

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	104.05	104.05	93.88	93.88	104.05	93.88	(10.17)	(9.77%)
Personal Services	5,405,153	7,319,233	5,837,128	5,856,233	12,724,386	11,693,361	(1,031,025)	(8.10%)
Operating Expenses	5,047,869	7,436,719	5,330,659	5,217,569	12,484,588	10,548,228	(1,936,360)	(15.51%)
Equipment & Intangible Assets	0	70,464	10,000	0	70,464	10,000	(60,464)	(85.81%)
Local Assistance	8,687,831	8,874,483	11,139,820	11,030,955	17,562,314	22,170,775	4,608,461	26.24%
Grants	16,202,303	22,954,774	18,945,170	18,537,136	39,157,077	37,482,306	(1,674,771)	(4.28%)
Benefits & Claims	25,813,316	42,148,362	32,313,316	38,813,316	67,961,678	71,126,632	3,164,954	4.66%
Transfers	179,030,609	176,052,286	187,368,340	188,051,148	355,082,895	375,419,488	20,336,593	5.73%
Debt Service	43,480	46,520	43,480	43,480	90,000	86,960	(3,040)	(3.38%)
<b>Total Costs</b>	<b>\$240,230,561</b>	<b>\$264,902,841</b>	<b>\$260,987,913</b>	<b>\$267,549,837</b>	<b>\$505,133,402</b>	<b>\$528,537,750</b>	<b>\$23,404,348</b>	<b>4.63%</b>
General Fund	147,531,701	150,674,815	186,265,852	185,574,613	298,206,516	371,840,465	73,633,949	24.69%
State Special	19,535,696	18,236,611	19,827,019	21,274,458	37,772,307	41,101,477	3,329,170	8.81%
Federal Special	73,082,748	95,891,892	54,820,663	60,626,344	168,974,640	115,447,007	(53,527,633)	(31.68%)
Other	80,416	99,523	74,379	74,422	179,939	148,801	(31,138)	(17.30%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$240,230,561</b>	<b>\$264,902,841</b>	<b>\$260,987,913</b>	<b>\$267,549,837</b>	<b>\$505,133,402</b>	<b>\$528,537,750</b>	<b>\$23,404,348</b>	<b>4.63%</b>

### Agency Description

Agency Mission: To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System (MUS). The Montana Constitution, Article X, Section 9, grants governance authority over the MUS to the Board of Regents (Regents), with seven members appointed by the Governor. All state funds appropriated by the legislature to the Regents for the support of the MUS are channeled through OCHE. The Constitution charges the Regents with hiring a Commissioner of Higher Education (CHE) who serves as its executive staff. The agency's 11 programs are:

- OCHE Administration\*-General administration of the Montana University System including system level academic, financial, legal, and labor management functions. The Montana Constitution requires the Board of Regents to appoint a commissioner of higher education and prescribe his/her duties.
- Student Financial Assistance\*-Financial assistance programs for students attending units of the Montana University System. Programs include several state and federal funded grant programs, state support for professional student exchange programs, and loan repayment assistance programs.
- Improving Teacher Quality\*-A federally-funded program intended to provide professional development and teacher training that improves teaching methods and teaching skills in the classroom.
- Community College Assistance- State funding for community colleges is budgeted in this program. Two-year community colleges in Kalispell, Glendive, and Miles City collectively serve about 2,800 resident full-time students.
- MUS Group Health Insurance-This program administers a system-wide group benefit program for MUS campuses, agencies, and programs, and the state's community colleges. Both the employer and the employee participate in the cost of this program.
- Educational Outreach and Diversity Program\*- A primarily federally funded program that serves at-risk and underrepresented populations to increase participation and retention in postsecondary education.
- MUS Self-Insured Workers Compensation- Since July 2003, this program manages the MUS self-insured workers compensation program. All workers compensation insurance for the MUS is provided through this program.

- Workforce Development\*- The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and postsecondary levels.
- Appropriation Distribution – State funding for university educational units and agencies is budgeted in this program. The MUS campuses collectively serve approximately 29,700 resident full-time students.
  - University Units\*
    - UM Missoula
    - UM MT Tech
    - UM Western
    - UM Helena
    - MSU Bozeman
    - MSU Billings
    - MSU Northern
    - MSU Great Falls
  - Research and Public Service Agencies
    - Agricultural Experiment Station
    - Extension Service
    - Forest and Conservation Experiment Station
    - Bureau of Mines
    - Fire Services Training School
- Tribal College Assistance - Provides funding to Montana tribal colleges to support a portion of the cost of educating nonbeneficiary Montana students (non-tribal members) attending the seven tribal community colleges on the reservations in Montana.
- Guaranteed Student Loan Program\*-Guarantees student loans that were made by private lenders to higher education students in Montana under the former Federal Family Education Loan Program prior to July 1, 2010. Since July 1, 2010 all federal student loans have been issued and serviced through the U.S. Department of Education’s William D. Ford Direct Loan Program.
- Board of Regents\*- This program provides travel expenses and per diem expenses for the Board of Regents.

\*Since the 1995 legislative session, the legislature has combined the appropriation for the university educational units and most of OCHE into a single, lump-sum appropriation. Thus, the legislature determines the amount of state funds appropriated for higher education, but the Regents make the ultimate funding allocations to the various university campuses and programs.

**Agency Highlights**

<b>Montana University System Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature increased total agency funding \$23.4 million, or 4.6%, in the 2013 biennium from the 2011 biennium ongoing base budget due primarily to the following biennial budget adjustments approved by the legislature:                             <ul style="list-style-type: none"> <li>● Net biennial increase of \$13.8 million for statewide and other present law adjustments (total increase from FY 2010 base of \$38.5 million less increase from FY 2010 to FY 2011 of \$24.7 million)</li> <li>● Increases totaling \$3.7 million for new proposals increased base budget expenditures on an on-going basis for the Agricultural Experiment Station (\$650,000/yr), Bureau of Mines (\$600,000/yr), Tribal Colleges (\$459,000/yr), and PBS (\$150,000/yr)</li> <li>● A \$5.5 million increase for the Community College Assistance Program based upon the statutory funding formula, a projected enrollment increase of 14%, and the state percent share at 50.8%</li> <li>● Increases totaling \$12.7 million for new proposals that provide one-</li> </ul> </li> </ul>

<p>time-only state funding increases for the MUS educational units and for MUS research</p> <ul style="list-style-type: none"> <li>• A \$14.6 million decrease to implement a 5% base reduction, offset \$1.8 million by a fund switch in the Student Assistance Program approved by the legislature that eliminates the 5% reduction in that program. Most of this reduction impacted the state funds transferred to the university units, community colleges, and tribal colleges</li> <li>◆ The legislature implemented funding switches impacting general fund and federal funds, including: <ul style="list-style-type: none"> <li>• Replacing \$5.8 million of general fund in the Student Assistance Program with a like amount of federal funds from the Montana guaranteed student loan account</li> <li>• Replacing \$59.5 million of one-time federal State Fiscal Stabilization Funds from the 2009 American Recovery and Reinvestment Act with a like amount of general fund as provided in HB 645 and approved by the 2009 Legislature</li> </ul> </li> <li>◆ The legislature transferred the appropriation for the Digital Academy from the Office of the Commissioner of Higher Education to the Office of Public Instruction</li> </ul>
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### Summary of Legislative Action

The Montana University System provides postsecondary education to 38,000 full-time equivalent (FTE) students (resident and non-resident) at eight campus locations in Montana, and 3,000 FTE students (resident and non-resident) at three community colleges. In addition, the state supports seven tribal colleges through the non-beneficiary student assistance program. The Office of the Commissioner of Higher Education administers several statewide programs and distributes student financial aid funds to the MUS campuses, as well as provides executive level staff support to the Montana Board of Regents.

#### *MUS Educational Units*

The legislative budget for the educational units increases 5.6% in the 2013 biennium from the 2011 biennium base budget. The legislature approved present law adjustments totaling \$10.3 million in the 2013 biennium. The legislature also added \$12.7 million of one-time-only funding for increased state support and research. This one-time money will not be part of the budget base for the 2015 biennium budget. These adjustments were offset \$8.8 million by the plan to reduce general fund and certain state special revenues by 5% submitted by the agency as required in statute (5% reduction plan).

The legislature replaced \$59.5 million of one-time federal education State Fiscal Stabilization Funds (SFSF) from the American Recovery and Reinvestment Act appropriated by the 2009 Legislature with general fund in the 2013 biennium, as intended by the 2009 Legislature and allowed in HB 645.

#### *MUS Research/Public Service Agencies*

The legislative budget biennial change for the five research and public service agencies affiliated with the Montana University System ranges between a 1.7% increase at the Agricultural Experiment Station to a 12.5% decrease at the Forest and Conservation Experiment Station. The legislature approved statewide and other present law adjustments for the agencies totaling \$1.4 million in the 2013 biennium, while the 5% reduction plan reduced the agencies' budgets \$2.9 million in the 2013 biennium.

The legislature approved a permanent increase in the base budget for the Agricultural Experiment Station by \$1.3 million in the 2013 biennium and the Bureau of Mines Ground Water Investigation Program by \$1.2 million in the 2013 biennium.

*Community College Assistance*

The legislature used the statutory funding formula to calculate the general fund appropriation for the community colleges in the 2013 biennium. The formula adjustments and other present law adjustments approved by the legislature added \$5.5 million to the 2013 biennium budget. These adjustments were offset \$0.9 million by the 5% reduction plan. Overall, the legislature increased the community college base budget 26.7% in the 2013 biennium.

