to general fund appropriated in HB 2, the research program is funded from other current unrestricted funds appropriated in HB 2 language, as shown in Table 21, including: 1) federal Hatch Act funds; 2) federal regional research funds; and 3) sales and services revenue. Federal funds are awarded by formula for federally approved research projects. Total revenues in fiscal 2000 are based on an estimate that is six percent higher than the fiscal 1998 level. The fiscal 2001 revenue estimate is an additional three percent higher. Sales revenue in the 2001 biennium for the U. S. Range Station is also shown in Table 21.

Fund Source	Op. Plan FY 1999	Budget FY 2000	Budget FY 2001
General Fund	\$ 8,471,179	\$ 8,639,885	\$ 8,561,006
Interest/Other	79,332	79,332	79,332
Federal Hatch Act	1,265,218	1,335,475	1,375,539
Federal Regional Research	614,255	650,586	670,104
Proprietary - AES Sales	435,585	426,711	426,711
Proprietary - Range Station	523,549	548,668	546,235
TOTALS	<u>\$11,389,088</u>	<u>\$11,680,657</u>	<u>\$11,658,927</u>

Language

"Revenue appropriated to the Agricultural Experiment Station includes: (1) state special revenue from interest earnings of \$79,332 each year of the 2001 biennium; (2) federal revenue of \$1,986,061 in fiscal year 2000 and \$2,045,643 in fiscal year 2001; and (3) proprietary revenue from sales of \$975,379 in fiscal year 2000 and \$972,946 in fiscal year 2001. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item [Agricultural Experiment Station]."

Extension Service	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	117.58		1.00	118.58		1.00	118.58	118.58
Personal Services	4,887,970	522,222	60,000	5,470,192	519,959	60,000	5,467,929	10,938,121
Operating Expenses	451,396	86,279	30,000	567,675	85,989	30,000	567,385	1,135,060
Equipment/Other	45,477	-	0	45,477	-	0	45,477	90,954
Total Costs	\$5,384,843	\$608,501	\$90,000	\$6,083,344	\$605,948	\$90,000	\$6,080,791	\$12,164,135
General Fund	3,425,815	339,274	90,000	3,855,089	336,721	90,000	3,852,536	7,707,625
Interest	40,739	-	0	40,739	-	0	40,739	81,478
Federal	1,918,289	269,227	0	2,187,516	269,227	0	2,187,516	4,375,032
Total Funds	\$5,384,843	\$608,501	\$90,000	\$6,083,344	\$605,948	\$90,000	\$6,080,791	\$12,164,135

Program Description

The Extension Service was established in 1914 as a result of the federal Smith-Lever Act. The Extension Service mission is disseminating and encouraging practical use of research about agricultural production and marketing, human resource development, and home economics. It serves 54 of the 56 counties through 52 county extension offices. Meagher County contracts for 4-H services. Petroleum and Wheatland Counties have no services. The central operations are housed on the Bozeman campus. Background materials for its educational efforts are developed by faculty at the Extension Service, the Agricultural Experiment Station, and Montana State University departments from available research information.

Funding

The Extension Service is funded from three sources: 1) general fund appropriated in HB 2, including a \$90,000 new proposal each year restricted to the personal services and operating expenses of the Montana Beef Network; 2) interest on university funds appropriated in HB 2 language; and 3) federal Smith-Lever funds appropriated in HB 2 language. The spending authority for Smith-Lever funds is included at the fiscal 1999 actual level of \$2.2 million each year of the biennium.

Language

"Revenue appropriated to the Extension Service each year of the biennium includes: (1) state special revenue from interest earnings of \$40,739; and (2) federal revenue of \$2,187,516. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item [Extension Service]."

"General fund money of \$90,000 each year of the 2001 biennium in item [Montana Beef Network] is a biennial, one-time-only appropriation for one staff person and for expenses for the Montana Beef Network within the Extension Service."

Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
Forestry & Conservation Experiment Station								
FTE	13.74			13.74			13.74	13.74
Personal Services	688,475	47,447	0	735,922	46,870	0	735,345	1,471,267
Operating Expenses	109,363	352	0	109,715	295	0	109,658	219,373
Equipment/Other			0	-		0	0	0
Total Costs	\$797,838	\$47,799	\$0	\$845,637	\$47,165	\$0	\$845,003	\$1,690,640
General Fund	797,838	42,876	0	840,714	42,206	0	840,044	1,680,758
Interest		4,923	0	4,923	4,959	0	4,959	9,882
Total Funds	\$797,838	\$47,799	\$0	\$845,637	\$47,165	\$0	\$845,003	\$1,690,640

Program Description

The Montana Forestry and Conservation Experiment Station was established by the legislature in 1937 as a non-profit organization for the scientific investigation of natural resource problems. The station, which is established in 20-25-241, MCA and directed by the Dean of the School of Forestry, is the research unit of the University of Montana School of Forestry. The program purposes include studies of forestland resources, timber, and relationships between forests and water, pasturage, and recreation. Research is conducted at Lubrecht Experimental Forest and at other locations in Montana in cooperation with private, state, and federal agencies.

Funding

The Forestry and Conservation Experiment Station is funded from general fund appropriated in HB 2 and interest on university funds appropriated in HB 2 language.

Language

"Interest revenue of \$4,923 in fiscal year 2000 and \$4,959 in fiscal year 2001 is appropriated to the Forestry and Conservation Experiment Station for current unrestricted operating expenses. This amount is in addition to that shown in item [Forestry and Conservation Experiment Station]."

Bureau of Mines & Geology									
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01	Total Leg. Budget Fiscal 00-01
FTE	35.74			35.74			35.74	35.74	35.74
Personal Services	1,493,620	50,191	0	1,543,811	46,632	0	1,540,252	3,084,063	3,084,063
Operating Expenses	350,147	250,679	0	600,826	251,461	0	601,608	1,202,434	1,202,434
Equipment/Other	11,446	-	0	11,446	-	0	11,446	22,892	22,892
Total Costs	\$1,855,213	\$300,870	\$0	\$2,156,083	\$298,093	\$0	\$2,153,306	\$4,309,389	\$4,309,389
General Fund	1,391,106	49,977	0	1,441,083	47,200	0	1,438,306	2,879,389	2,879,389
RIT	429,630	226,370	0	656,000	226,370	0	656,000	1,312,000	1,312,000
Proprietary (Sales)	34,477	24,523	0	59,000	24,523	0	59,000	118,000	118,000
Total Funds	\$1,855,213	\$300,870	\$0	\$2,156,083	\$298,093	\$0	\$2,153,306	\$4,309,389	\$4,309,389

Program Description

The Bureau of Mines and Geology, authorized in 20-25-212, MCA, is a public service and research agency at Montana Tech of the University of Montana in Butte. The bureau is charged with promoting the effective use of mineral resources through investigation of their geology, production, treatment, and economics. It disseminates information through publications and replies to individual inquiries. Work includes field and laboratory study and compilation of statistics on all mineral resources, metallic and nonmetallic minerals, fuels, and ground water.

Funding

The Bureau of Mines and Geology is funded from three sources: 1) general fund appropriated in HB 2; 2) resource indemnity trust (RIT) funds for the Groundwater Assessment program appropriated in HB 2; and 3) revenue from the sale of maps and publications appropriated in HB 2 language.

The allocations of the RIT proceeds were revised in SB 49. The bill changed the annual funding for the Bureau of Mines and Geology Groundwater program by: 1) eliminating \$666,000 from allocations of 14.1 percent of resource indemnity and ground water assessment tax (RIGWAT) and 2.2 percent of the proceeds from the metalliferous mines license taxes in 85-2-905, MCA; and 2) allocating instead a flat amount of \$300,000 RIGWAT and \$300,000 of interest income from the RIT fund.