*Student Assistance*

The legislature reduced funding for the student assistance program 2.1% in the 2013 biennium. The reduction is primarily the result of reduced funding for the Governor’s Postsecondary Scholarships (2% in the 2013 biennium) and the Quality Educator Loan Assistance program (19% in the 2013 biennium). The scholarship funds were reduced as the legislature continued a base reduction that was implemented in FY 2011. The loan assistance program funding was adjusted to reflect the current and projected pipeline of students in the program.

The legislature approved a fund switch in the Student Assistance Program to replace \$5.8 million of general fund with a like amount of federal funds available from the Montana guaranteed student loan operations account. There was no expenditure impact resulting from the fund switch. This fund switch is likely unsustainable in the 2015 biennium as the funds available were from a fund balance that had built up over several years.

*Tribal College Assistance*

The legislative budget for the tribal college assistance programs increased 91.0% in the 2013 biennium from the 2011 biennium base budget. The legislature restored one-time-only funding authorized in HB 645 in the 2009 session.

**Funding**

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2013 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Administration Program	\$ 4,608,903	\$ -	\$ 892,811	\$ 148,801	\$ 5,650,515	1.07%
02 Student Assistance Program	20,051,800	203,719	6,132,478	-	26,387,997	4.99%
03 Improving Teacher Quality	-	-	496,120	-	496,120	0.09%
04 Community College Assistance	21,920,775	-	-	-	21,920,775	4.15%
06 Educational Outreach & Diversity	137,329	-	12,668,844	-	12,806,173	2.42%
08 Work Force Development Pgm	180,134	-	12,521,686	-	12,701,820	2.40%
09 Appropriation Distribution	323,165,880	40,897,758	-	-	364,063,638	68.88%
11 Tribal College Assistance Pgm	1,684,170	-	-	-	1,684,170	0.32%
12 Guaranteed Student Loan Pgm	-	-	82,735,068	-	82,735,068	15.65%
13 Board Of Regents-Admin	91,474	-	-	-	91,474	0.02%
<b>Grand Total</b>	<b>\$371,840,465</b>	<b>\$ 41,101,477</b>	<b>\$ 115,447,007</b>	<b>\$ 148,801</b>	<b>\$528,537,750</b>	<b>100.00%</b>

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	147,531,701	147,531,701	295,063,402	79.35%	240,230,561	240,230,561	480,461,122	90.90%
Statewide PL Adjustments	30,855,863	29,352,638	60,208,501	16.19%	874,849	810,164	1,685,013	0.32%
Other PL Adjustments	6,184,052	7,020,494	13,204,546	3.55%	15,056,517	21,715,782	36,772,299	6.96%
New Proposals	1,694,236	1,669,780	3,364,016	0.90%	4,825,986	4,793,330	9,619,316	1.82%
<b>Total Budget</b>	<b>\$186,265,852</b>	<b>\$185,574,613</b>	<b>\$371,840,465</b>		<b>\$260,987,913</b>	<b>\$267,549,837</b>	<b>\$528,537,750</b>	

### Other Legislation

**SB 138** – This bill limits the state general fund reimbursement of 1% of the employer’s share of the Optional Retirement Plan (ORP) to only salaries paid out of the current unrestricted fund. Prior to passage of SB 138, the additional 1% benefit increase provided by HB 95 passed by the 2007 Legislature was paid entirely by general fund, regardless of the fund source that paid the salaries of the ORP members. SB 138 was estimated to reduce the general fund requirements by \$1.2 million in the 2013 biennium.

**HB 604** – This legislation includes a \$300,000 per year statutory appropriation of coal severance tax interest income to the Board of Regents for the development of energy and natural resources doctoral programs at Montana Tech. This is a one-time-only appropriation for the 2013 biennium and will not be part of the base budget for the 2015 biennium budget cycle.

### Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	104.05	93.88	93.88	0.00	93.88	93.88	0.00	
Personal Services	5,405,153	5,870,412	5,837,128	(33,284)	5,889,517	5,856,233	(33,284)	(66,568)
Operating Expenses	5,047,869	5,348,710	5,330,659	(18,051)	5,238,636	5,217,569	(21,067)	(39,118)
Equipment & Intangible Assets	0	10,000	10,000	0	0	0	0	0
Local Assistance	8,687,831	11,535,186	11,139,820	(395,366)	11,424,393	11,030,955	(393,438)	(788,804)
Grants	16,202,303	19,492,668	18,945,170	(547,498)	19,181,834	18,537,136	(644,698)	(1,192,196)
Benefits & Claims	25,813,316	32,313,316	32,313,316	0	38,813,316	38,813,316	0	0
Transfers	179,030,609	191,952,346	187,368,340	(4,584,006)	195,505,877	188,051,148	(7,454,729)	(12,038,735)
Debt Service	43,480	43,480	43,480	0	43,480	43,480	0	0
<b>Total Costs</b>	<b>\$240,230,561</b>	<b>\$266,566,118</b>	<b>\$260,987,913</b>	<b>(\$5,578,205)</b>	<b>\$276,097,053</b>	<b>\$267,549,837</b>	<b>(\$8,547,216)</b>	<b>(\$14,125,421)</b>
General Fund	147,531,701	193,828,002	186,265,852	(7,562,150)	196,104,759	185,574,613	(10,530,146)	(18,092,296)
State/Other Special	19,535,696	19,827,019	19,827,019	0	21,274,458	21,274,458	0	0
Federal Special	73,082,748	52,836,718	54,820,663	1,983,945	58,643,414	60,626,344	1,982,930	3,966,875
Proprietary	80,416	74,379	74,379	0	74,422	74,422	0	0
Current Unrestricted	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$240,230,561</b>	<b>\$266,566,118</b>	<b>\$260,987,913</b>	<b>(\$5,578,205)</b>	<b>\$276,097,053</b>	<b>\$267,549,837</b>	<b>(\$8,547,216)</b>	<b>(\$14,125,421)</b>

The legislature approved a budget that is \$14.1 million less than the proposed executive budget. Most of the difference is in the general fund.

The major differences in the legislative budget compared to the executive budget are:

- The legislature funded the present law adjustments at the MUS educational units and research and public service agencies at an average of 47.7%, rather than the 84% proposed in the executive budget -- a difference of \$8.1 million over the 2013 biennium
- The legislature reduced the funding for the Governor's postsecondary scholarship program and the quality educator loan forgiveness program -- a difference of \$0.7 million over the 2013 biennium
- The legislature implemented the entire 5% reduction plan included in the agency budget submission, rather than partial implementation as proposed by the executive budget -- a difference of \$4.4 million over the 2013 biennium
- The legislature did not fund executive budget new proposals for dual enrollment or Biodiesel Research (see note) – a difference of \$0.9 million over the 2013 biennium. [Note: The legislature did provide \$0.4 million one-time-only funding in the Department of Transportation for biodiesel research in the MUS.]
- The legislature added \$9.23 million one-time-only general fund to the MUS educational units for increased state funding and \$3.5 million one-time-only general fund for MUS research rather than the \$15.0 million new

proposal for the MUS educational units recommended by the executive – a difference of \$2.3 million over the 2013 biennium

- The legislature reduced \$5.8 million general fund from the Student Assistance Program and backfilled the entire reduction with federal funds available from the Montana Guaranteed Student Loan Program operations account
- The legislature increased base funding for the Agricultural Experiment Station (\$1.3 million for the 2013 biennium) and the Bureau of Mines Ground Water Investigation Program (\$1.2 million for the 2013 biennium). The legislature also increased base funding for PBS (\$0.3 million for the 2013 biennium) but at a lower amount than the executive budget proposed

### **Language and Statutory Authority**

The legislature included the following language in HB 2 for the Montana University System:

1. *Language that creates the lump sum appropriation:*

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

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

“General fund money, state and federal special revenue, and proprietary fund revenue appropriated to the board of regents are included in all Montana university system programs (5100). All other public funds received by units of the Montana university system (other than plant funds appropriated in HB 5, relating to long-range building) are appropriated to the board of regents and may be expended under the provisions of 17-7-138(2). The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), according to board policy.”

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

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

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

“The Montana university system shall provide the electronic data required for human resource data for the current unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved board of regents operating budgets.”

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	23.40	23.40	22.43	22.43	23.40	22.43	(0.97)	(4.15%)
Personal Services	2,083,366	2,190,847	2,085,584	2,083,576	4,274,213	4,169,160	(105,053)	(2.46%)
Operating Expenses	700,654	710,670	726,736	673,619	1,411,324	1,400,355	(10,969)	(0.78%)
Equipment & Intangible Assets	0	25,778	10,000	0	25,778	10,000	(15,778)	(61.21%)
Local Assistance	0	9,000	0	0	9,000	0	(9,000)	(100.00%)
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	35,500	48,893	35,500	35,500	84,393	71,000	(13,393)	(15.87%)
<b>Total Costs</b>	<b>\$2,819,520</b>	<b>\$2,985,188</b>	<b>\$2,857,820</b>	<b>\$2,792,695</b>	<b>\$5,804,708</b>	<b>\$5,650,515</b>	<b>(\$154,193)</b>	<b>(2.66%)</b>
General Fund	2,309,441	2,355,519	2,337,167	2,271,736	4,664,960	4,608,903	(56,057)	(1.20%)
Federal Special	429,663	530,146	446,274	446,537	959,809	892,811	(66,998)	(6.98%)
Other	80,416	99,523	74,379	74,422	179,939	148,801	(31,138)	(17.30%)
<b>Total Funds</b>	<b>\$2,819,520</b>	<b>\$2,985,188</b>	<b>\$2,857,820</b>	<b>\$2,792,695</b>	<b>\$5,804,708</b>	<b>\$5,650,515</b>	<b>(\$154,193)</b>	<b>(2.66%)</b>

### Program Description

The Office of the Commissioner of Higher Education (OCHE) Administration Program includes: 1) general administration of the university system; 2) academic, financial, and legal administration; 3) labor relations and personnel administration; and 4) student assistance administration. Article X, Section 9, of the Montana Constitution requires that the Board of Regents appoints the commissioner and prescribes his/her powers and duties.