The Bureau of Mines and Geology has never received the full statutory allocation of \$666,000 because tax collections were insufficient. For example, it spent only \$429,630 in fiscal 1998. Thus, while the changes reduce the total annual spending authority for the program from \$666,000 to \$600,000, the agency will actually have nearly 40 percent more cash for the program each year. House Bill 2 appropriations of these funds for the 2001 biennium are \$656,000 each year. Since statute now allocates \$600,000 each year, the agency has \$56,000 more spending authority than it will have cash to spend.

Language

"Proprietary revenue of \$59,000 each year of the biennium is appropriated to the Bureau of Mines and Geology for current unrestricted operating expenses. This amount is in addition to that shown in item [Bureau of Mines and Geology]."

Fires Services Training School								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	5.33		0.74	6.07		1.47	6.80	6.80
Personal Services	223,681	17,773	31,302	272,756	16,994	49,980	290,655	563,411
Operating Expenses	24,860	(1,122)	12,320	36,058	2,192	12,320	39,372	75,430
Equipment/Other	24,773		5,378	30,151		12,700	37,473	67,624
Total Costs	\$273,314	\$16,651	\$49,000	\$338,965	\$19,186	\$75,000	\$367,500	\$706,465
General Fund	273,314	12,554	49,000	334,868	15,089	75,000	363,403	698,271
Interest		4,097	0	4,097	4,097	0	4,097	8,194
Total Funds	\$273,314	\$16,651	\$49,000	\$338,965	\$19,186	\$75,000	\$367,500	\$706,465

Program Description

The Fire Services Training School, authorized in 20-31-102, MCA, and located at the Great Falls vocational-technical center, organizes, supervises, and coordinates training and education for state fire services personnel in accordance with local needs and the standards established by the Board of Regents. The school: 1) administers and maintains a resource center for use by localities; 2) provides regional, local, and statewide training programs for fire services personnel; 3) develops courses and training materials; 4) maintains a network of unsalaried field instructors; and 5) offers a fire services professional certification program. The school is attached to the Montana Extension Service for administrative purposes.

Funding

The Fire Services Training School is funded from: 1) general fund appropriated in HB 2; 2) interest appropriated in HB 2 language; and 3) a non-appropriated current designated revolving fund, which receives income from charges for training, testing, and information. The general fund appropriation includes a new proposal for personal services and operating expenses for an additional 0.74 FTE instructor in fiscal 2000 and an additional 1.47 FTE instructor in fiscal 2001 (see "New Proposal" section earlier in the "Distribution Program" narrative).

Language

"Interest revenue of \$4,097 each year of the biennium is appropriated to the Fire Services Training School for current unrestricted operating expenses. This amount is in addition to that shown in item [Fire Services Training School]."

Program Proposed Budget	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	43.20	.00	.00	43.20	.00	.00	43.20	43.20
Personal Services	1,235,735	53,235	0	1,288,970	47,380	0	1,283,115	2,572,085
Operating Expenses	2,378,121	702	480,000	2,858,823	(157)	550,000	2,927,964	5,786,787
Equipment	25,455	0	0	25,455	0	0	25,455	50,910
Benefits & Claims	0	0	23,900,127	23,900,127	0	25,095,133	25,095,133	48,995,260
Transfers	0	0	0	0	0	0	0	0
Debt Service	4,061	0	0	4,061	0	0	4,061	8,122
Total Costs	\$3,643,372	\$53,937	\$24,380,127	\$28,077,436	\$47,223	\$25,645,133	\$29,335,728	\$57,413,164
Federal Special	3,643,372	53,937	24,380,127	28,077,436	47,223	25,645,133	29,335,728	57,413,164
Total Funds	\$3,643,372	\$53,937	\$24,380,127	\$28,077,436	\$47,223	\$25,645,133	\$29,335,728	\$57,413,164

Program Description

The Guaranteed Student Loan Program processes loan applications, maintains records on student borrowers, warehouses records, collects loan payments, and performs all other necessary functions. This program continues to function alongside the federal direct lending program, which, in Montana, is available only at MSU-Bozeman.

Funding

This program is funded with a combination of federal revenue and private revenue from the loan services it provides.