### Program Highlights

<b>OCHE Administration Program</b>	
<b>Major Budget Highlights</b>	
◆	The legislature decreased this program's budget 2.7% from the previous biennium
◆	The legislature implemented a 5% budget reduction in this program for the 2013 biennium, reducing 0.97 FTE and approximately \$90,000 annually <ul style="list-style-type: none"> <li>• The legislature increased funding for statewide and other present law adjustments</li> </ul>

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 2,309,441	81.9%	\$ 2,337,167	81.8%	\$ 2,271,736	81.3%
01100 General Fund	2,309,441	81.9%	2,337,167	81.8%	2,271,736	81.3%
03000 Total Federal Special Funds	429,663	15.2%	446,274	15.6%	446,537	16.0%
03080 Che Indirect Cost Recovery	429,663	15.2%	446,274	15.6%	446,537	16.0%
06000 Total Proprietary Funds	80,416	2.9%	74,379	2.6%	74,422	2.7%
06539 Indirect Costs - Oche	80,416	2.9%	74,379	2.6%	74,422	2.7%
<b>Grand Total</b>	<b>\$ 2,819,520</b>	<b>100.0%</b>	<b>\$ 2,857,820</b>	<b>100.0%</b>	<b>\$ 2,792,695</b>	<b>100.0%</b>

Funding is primarily general fund. However, about 18% of the funding in the base year was from federal and proprietary revenue to support administrative overhead activities, such as accounting and payroll, for federal grant programs and proprietary programs administered by other OCHE programs (e.g. Talent Search, GEAR-UP, Perkins, Group Insurance, and MUS Workers Compensation). This funding percentage of non-general fund for overhead activities remained at 18% for the 2013 biennium.

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,309,441	2,309,441	4,618,882	100.22%	2,819,520	2,819,520	5,639,040	99.80%
Statewide PL Adjustments	107,439	51,931	159,370	3.46%	118,013	62,811	180,824	3.20%
Other PL Adjustments	12,955	4,940	17,895	0.39%	12,955	4,940	17,895	0.32%
New Proposals	(92,668)	(94,576)	(187,244)	(4.06%)	(92,668)	(94,576)	(187,244)	(3.31%)
<b>Total Budget</b>	<b>\$2,337,167</b>	<b>\$2,271,736</b>	<b>\$4,608,903</b>		<b>\$2,857,820</b>	<b>\$2,792,695</b>	<b>\$5,650,515</b>	

**Present Law Adjustments**

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

	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					186,844					184,575
Vacancy Savings					(90,809)					(90,718)
Inflation/Deflation					(2,304)					(2,183)
Fixed Costs					24,282					(28,863)
<b>Total Statewide Present Law Adjustments</b>		<b>\$107,439</b>	<b>\$0</b>	<b>\$16,611</b>	<b>\$118,013*</b>		<b>\$51,931</b>	<b>\$0</b>	<b>\$16,874</b>	<b>\$62,811*</b>
DP 101 - Program 01 Operating Adjustment	0.00	16,100	0	0	16,100	0.00	8,008	0	0	8,008
DP 920 - Remove 1% Statutory ORP from HB 2	0.00	(3,145)	0	0	(3,145)	0.00	(3,068)	0	0	(3,068)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$12,955</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,955</b>	<b>0.00</b>	<b>\$4,940</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,940</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$120,394</b>	<b>\$0</b>	<b>\$16,611</b>	<b>\$130,968*</b>	<b>0.00</b>	<b>\$56,871</b>	<b>\$0</b>	<b>\$16,874</b>	<b>\$67,751*</b>

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

DP 101 - Program 01 Operating Adjustment - The legislature added general fund in the 2013 biennium for increased rent and information technology support. Rent is budgeted to increase \$5,648 and \$18,460 is allocated for increased bandwidth and replacement servers.

DP 920 - Remove 1% Statutory ORP from HB 2 - The legislature removed the 1% statutory appropriation for the MUS Optional Retirement Plan that was inadvertently included in the original HB 2 budget request.

### New Proposals

New Proposals										
Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services reduction										
01	(0.97)	(90,672)	0	0	(90,672)	(0.97)	(90,579)	0	0	(90,579)
DP 95100 - 5% Plan - OCHE Administration										
01	0.00	(126)	0	0	(126)	0.00	(219)	0	0	(219)
DP 97101 - Non Dept. of Admin Rent Reduction										
01	0.00	(1,870)	0	0	(1,870)	0.00	(3,778)	0	0	(3,778)
<b>Total</b>	<b>(0.97)</b>	<b>(\$92,668)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$92,668)</b>	<b>(0.97)</b>	<b>(\$94,576)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$94,576)</b>

DP 55400 - 4% Personal Services reduction - The legislature reduced the Administration Program in the 2013 biennium through a 4% reduction of personal services funded with general fund and the permanent reduction of 0.97 FTE.

DP 95100 - 5% Plan - OCHE Administration - The legislature implemented the 5% reduction plan for this program.

DP 97101 - Non Dept. of Admin Rent Reduction - The legislature reduced funding for selected non-Department of Administration rental costs.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	93,243	138,207	78,547	78,425	231,450	156,972	(74,478)	(32.18%)
Operating Expenses	48,332	47,024	48,337	48,342	95,356	96,679	1,323	1.39%
Local Assistance	125,000	130,000	125,000	125,000	255,000	250,000	(5,000)	(1.96%)
Grants	12,170,406	14,189,968	12,818,190	13,066,156	26,360,374	25,884,346	(476,028)	(1.81%)
<b>Total Costs</b>	<b>\$12,436,981</b>	<b>\$14,505,199</b>	<b>\$13,070,074</b>	<b>\$13,317,923</b>	<b>\$26,942,180</b>	<b>\$26,387,997</b>	<b>(\$554,183)</b>	<b>(2.06%)</b>
General Fund	12,145,759	14,207,999	9,901,940	10,149,860	26,353,758	20,051,800	(6,301,958)	(23.91%)
State Special	100,783	101,027	101,895	101,824	201,810	203,719	1,909	0.95%
Federal Special	190,439	196,173	3,066,239	3,066,239	386,612	6,132,478	5,745,866	1,486.21%
<b>Total Funds</b>	<b>\$12,436,981</b>	<b>\$14,505,199</b>	<b>\$13,070,074</b>	<b>\$13,317,923</b>	<b>\$26,942,180</b>	<b>\$26,387,997</b>	<b>(\$554,183)</b>	<b>(2.06%)</b>

### Program Description

There are three distinct components to the Student Assistance Program (governed by Title 20, Chapters 25 and 26, MCA):

- The grant, loan, and work-study programs consist of financial need-based criteria for student awards as well as the merit-based component of the Governor's Postsecondary Scholarship Program, as follows:
  - The federal Leveraging Educational Assistance Partnership (LEAP) grant is matched by the state Baker grant program
  - The federal Supplemental Leveraging Educational Assistance Partnership (SLEAP) grant is matched by the Montana Higher Education Grant (MHEG) program
  - The federal Supplemental Educational Opportunity Grant (SEOG) program send funds directly to MUS campuses and is matched by state general fund
  - The Perkins Federal Loan program send funds directly to MUS campuses and is matched by state general fund
  - The Work Study Program is funded 70% from general fund with a 30% employer match
  - The Governor's Postsecondary Scholarship Program has both a need-based and merit component, both of which are supported entirely by general fund (20-26-601, MCA)
- The interstate student exchange and assistance programs have no financial need-based criteria for participants that include:
  - The Western Undergraduate Exchange/Western Regional Graduate Program allows students from 14 participating states to enroll in designated postsecondary schools and pay reduced tuition rates that are less than the non-resident rate. These programs are part of the MUS membership agreement with the Western Interstate Commission for Higher Education (WICHE)
  - The WICHE Professional Student Exchange Program enables Montana students to enroll in 8 professional graduate studies programs in 13 participating states at reduced tuition rates as Montana pays negotiated support fees to subsidize students, who pay reduced tuition
  - The Washington, Wyoming, Alaska, Montana, and Idaho Cooperative Program (WWAMI) enables Montana students to attend the University of Washington School of Medicine at a reduced tuition rate as Montana pays a negotiated support fee to subsidize students
  - The Minnesota Dental Program enables Montana students to attend the University of Minnesota Dental School at a reduced tuition rate as Montana pays a negotiated support fee to subsidize students
- Two student loan repayment assistance programs:

- The Quality Educator Loan Assistance Program (Chapter 20, Part 4 MCA) was created in 2007 with the objective of attracting public school teachers to underserved Montana school districts by providing state funding assistance to help those teachers pay outstanding student loans. A qualifying educator is eligible for loan assistance for a maximum of four years up to \$3,000 per year, subject to an appropriation expressly established for this purpose
- The Institutional Nursing Incentive Program (20-26-1511, MCA) was created in HB 224 by the 2009 Legislature with the objective of attracting and retaining registered professional nurses to work in the Montana State Prison or Montana State Hospital by providing state funding assistance to help those nurses pay outstanding student loans. A qualifying nurse is eligible for loan assistance for a maximum of four years up to \$3,750 per year, subject to available appropriations

**Program Highlights**

<b>Student Assistance Program</b> <b>Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature decreased this program’s budget 2% from the previous biennium</li> <li>◆ General fund as a percent of total funding in this program decreases from 98% in the base year to approximately 76% in the 2013 biennium due to the fund switch initiative described below</li> <li>◆ Major initiatives adopted by the legislature include:                             <ul style="list-style-type: none"> <li>• \$5,751,600 general fund was removed from this program and replaced with a like amount of federal funds available from the Montana guaranteed student loan program</li> <li>• Funding for the quality educator loan assistance program was reduced \$405,158 from the 2011 biennium to fund the current and projected pipeline of students in the program</li> </ul> </li> </ul>

**Program Narrative**

The legislature reduced funding for student assistance programs by continuing a portion of the general fund reductions implemented in the 2011 biennium, by adjusting program costs in the quality educator loan forgiveness program to meet current and projected demand, and by eliminating the general fund subsidy for student assistance administration costs.

The legislature replaced \$5,751,600 of general fund in this program for the 2013 biennium with federal funds available from the Montana Guaranteed Student Loan Program on a one-time-only basis. Overall program expenditures were not reduced by the fund switch. The legislature did not allocate the fund switch to a specific program or programs.

The table on the following page summarizes the budgets for the student assistance programs for the 2013 biennium. Note that the funding switch is shown in the funding section at the bottom of the table.

Student Assistance Program Summary						
Fiscal 2010 through 2013						
Type of Student Assistance	Actual FY 2010	Op Plan FY 2011	Leg. Budget FY 2012	Leg. Budget FY 2013	Biennial \$ Change	Biennial % Change
<u>Grants, Loans &amp; Work Study</u>						
MT Higher Education Grant (MHEG)	\$553,088	\$568,767	\$553,088	\$553,088	(\$15,679)	-1.4%
LEAP Grant Program (MHEG Match)	86,196	89,918	86,196	86,196	(3,722)	-2.1%
Baker Grants	2,041,990	2,041,990	2,041,990	2,041,990	0	0.0%
SLEAP Grant Program (Baker Match)	104,243	106,255	104,243	104,243	(2,012)	-1.0%
Governor's Scholarship Program	2,393,000	2,507,000	2,393,000	2,393,000	(114,000)	-2.3%
Supplemental Education Opportunity Gra	438,449	422,770	438,449	438,449	15,679	1.8%
Perkins Loan *	68,292	68,280	68,292	68,292	12	0.0%
State Work Study	862,989	862,989	862,989	862,989	0	0.0%
<u>Professional Student Exchange (e.g. WICHE/WWAMI)</u>						
	5,239,098	6,029,742	5,601,134	5,703,300	35,594	0.3%
<u>Student Loan Repayment Assistance</u>						
Quality Educator Loan Forgiveness	479,909	1,635,985	782,491	928,245	(405,158)	-19.1%
Institutional Nursing Incentive Program	36,307	37,193	36,307	36,307	(886)	-1.2%
<u>Program Administration</u>						
Family Education Savings Program	100,783	101,027	101,895	101,824	1,909	0.9%
Student Assistance Administration	32,637	33,283	0	0	(65,920)	-100.0%
Total Costs	<u>\$12,436,981</u>	<u>\$14,505,199</u>	<u>\$13,070,074</u>	<u>\$13,317,923</u>	<u>(\$554,183)</u>	<u>-2.1%</u>
General Fund	\$12,145,759	\$14,207,999	\$9,901,940	\$10,149,860	(\$6,301,958)	-23.9%
State Special Revenue	100,783	101,027	101,895	101,824	\$1,909	0.9%
Federal Funds	<u>190,439</u>	<u>196,173</u>	<u>3,066,239</u>	<u>3,066,239</u>	<u>5,745,866</u>	<u>1486.2%</u>
Total Funding	<u>\$12,436,981</u>	<u>\$14,505,199</u>	<u>\$13,070,074</u>	<u>\$13,317,923</u>	<u>(\$554,183)</u>	<u>-2.1%</u>
*Represents the state match. The federal matching funds are distributed directly to university campuses.						

## Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table						
Student Assistance Program						
Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013
01000 Total General Fund	\$ 12,145,759	97.7%	\$ 9,901,940	75.8%	\$ 10,149,860	76.2%
01100 General Fund	12,145,759	97.7%	9,901,940	75.8%	10,149,860	76.2%
02000 Total State Special Funds	100,783	0.8%	101,895	0.8%	101,824	0.8%
02846 Family Ed Savings Admin Fee	100,783	0.8%	101,895	0.8%	101,824	0.8%
03000 Total Federal Special Funds	190,439	1.5%	3,066,239	23.5%	3,066,239	23.0%
03164 State Student Incentive Grant	190,439	1.5%	190,439	1.5%	190,439	1.4%
03400 Guaranteed Std. Loan-Admin.	-	-	2,875,800	22.0%	2,875,800	21.6%
Grand Total	<u>\$ 12,436,981</u>	<u>100.0%</u>	<u>\$ 13,070,074</u>	<u>100.0%</u>	<u>\$ 13,317,923</u>	<u>100.0%</u>

Funding for the Student Assistance Program is included in the lump sum appropriation for the Montana University System. Funding is predominantly general fund. However, the fund switch implemented by the legislature that replaced general fund with federal funds reduced the percentage of general fund to 76% in the 2013 biennium compared to 98% in FY 2010.

Federal funds are granted to the states as an incentive and are required to be matched by state appropriated dollars. In both federal programs (LEAP-the Leveraging Educational Assistance Partnership and SLEAP-the Supplemental Leveraging Educational Assistance Partnership), state appropriations (the Montana Higher Education Grant and Baker grant programs) exceed the one-to-one match requirement. The legislative budget also includes increased federal revenue in the 2013 biennium from the Montana Guaranteed Student Loan Program agency operating fund to backfill general fund reductions.

The legislature increased biennial funding for the interstate professional student exchange programs, including WICHE/WWAMI/MN Dental, by \$36,000 in the 2013 biennium. The cost increase in these programs is driven by the higher tuition rates at the medical and dental schools participating in the program. The number of student slots funded by the legislature decreased by three when compared to the 2011 biennium. The table below illustrates the legislative budget for the professional student exchange program.

2013 Biennium Legislative Budget WICHE/WWAMI/MINNESOTA Dental Programs Office of the Commissioner of Higher Education												
PROGRAM	FY 2012						FY 2013					
	Support Fee	New (1st Year) Students	New (1st Year) Cost	Continuing Students	Continuing Cost	Total	Support Fee	New (1st Year) Students	New (1st Year) Cost	Continuing Students	Continuing Cost	Total
<b>WICHE</b>												
Administrative Dues			\$125,000			\$125,000			\$125,000			\$125,000
Student Assistance:												
Medicine	\$29,700	6	\$178,200	19	\$564,300	\$742,500	\$30,200	6	\$181,200	18	\$543,600	\$724,800
Osteopathic Medicine	19,700	2	39,400	5	98,500	137,900	20,000	1	20,000	5	100,000	120,000
Dentistry	23,000	1	23,000	8	184,000	207,000	23,400	1	23,400	6	140,400	163,800
Veterinary Medicine	29,500	9	265,500	27	796,500	1,062,000	30,000	9	270,000	27	810,000	1,080,000
Podiatry	13,700	1	13,700	0	0	13,700	13,900	0	0	1	13,900	13,900
Optometry	15,800	1	15,800	2	31,600	47,400	16,100	1	16,100	3	48,300	64,400
Occupational Therapy	12,100	1	12,100	2	40,334	52,434	12,300	1	12,300	1	20,500	32,800
(Includes 1 @ clinical rate \$20,167 for FY 12 and \$20,500 for FY 13)												
Subtotal (WICHE Student Support)		21	\$547,700	63	\$1,715,234	\$2,262,934		19	\$523,000	61	\$1,676,700	\$2,199,700
TOTAL WICHE (Including Dues)						\$2,387,934						\$2,324,700
MINNESOTA DENTAL	23,000	2	46,000	2	46,000	92,000	23,400	2	46,800	3	70,200	117,000
WWAMI	52,020	20	0	60	3,121,200	3,121,200	54,360	20	0	60	3,261,600	3,261,600
TOTAL WICHE/WWAMI/MN DENTAL		<u>43</u>	<u>\$718,700</u>	<u>125</u>	<u>\$4,882,434</u>	<u>\$5,601,134</u>		<u>41</u>	<u>\$694,800</u>	<u>124</u>	<u>\$5,008,500</u>	<u>\$5,703,300</u>
<b>Notes:</b>												
1) Rates for all continuing occupational therapy students are calculated at 1 2/3 the annual support fee to include support for two clinical rotations. (\$20,167 for FY 2012; \$20,500 for FY 2013)												
2) The WWAMI support fee is calculated as an average per continuing student. Actual support varies by program year.												

WICHE is the Western Interstate Commission on Higher Education, which provides educational opportunities for Montana students in medical and health-related fields not available in Montana. WWAMI is the Washington, Wyoming, Alaska, Montana, Idaho program, a cooperative agreement with the University of Washington School of Medicine providing medical education opportunities for Montana students. MN Dental is a cooperative agreement with the University of Minnesota School of Dentistry that provides dental education opportunities for Montana students.

### Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	12,145,759	12,145,759	24,291,518	121.14%	12,436,981	12,436,981	24,873,962	94.26%
Statewide PL Adjustments	(15,803)	(15,849)	(31,652)	(0.16%)	(31,942)	(32,059)	(64,001)	(0.24%)
Other PL Adjustments	647,784	895,750	1,543,534	7.70%	665,035	913,001	1,578,036	5.98%
New Proposals	(2,875,800)	(2,875,800)	(5,751,600)	(28.68%)	0	0	0	0.00%
<b>Total Budget</b>	<b>\$9,901,940</b>	<b>\$10,149,860</b>	<b>\$20,051,800</b>		<b>\$13,070,074</b>	<b>\$13,317,923</b>	<b>\$26,387,997</b>	

### Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(29,393)					(29,520)
Vacancy Savings					(2,554)					(2,549)
Inflation/Deflation					177					182
Fixed Costs					(172)					(172)
<b>Total Statewide Present Law Adjustments</b>		<b>(\$15,803)</b>	<b>(\$16,139)</b>	<b>\$0</b>	<b>(\$31,942)</b>		<b>(\$15,849)</b>	<b>(\$16,210)</b>	<b>\$0</b>	<b>(\$32,059)</b>
DP 201 - WICHE/WWAMI/MN Dental	0.00	362,036	0	0	362,036	0.00	464,202	0	0	464,202
DP 203 - Quality Educator Loan Forgiveness	0.00	285,748	0	0	285,748	0.00	431,548	0	0	431,548
DP 205 - Family Education Savings Plan	0.00	0	17,251	0	17,251	0.00	0	17,251	0	17,251
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$647,784</b>	<b>\$17,251</b>	<b>\$0</b>	<b>\$665,035</b>	<b>0.00</b>	<b>\$895,750</b>	<b>\$17,251</b>	<b>\$0</b>	<b>\$913,001</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$631,981</b>	<b>\$1,112</b>	<b>\$0</b>	<b>\$633,093</b>	<b>0.00</b>	<b>\$879,901</b>	<b>\$1,041</b>	<b>\$0</b>	<b>\$880,942</b>

DP 201 - WICHE/WWAMI/MN Dental - The legislature adjusted the FY 2010 base general fund expenditures for the 2013 biennium to fund first year students and continuing students at anticipated tuition levels for the WICHE, WWAMI, and MN Dental professional student exchange programs.

DP 203 - Quality Educator Loan Forgiveness - The legislature adjusted the FY 2010 base general fund expenditures in the 2013 biennium to fund the current and projected pipeline of students in the program. The legislature anticipated providing loan assistance to 100 new teachers each year of the 2013 biennium for a total of 259 students in FY 2012 and 286 students in FY 2013. The table on the next page shows the actual and projected number of quality educators served by this program from FY 2010 through FY 2013.

Quality Educator Loan Forgiveness Assistance Program FY 2008 through FY 2013									
FY	New	Return Y2	Return Y3	Return Y4	Total		Cost		\$/Award
					Awarded				
2008	104	-	-	-	104	\$	307,280	Actual	\$ 2,955
2009	37	79	-	-	116	\$	330,785	Actual	\$ 2,852
2010	101	21	41	-	163	\$	471,754	Actual	\$ 2,894
2011 est	100	79	19	35	233	\$	738,000	Op Budget	\$ 3,167
2012 est	100	79	61	19	259	\$	757,502	Leg Budget	\$ 2,925
2013 est	100	79	61	46	286	\$	903,302	Leg Budget	\$ 3,158

This table tracks GRANTS only. Administrative costs are excluded.

DP 205 - Family Education Savings Plan - The legislature added state special revenue in the 2013 biennium for increased personal services related to the administration of the Family Education Savings Program.

### New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 208 - GSL Funding Switch											
02	0.00	(2,000,000)	0	2,000,000	0	0.00	(2,000,000)	0	2,000,000	0	
DP 55140 - Carry forward FY 11 17-7-140 reductions											
02	0.00	(875,800)	0	875,800	0	0.00	(875,800)	0	875,800	0	
<b>Total</b>	<b>0.00</b>	<b>(\$2,875,800)</b>	<b>\$0</b>	<b>\$2,875,800</b>	<b>\$0</b>	<b>0.00</b>	<b>(\$2,875,800)</b>	<b>\$0</b>	<b>\$2,875,800</b>	<b>\$0</b>	<b>\$0</b>

DP 208 - GSL Funding Switch - The legislature approved a \$2.0 million per year funding switch in the Student Assistance Program. Available federal funds in the Guaranteed Student Loan Program were used to offset a like amount of general fund in this program. Overall expenditures were not impacted by this funding switch.

DP 55140 - Carry forward FY 11 17-7-140 reductions - The legislature reduced general fund in this program by continuing the reduction made in FY 2011 to meet the 17-7-140 reductions but approved a request to backfill the reduction with federal funds from the Montana Guaranteed Student Loan Program.

**Program Budget Comparison**

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

Program Budget Comparison	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Personal Services	16,350	14,432	15,000	30,000	30,782	45,000	14,218	46.19%
Operating Expenses	1,049	4,957	3,050	5,050	6,006	8,100	2,094	34.87%
Grants	221,510	209,285	221,510	221,510	430,795	443,020	12,225	2.84%
<b>Total Costs</b>	<b>\$238,909</b>	<b>\$228,674</b>	<b>\$239,560</b>	<b>\$256,560</b>	<b>\$467,583</b>	<b>\$496,120</b>	<b>\$28,537</b>	<b>6.10%</b>
Federal Special	238,909	228,674	239,560	256,560	467,583	496,120	28,537	6.10%
<b>Total Funds</b>	<b>\$238,909</b>	<b>\$228,674</b>	<b>\$239,560</b>	<b>\$256,560</b>	<b>\$467,583</b>	<b>\$496,120</b>	<b>\$28,537</b>	<b>6.10%</b>

**Program Description**

Improving Teacher Quality is a federally funded grant program providing awards to fund partnerships between higher education and high-need K-12 school districts in order to provide professional development and teacher training that improves teaching methods and teaching skills in the classroom.

**Program Highlights**

<b>Improving Teacher Quality Program Major Budget Highlights</b>	
◆	The legislature increased this program’s budget 6.1% from the previous biennium to increase federal spending authority to the anticipated amount of the federal grant

**Funding**

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table Improving Teacher Quality						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
03000 Total Federal Special Funds	\$ 238,909	100.0%	\$ 239,560	100.0%	\$ 256,560	100.0%
03183 Ed For Econ Security Grant	<u>238,909</u>	<u>100.0%</u>	<u>239,560</u>	<u>100.0%</u>	<u>256,560</u>	<u>100.0%</u>
Grand Total	<u>\$ 238,909</u>	<u>100.0%</u>	<u>\$ 239,560</u>	<u>100.0%</u>	<u>\$ 256,560</u>	<u>100.0%</u>

Funding is entirely from the federal Improving Teacher Quality grants. The legislature increased the appropriation in the 2013 biennium compared to the 2011 biennium to spend the anticipated amount of the federal grant. There are no matching or maintenance of effort requirements for this federal grant.

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	238,909	238,909	477,818	96.31%
Statewide PL Adjustments	0	0	0	0.00%	(16,349)	(16,349)	(32,698)	(6.59%)
Other PL Adjustments	0	0	0	0.00%	17,000	34,000	51,000	10.28%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$239,560</b>	<b>\$256,560</b>	<b>\$496,120</b>	

**Present Law Adjustments**

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

Present Law Adjustments	-----Fiscal 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(16,350)					(16,350)
Inflation/Deflation					1					1
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$0</b>	<b>(\$16,349)</b>	<b>(\$16,349)</b>		<b>\$0</b>	<b>\$0</b>	<b>(\$16,349)</b>	<b>(\$16,349)</b>
DP 301 - Improving Teacher Quality	0.00	0	0	17,000	17,000	0.00	0	0	34,000	34,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,000</b>	<b>\$17,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,000</b>	<b>\$34,000</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$651</b>	<b>\$651</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,651</b>	<b>\$17,651</b>

DP 301 - Improving Teacher Quality - This decision package adds a biennial adjustment for this program in the 2013 biennium to increase federal special revenue to the anticipated amount of the federal grant.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Local Assistance	8,562,831	8,735,483	11,014,820	10,905,955	17,298,314	21,920,775	4,622,461	26.72%
<b>Total Costs</b>	<b>\$8,562,831</b>	<b>\$8,735,483</b>	<b>\$11,014,820</b>	<b>\$10,905,955</b>	<b>\$17,298,314</b>	<b>\$21,920,775</b>	<b>\$4,622,461</b>	<b>26.72%</b>
General Fund	8,562,831	8,735,483	11,014,820	10,905,955	17,298,314	21,920,775	4,622,461	26.72%
Federal Special	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$8,562,831</b>	<b>\$8,735,483</b>	<b>\$11,014,820</b>	<b>\$10,905,955</b>	<b>\$17,298,314</b>	<b>\$21,920,775</b>	<b>\$4,622,461</b>	<b>26.72%</b>

### Program Description

The Community College Assistance program distributes funds appropriated by the legislature to support Montana's three community colleges:

- Dawson Community College located in Glendive
- Flathead Valley Community College located in Kalispell and Libby
- Miles Community College located in Miles City

Each community college district has an elected board of trustees who have governance authority over the college, but the trustees are subject to the supervision of the Board of Regents, as directed by Title 20, Chapter 15, MCA.

The funding formula and methodology for the state general fund appropriation to the community colleges is outlined in statute at 20-15-312, MCA. The general operating budgets of the community colleges are funded from a state general fund appropriation, student tuition and fees, a mandatory property tax levy, an optional voted levy, and other miscellaneous funds. Only the state general fund appropriation is appropriated in HB 2.