Present Law Adjustments	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law						
Personal Services			53,235			47,380
Inflation/Deflation			4,133			4,078
Fixed Costs			(3,431)			(4,235)
Total Statewide Adjustments			\$53,937			\$47,223

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies.

New Proposals	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
1202 Authority for Accounting Change	.00	0	23,900,127	.00	0	25,095,133
1203 Increase Due to Loan Volume	.00	0	480,000	.00	0	550,000
Total New Proposals	.00	\$0	\$24,380,127	.00	\$0	\$25,645,133

New Proposals

DP 1202 - Authority for Accounting Change - The legislature approved this new proposal for an accounting change, initially implemented at the suggestion of the Legislative Auditor in fiscal 1999. Prior to fiscal 1999, the Guaranteed Student Loan program recorded loans purchased from lenders as receivables due from the Federal Government. The receivables were offset as federal payments were received. The Legislative Auditor suggested that the purchase of loans be recorded as an expense and that the payments be recorded as revenues. Therefore, the agency needs the expenditure authority to purchase the loans, estimated at \$23.9 million in fiscal 2000 and \$25.1 million in fiscal 2001.

DP 1203 - Increase Due to Loan Volume - The legislature appropriated an additional \$480,000 in fiscal 2000 and \$550,000 in fiscal 2001 for increased spending authority to account for increased loan volume.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	.00	.00	.00	.00	.00	.00	.00	.00
Personal Services	12,100	0	0	12,100	0	0	12,100	24,200
Operating Expenses	31,724	1	0	31,725	1	0	31,725	63,450
Total Costs	\$43,824	\$1	\$0	\$43,825	\$1	\$0	\$43,825	\$87,650
General Fund	43,824	1	0	43,825	1	0	43,825	87,650
Total Funds	\$43,824	\$1	\$0	\$43,825	\$1	\$0	\$43,825	\$87,650

Program Description

The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the university system. In addition, the board supervises and coordinates other public educational institutions assigned by law.

Funding

Funding is entirely from the general fund.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				(12,100)			(12,100)
Inflation/Deflation				1			1
Total Statewide Adjustments				(12,099)			(12,099)
Present Law Adjustments							
1301	Per diem at FY98 level	.00	12,100	12,100	.00	12,100	12,100
Total PL Adjustments		.00	\$12,100	\$12,100	.00	\$12,100	\$12,100
Present Law Adjustments Total				\$1			\$1

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1301 - Per diem at FY98 level - The legislature appropriated funds to continue the Board of Regents' per diem at the fiscal 1998 level. Per diem is a zero-based item. Therefore, the adjustment is required to re-establish the spending authority. The Regents are paid \$50 per meeting day, plus expenses, according to 20-2-113, MCA.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	.00	.00	.00	.00	.00	.00	.00	.00
Debt Service	95,095	(95,095)	0	0	(95,095)	0	0	0
Total Costs	\$95,095	(\$95,095)	\$0	\$0	(\$95,095)	\$0	\$0	\$0
General Fund	95,095	(95,095)	0	0	(95,095)	0	0	0
Total Funds	\$95,095	(\$95,095)	\$0	\$0	(\$95,095)	\$0	\$0	\$0

Program Description

The Board of Regents Bond Payments Program, as authorized in section 20-16-108, MCA, was implemented when the MSU-Billings College of Technology was transferred from the Billings school district to the university system. A state contract with the school district in Billings retired the district's bonded indebtedness through annual payments. The final payment was in fiscal 1999.

Funding

No funding is required in the 2001 biennium because the final bond payments were made in fiscal 1999.

Present Law Adjustments		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
20	End of Bond Payments	.00	(95,095)	(95,095)	.00	(95,095)	(95,095)
	Total PL Adjustments	.00	(\$95,095)	(\$95,095)	.00	(\$95,095)	(\$95,095)

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. The numbered adjustments in the table correspond to the narrative descriptions.

DP 20 - End of Bond Payments - The present law adjustment reduces the funding to zero because the final payment on these bonds was budgeted in the 1999 biennium.