### Program Highlights

<b>Community College Assistance Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature increased ongoing funding to the state's community colleges 26.7% in the 2013 biennium from the previous biennium, primarily due to <ul style="list-style-type: none"> <li>• A 14% increase in projected resident student FTE in the 2013 biennium compared to the projected enrollment for the 2011 biennium</li> <li>• Replacing HB 645 one-time-only funding from the 2011 biennium with ongoing general fund in the 2013 biennium</li> </ul> </li> <li>◆ The legislature used the statutory funding formula for community colleges to establish the 2013 biennium state appropriation</li> <li>◆ The legislature set the state percent share for community colleges at 50.8% in the 2013 biennium, the same level used by the 2009 Legislature</li> <li>◆ Budget increases driven by the statutory formula were partially offset by general fund reductions continued from the 2011 biennium and the 5% reduction</li> </ul>

**Program Narrative**

The general fund appropriation level is determined, as defined by 20-15-312, MCA, by a three-factor funding formula that is a calculation of the cost of education, the resident student enrollment level, and the state percent share of funding that is determined by the legislature as a matter of public policy.

The community college funding formula outlined in Section 20-15-312, MCA was enacted in 2007 following a year-long study by the Legislative Finance Committee. This formula replaced a statutory formula that had been in place for almost 30 years. The final report from the 2005-2006 interim study recommended that the fixed/variable ratio used in the funding formula be reviewed and updated every third biennium (every six years). The Legislative Finance Committee accepted this recommendation. Therefore, the fixed/variable ratio used in the community college funding formula should be reviewed prior to the 2015 biennium budget development.

Community college resident enrollment history and projections used to establish the 2013 biennium state appropriation are shown in the figure.

FY	Dawson	Flathead	Miles	Total
2000	384	1,157	452	1,993
2001	363	1,144	494	2,001
2002	388	1,269	495	2,152
2003	363	1,380	455	2,198
2004	392	1,605	489	2,486
2005	442	1,407	513	2,362
2006	442	1,332	442	2,216
2007	353	1,223	442	2,018
2008	344	1,310	405	2,059
2009	382	1,516	398	2,296
2010	380	2,020	425	2,825
2011*	372	1,751	412	2,535
2012*	380	2,060	418	2,858
2013*	380	2,010	418	2,808

\*FY 2011 funding formula, FY 2012 - 2013 legislative projection

**Funding**

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 8,562,831	100.0%	\$ 11,014,820	100.0%	\$ 10,905,955	100.0%
01100 General Fund	8,562,831	100.0%	11,014,820	100.0%	10,905,955	100.0%
03000 Total Federal Special Funds	-	-	-	-	-	-
03487 Fed Stabilization Fund - Gen Gov	-	-	-	-	-	-
Grand Total	<u>\$ 8,562,831</u>	<u>100.0%</u>	<u>\$ 11,014,820</u>	<u>100.0%</u>	<u>\$ 10,905,955</u>	<u>100.0%</u>

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

The formula calculation for the state funding appropriated to the community colleges is shown in the table on the following page. In addition to the statutory formula calculations, the legislature also adjusted the budget for present law adjustments and the 5% reduction plan (see present law adjustments and new proposals sections later in this narrative). These adjustments are shown as “below the line” adjustments in the table.

Community College Assistance Program - 2013 Biennium General Fund Appropriation									
Using Statutory Funding Formula									
Includes a Fixed/Variable Cost Calculation at a 75/25 Ratio									
Budget Item Factors	Fiscal Year 2012				Fiscal Year 2013				Total Biennial Approp.
	Dawson	Flathead Valley	Miles	Total	Dawson	Flathead Valley	Miles	Total	
Projected Resident Student FTE	380	2,060	418	2,858	380	2,010	418	2,808	
Fixed Cost of Education	\$2,790,046	\$10,326,790	\$3,795,997	\$16,912,832	\$2,790,046	\$10,326,790	\$3,795,997	\$16,912,832	
Variable Cost of Education per FTE	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	
Total Cost of Education per Formula	\$3,501,406	\$14,183,110	\$4,578,493	\$22,263,009	\$3,501,406	\$14,089,510	\$4,578,493	\$22,169,409	
State % Share of Cost of Education	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	
Calculated State Share Amount	\$1,778,714	\$7,205,020	\$2,325,874	\$11,309,608	\$1,778,714	\$7,157,471	\$2,325,874	\$11,262,059	\$22,571,667
Legislative Audit	19,668	23,202	18,446	61,316					
Banner Support Costs	35,000	0	35,000	70,000	35,000	0	35,000	70,000	
Carryforward GF Reductions	(12,298)	(37,347)	(16,164)	(65,809)	(12,298)	(37,347)	(16,164)	(65,809)	
5% Reduction Plan	<u>(67,330)</u>	<u>(204,470)</u>	<u>(88,495)</u>	<u>(360,295)</u>	<u>(67,330)</u>	<u>(204,470)</u>	<u>(88,495)</u>	<u>(360,295)</u>	
Total General Fund Budget	<u>\$1,753,754</u>	<u>\$6,986,405</u>	<u>\$2,274,661</u>	<u>\$11,014,820</u>	<u>\$1,734,086</u>	<u>\$6,915,654</u>	<u>\$2,256,215</u>	<u>\$10,905,955</u>	<u>\$21,920,775</u>

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	8,562,831	8,562,831	17,125,662	78.13%	8,562,831	8,562,831	17,125,662	78.13%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	90,565	29,249	119,814	0.55%	90,565	29,249	119,814	0.55%
New Proposals	2,361,424	2,313,875	4,675,299	21.33%	2,361,424	2,313,875	4,675,299	21.33%
<b>Total Budget</b>	<b>\$11,014,820</b>	<b>\$10,905,955</b>	<b>\$21,920,775</b>		<b>\$11,014,820</b>	<b>\$10,905,955</b>	<b>\$21,920,775</b>	

**Present Law Adjustments**

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

	-----Fiscal 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 402 - Community College Audit Costs (Bien-OTO)	0.00	61,316	0	0	61,316	0.00	0	0	0	0
DP 403 - Community College Banner Support	0.00	70,000	0	0	70,000	0.00	70,000	0	0	70,000
DP 404 - Remove Audit From Base	0.00	(40,751)	0	0	(40,751)	0.00	(40,751)	0	0	(40,751)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$90,565</b>	<b>\$0</b>	<b>\$0</b>	<b>\$90,565</b>	<b>0.00</b>	<b>\$29,249</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,249</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$90,565</b>	<b>\$0</b>	<b>\$0</b>	<b>\$90,565</b>	<b>0.00</b>	<b>\$29,249</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,249</b>

DP 402 - Community College Audit Costs (Bien-OTO) - The legislature added the state portion of legislative audit costs to the community colleges as a restricted, one-time-only appropriation. The state share for the audit costs was established at 50.8% for the 2013 biennium.

DP 403 - Community College Banner Support - The legislature added funding for the maintenance, implementation, and reporting of the Banner Management Information System at Dawson and Miles Community Colleges.

DP 404 - Remove Audit From Base - The legislature adjusted the budget to remove audit costs from the FY 2012 and FY 2013 adjusted base. The total state appropriation for audit costs is funded as one-time-only in DP 402.

### New Proposals

Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - Community College Assistance Base Budget Request										
04	0.00	2,787,528	0	0	2,787,528	0.00	2,739,979	0	0	2,739,979
DP 55140 - Carry Forward FY 11 17-7-140 reductions										
04	0.00	(65,809)	0	0	(65,809)	0.00	(65,809)	0	0	(65,809)
DP 95100 - 5% Plan - Community Colleges										
04	0.00	(360,295)	0	0	(360,295)	0.00	(360,295)	0	0	(360,295)
<b>Total</b>	<b>0.00</b>	<b>\$2,361,424</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,361,424</b>	<b>0.00</b>	<b>\$2,313,875</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,313,875</b>

DP 401 - Community College Assistance Base Budget Request - The legislature established the state percent share of the statutory funding formula for the community colleges at 50.8% each year of the 2013 biennium. This adjustment is added to the FY 2010 base (adjusted for DP 404) to fund the formula calculations for the 2013 biennium.

DP 55140 - Carry Forward FY 11 17-7-140 reductions - The legislature continued a portion of the 17-7-140, MCA, general fund reductions allocated to the community colleges in FY 2011.

DP 95100 - 5% Plan - Community Colleges - The legislature applied the 5% general fund reduction to this agency. DP 55140 and this decision package comprise the 5% reduction for this program.

### Language and Statutory Authority

The legislature included the following language in HB 2.

1. *The following language outlining the statutory funding formula components is required to be included in the general appropriations act (per 20-15-310(2)(b), MCA):*

“The variable cost of education for each full-time equivalent student at the community colleges, including Summitnet, is \$1,872 each year of the 2013 biennium. The general fund appropriation for OCHE-Community College Assistance (04) provides 50.8% of the fixed costs of education plus 50.8% of the variable cost of education for each full-time equivalent student in fiscal year 2012 and 50.8% of the fixed cost of education plus 50.8% of the variable costs of education for each full-time equivalent student in fiscal year 2013. The remaining percentage of the budget must be paid from funds other than those appropriated for OCHE--Community College Assistance.”

2. *The following language is required when the legislature funds resident enrollment growth based upon resident enrollment projections and requires a state general fund reversion by the community colleges if enrollment projections are not met:*

“The general fund appropriation for OCHE--Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,858 resident FTE students in fiscal year 2012 and 2,808 resident FTE students in fiscal year 2013. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated number for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142.”

3. *The following language identifies the total estimated audit costs for all three community colleges and the state share portion that is funded in the general appropriations act:*

“Total audit costs are estimated to be \$120,700 for the community colleges for the biennium. The general fund appropriation for each community college provides 50.8% of the total audit costs in the 2013 biennium. The remaining 49.2% of these costs must be paid from funds other than those appropriated for OCHE--Community College Assistance. Audit costs for the biennium may not exceed \$38,900 for Dawson, \$38,900 for Miles, and \$42,900 for Flathead Valley community college.”

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	19.95	19.95	19.95	19.95	19.95	19.95	0.00	0.00%
Personal Services	848,027	1,271,572	1,031,127	1,030,793	2,119,599	2,061,920	(57,679)	(2.72%)
Operating Expenses	669,261	1,401,956	765,385	765,334	2,071,217	1,530,719	(540,498)	(26.10%)
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	1,059,267	5,470,185	2,654,267	1,959,267	6,529,452	4,613,534	(1,915,918)	(29.34%)
Transfers	1,400,000	900,000	2,300,000	2,300,000	2,300,000	4,600,000	2,300,000	100.00%
<b>Total Costs</b>	<b>\$3,976,555</b>	<b>\$9,043,713</b>	<b>\$6,750,779</b>	<b>\$6,055,394</b>	<b>\$13,020,268</b>	<b>\$12,806,173</b>	<b>(\$214,095)</b>	<b>(1.64%)</b>
General Fund	69,723	71,903	68,745	68,584	141,626	137,329	(4,297)	(3.03%)
State Special	0	0	0	0	0	0	0	n/a
Federal Special	3,906,832	8,971,810	6,682,034	5,986,810	12,878,642	12,668,844	(209,798)	(1.63%)
<b>Total Funds</b>	<b>\$3,976,555</b>	<b>\$9,043,713</b>	<b>\$6,750,779</b>	<b>\$6,055,394</b>	<b>\$13,020,268</b>	<b>\$12,806,173</b>	<b>(\$214,095)</b>	<b>(1.64%)</b>

### Program Description

Educational Outreach and Diversity is primarily a federally funded program intended to decrease the dropout rate of low-income and at-risk students at the secondary school level, and to increase their enrollment in postsecondary education. The Educational Outreach and Diversity program has three components providing services to the target populations:

- Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) is an early intervention and scholarship program that provides mentoring, counseling and outreach to build academic success that will lead to postsecondary education enrollment and achievement. The program provides these services to an entire cohort of students at participating schools starting in seventh grade, and the program services follow that cohort through high school completion.
- Montana Educational Talent Search (METS) creates a long-term academic contract with middle school students that subsequently provide academic support, skills building, and counseling to encourage the planning, preparation and pursuit of a postsecondary education.
- American Indian/Minority Achievement (AIMA) is responsible for American Indian and minority recruitment and retention in the university system, oversight for the campus diversity plans, and implementation of Indian Education for All programs in the university system. An overall objective of the program is to work with the campuses of the MUS in order to increase recruitment, enrollment, and graduation rates of American Indian and other minority students.

## Program Highlights

<b>Educational Outreach &amp; Diversity Program</b>	
<b>Major Budget Highlights</b>	
◆	General fund in this program supports the American Indian/Minority Achievement function and is about 1% of the program expenditures
◆	General fund is reduced 3% in the 2013 biennium, as the 2% across the board reduction from the 2011 biennium that was allocated to personal services is continued into the 2013 biennium
◆	While federal funds increase in the 2013 biennium from base year expenditures, compared to the 2011 biennium, federal special revenue authority budgeted for the educational outreach function decreases 1.6%
◆	\$3.0 million of authorized, but unexpended, federal GEAR-UP funds from prior years are included in FY 2011 in the budget comparison table, resulting in a higher budget in FY 2011 than either FY 2010 or either year of the 2013 biennium

## Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table							
Educational Outreach & Diversity							
Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget	
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013	
01000 Total General Fund	\$ 69,723	1.8%	\$ 68,745	1.0%	\$ 68,584	1.1%	
01100 General Fund	69,723	1.8%	68,745	1.0%	68,584	1.1%	
03000 Total Federal Special Funds	3,906,832	98.2%	6,682,034	99.0%	5,986,810	98.9%	
03042 2Nd Gear Up Grant	3,134,249	78.8%	4,968,841	73.6%	4,273,099	70.6%	
03411 Gear Up Trio Scholarship	137,128	3.4%	1,037,128	15.4%	1,037,128	17.1%	
03665 Gsl Gear Up Match	71,757	1.8%	-	-	-	-	
03806 Talent Search	<u>563,698</u>	<u>14.2%</u>	<u>676,065</u>	<u>10.0%</u>	<u>676,583</u>	<u>11.2%</u>	
Grand Total	<u>\$ 3,976,555</u>	<u>100.0%</u>	<u>\$ 6,750,779</u>	<u>100.0%</u>	<u>\$ 6,055,394</u>	<u>100.0%</u>	

The American Indian/Minority Achievement program is funded 100% from state general fund and comprises about 1% of the program budget in the 2013 biennium. Federal funds provide the majority of the funding for this program. The GEAR-UP activities in this program are funded by a federal grant that requires a 50% non-federal fund match, which is provided through allowable in-kind services. Unexpended GEAR-UP federal grant funds of \$3.0 million from prior years are carried forward into FY 2011 creating a higher FY 2011 appropriation in the budget comparison table. Carryover funds at a reduced level are also anticipated for FY 2012 and FY 2013 in the GEAR-UP program. The METS program is funded 100 percent from federal funds, with no match requirement.

### Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	69,723	69,723	139,446	101.54%	3,976,555	3,976,555	7,953,110	62.10%
Statewide PL Adjustments	474	313	787	0.57%	180,676	180,291	360,967	2.82%
Other PL Adjustments	(1,452)	(1,452)	(2,904)	(2.11%)	2,593,548	1,898,548	4,492,096	35.08%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$68,745</b>	<b>\$68,584</b>	<b>\$137,329</b>		<b>\$6,750,779</b>	<b>\$6,055,394</b>	<b>\$12,806,173</b>	

### Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					226,064					225,718
Vacancy Savings					(42,964)					(42,952)
Inflation/Deflation					(1,896)					(1,856)
Fixed Costs					(528)					(619)
<b>Total Statewide Present Law Adjustments</b>		<b>\$474</b>	<b>\$0</b>	<b>\$180,202</b>	<b>\$180,676</b>		<b>\$313</b>	<b>\$0</b>	<b>\$179,978</b>	<b>\$180,291</b>
DP 601 - GEAR UP- Federal Authority	0.00	0	0	2,595,000	2,595,000	0.00	0	0	1,900,000	1,900,000
DP 602 - Continuation of 2% Reduction - 2009 Session	0.00	(1,452)	0	0	(1,452)	0.00	(1,452)	0	0	(1,452)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$1,452)</b>	<b>\$0</b>	<b>\$2,595,000</b>	<b>\$2,593,548</b>	<b>0.00</b>	<b>(\$1,452)</b>	<b>\$0</b>	<b>\$1,900,000</b>	<b>\$1,898,548</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$978)</b>	<b>\$0</b>	<b>\$2,775,202</b>	<b>\$2,774,224</b>	<b>0.00</b>	<b>(\$1,139)</b>	<b>\$0</b>	<b>\$2,079,978</b>	<b>\$2,078,839</b>

DP 601 - GEAR UP- Federal Authority - The legislature added federal authority to implement GEAR UP programs each year of the 2013 biennium. Federal special revenue authority is higher in FY 2012 due to grant carryover funds that must be expended in FY 2012.

DP 602 - Continuation of 2% Reduction - 2009 Session - The 2009 Legislature imposed a 2% across-the-board reduction of general fund but provided flexibility for affected agencies to allocate the reductions when developing operating plans for the 2011 biennium. The legislature directed in statute that agencies reduce their 2013 budget requests by the amount allocated to personal services in the 2011 biennium. This adjustment corresponds to the 2011 biennium portion of the 2% reduction allocated to personal services.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	250,332	527,475	375,664	375,342	777,807	751,006	(26,801)	(3.45%)
Operating Expenses	142,726	134,264	299,656	252,428	276,990	552,084	275,094	99.32%
Grants	2,310,118	2,644,334	2,409,118	2,448,118	4,954,452	4,857,236	(97,216)	(1.96%)
Transfers	3,270,747	3,576,547	3,270,747	3,270,747	6,847,294	6,541,494	(305,800)	(4.47%)
<b>Total Costs</b>	<b>\$5,973,923</b>	<b>\$6,882,620</b>	<b>\$6,355,185</b>	<b>\$6,346,635</b>	<b>\$12,856,543</b>	<b>\$12,701,820</b>	<b>(\$154,723)</b>	<b>(1.20%)</b>
General Fund	90,063	90,066	90,067	90,067	180,129	180,134	5	0.00%
Federal Special	5,883,860	6,792,554	6,265,118	6,256,568	12,676,414	12,521,686	(154,728)	(1.22%)
<b>Total Funds</b>	<b>\$5,973,923</b>	<b>\$6,882,620</b>	<b>\$6,355,185</b>	<b>\$6,346,635</b>	<b>\$12,856,543</b>	<b>\$12,701,820</b>	<b>(\$154,723)</b>	<b>(1.20%)</b>

### Program Description

The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and post-secondary levels.

### Program Highlights

<b>Workforce Development Program</b>	
<b>Major Budget Highlights</b>	
◆	General fund provides the required state match for grant administration costs and remains level for the 2013 biennium
◆	Federal spending authority totaling \$503,700 in the 2013 biennium is included for a new, 4-year grant from the Carl D. Perkins program
◆	While federal funds increase in the 2013 biennium from base year expenditures, compared to the 2011 biennium, federal special revenue authority used for career and technical education programs and services decreases 1.2%
◆	\$0.5 million of authorized, but unexpended, federal Perkins funds from prior years are included in FY 2011 in the budget comparison table, resulting in a higher budget in FY 2011 than either FY 2010 or either year of the 2013 biennium

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table							
Work Force Development Pgm							
		Base	% of Base	Budget	% of Budget	Budget	% of Budget
Program Funding		FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013
01000	Total General Fund	\$ 90,063	1.5%	\$ 90,067	1.4%	\$ 90,067	1.4%
	01100 General Fund	90,063	1.5%	90,067	1.4%	90,067	1.4%
03000	Total Federal Special Funds	5,883,860	98.5%	6,265,118	98.6%	6,256,568	98.6%
	03163 Perkins Rpos	-	-	255,950	4.0%	247,750	3.9%
	03215 Carl Perkins Federal Funds	5,456,750	91.3%	5,582,058	87.8%	5,581,708	87.9%
	03951 Tech Prep Grant	427,110	7.1%	427,110	6.7%	427,110	6.7%
Grand	Total	\$ 5,973,923	100.0%	\$ 6,355,185	100.0%	\$ 6,346,635	100.0%

The State of Montana receives an annual allocation of federal funds through the Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins). The Montana Board of Regents is designated by Montana statute (20-7-329, MCA) as the state entity responsible for administration or supervision of the programs required or allowed under the act. As the eligible agency, the Office of the Commissioner of Higher Education (OCHE) receives the entire grant allocation. OCHE then contracts with the Office of Public Instruction (OPI) for the administration and supervision of K-12 career and technical education programs, services, and activities allowed by the federal act.

The federal act requires at least 85% of the state allocation be earmarked for secondary and post-secondary grants, no more than 10% for state leadership activities as outlined in the federal legislation, and the greater of \$250,000 or 5% for administration costs. Administrative costs must be matched dollar for dollar by non-federal sources.

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

Overall, approximately two-thirds of the grants and administration funds allowed in the act are distributed to OPI for secondary education programs and the remaining approximate one-third is used at the post-secondary level.

FY 2011 includes approximately \$450,000 of carryover authority for Perkins grants from previous years, resulting in a higher FY 2011 appropriation amount in the program budget comparison table.

**Budget Summary by Category**

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	90,063	90,063	180,126	100.00%	5,973,923	5,973,923	11,947,846	94.06%
Statewide PL Adjustments	4	4	8	0.00%	125,312	124,962	250,274	1.97%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	255,950	247,750	503,700	3.97%
<b>Total Budget</b>	<b>\$90,067</b>	<b>\$90,067</b>	<b>\$180,134</b>		<b>\$6,355,185</b>	<b>\$6,346,635</b>	<b>\$12,701,820</b>	

### Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					140,984					140,650
Vacancy Savings					(15,652)					(15,640)
Inflation/Deflation					(29)					(27)
Fixed Costs					9					(21)
<b>Total Statewide Present Law Adjustments</b>		<b>\$4</b>	<b>\$0</b>	<b>\$125,308</b>	<b>\$125,312</b>		<b>\$4</b>	<b>\$0</b>	<b>\$124,958</b>	<b>\$124,962</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$4</b>	<b>\$0</b>	<b>\$125,308</b>	<b>\$125,312</b>	<b>0.00</b>	<b>\$4</b>	<b>\$0</b>	<b>\$124,958</b>	<b>\$124,962</b>

### New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 801 - Paving the Way - New Federal Authority											
08	0.00	0	0	255,950	255,950	0.00	0	0	247,750	247,750	
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$255,950</b>	<b>\$255,950</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$247,750</b>	<b>\$247,750</b>	

DP 801 - Paving the Way - New Federal Authority – The legislature increased federal special revenue authority in the 2013 biennium for a new federal grant under the Carl D. Perkins program that is intended to promote rigorous career and technical programs of study. The grant started October 1, 2010 and expires September 30, 2014. The grant does not require any cost sharing or matching; it is 100% federally funded.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Transfers	174,252,684	171,428,524	181,690,415	182,373,223	345,681,208	364,063,638	18,382,430	5.32%
<b>Total Costs</b>	<b>\$174,252,684</b>	<b>\$171,428,524</b>	<b>\$181,690,415</b>	<b>\$182,373,223</b>	<b>\$345,681,208</b>	<b>\$364,063,638</b>	<b>\$18,382,430</b>	<b>5.32%</b>
General Fund	123,863,811	124,722,453	161,965,291	161,200,589	248,586,264	323,165,880	74,579,616	30.00%
State Special	19,434,913	18,135,584	19,725,124	21,172,634	37,570,497	40,897,758	3,327,261	8.86%
Federal Special	30,953,960	28,570,487	0	0	59,524,447	0	(59,524,447)	(100.00%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$174,252,684</b>	<b>\$171,428,524</b>	<b>\$181,690,415</b>	<b>\$182,373,223</b>	<b>\$345,681,208</b>	<b>\$364,063,638</b>	<b>\$18,382,430</b>	<b>5.32%</b>

### Program Description

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

### Program Highlights

<b>Appropriation Distribution Program</b>	
<b>Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislature increased this program budget 5.3% in total funds in the 2013 biennium compared to ongoing expenditures in the previous biennium, primarily due to:               <ul style="list-style-type: none"> <li>• Present law adjustments totaling \$11.7 million for the biennium</li> <li>• New proposals adding \$12.7 million on a one-time-only basis for the educational units to increase state funding and for MUS research</li> <li>• New proposals adding \$2.8 million to the expenditure base of the Agricultural Experiment Station (\$1.3 million), the Bureau of Mines Groundwater Investigation Program (\$1.2 million), and the Public Broadcasting System (\$0.3 million)</li> <li>• Implementation of a 5% base reduction removing \$11.7 million state-funded expenditures from the biennial budget base</li> </ul> </li> <li>◆ The legislature funded statewide present law adjustments for the educational units and agencies at an average of 47.7% for the 2013 biennium</li> <li>◆ General fund and state special revenue increase \$77.9 million in the 2013 biennium from the previous biennium due to replacing \$59.5 million of one-time federal fiscal stimulus funds with state funds as provided in HB 645 passed by the 2009 Legislature and the net expenditure increases for the 2013 biennium summarized above</li> </ul>	

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table							
Appropriation Distribution							
Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget	
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013	
01000 Total General Fund	\$ 123,863,811	71.1%	\$ 161,965,291	89.1%	\$ 161,200,589	88.4%	
01100 General Fund	123,863,811	71.1%	161,965,291	89.1%	161,200,589	88.4%	
02000 Total State Special Funds	19,434,913	11.2%	19,725,124	10.9%	21,172,634	11.6%	
02289 Bureau Of Mines Groundwater	666,000	0.4%	666,000	0.4%	666,000	0.4%	
02443 University Millage	18,318,027	10.5%	18,508,238	10.2%	19,955,748	10.9%	
02576 Natural Resources Operations Ssr Ft	175,886	0.1%	175,886	0.1%	175,886	0.1%	
02944 Motorcycle Safety Training	275,000	0.2%	375,000	0.2%	375,000	0.2%	
03000 Total Federal Special Funds	30,953,960	17.8%	-	-	-	-	
03487 Fed Stabilization Fund - Gen Gov	-	-	-	-	-	-	
03488 Fed Stabilization Fund - Education	30,953,960	17.8%	-	-	-	-	
Grand Total	<u>\$ 174,252,684</u>	<u>100.0%</u>	<u>\$ 181,690,415</u>	<u>100.0%</u>	<u>\$ 182,373,223</u>	<u>100.0%</u>	

The Appropriation Distribution program is funded from state general fund and state special revenue funds:

1. State general fund comprises approximately 88% of the state funds appropriated in HB 2 for general support of the educational units and research and public service agencies;
2. State special revenue comes from four different sources:
  - a. The statewide six-mill property tax levy is appropriated for the support, maintenance, and improvement of the Montana university system educational units;
  - b. The motorcycle safety account is funded from motorcycle endorsement fees and motorcycle safety fees and is appropriated for the operation of the Montana motorcycle safety training program at MSU-Northern in Havre;
  - c. The groundwater assessment account is funded from an allocation of resource indemnity trust interest and an allocation of taxes on mineral production as provided in Title 15, Chapter 38, Resource Indemnity Trust and Ground Water Assessment and is used to fund groundwater assessment activities at the Montana Bureau of Mines; and
  - d. The natural resources operations account is funded from resource indemnity trust interest, metal mines tax, and oil and natural gas production tax and is also used to fund groundwater assessment activities at the Montana Bureau of Mines.

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

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

Appropriation Distribution Program -- 2013 Biennium Legislative Budget												
Subprogram	Base 2010	Approp 2011	State Share		Budget 2012	State Share		Budget 2013	2011 Biennium	2013 Biennium	Biennium Change	Biennium % Change
			PL 2012	NP 2012		PL 2013	NP 2013					
Ed Units	\$150,608,446	\$148,376,633	\$4,854,978	\$2,107,654	\$157,571,078	\$5,457,220	\$2,132,980	\$158,198,646	\$298,985,079	\$315,769,724	\$16,784,645	5.61%
AES	12,242,313	12,298,340	367,121	(154,010)	12,455,424	418,035	(154,207)	12,506,141	24,540,653	24,961,565	\$420,912	1.72%
ES	5,723,178	5,786,288	4,602	(389,065)	5,338,715	5,539	(389,146)	5,339,571	11,509,466	10,678,286	(\$831,180)	-7.22%
FCES	1,150,413	1,162,078	(66,301)	(72,896)	1,011,216	(64,911)	(72,910)	1,012,592	2,312,491	2,023,808	(\$288,683)	-12.48%
Bureau	2,753,552	2,783,833	238,554	(149,232)	2,842,874	239,615	(149,265)	2,843,902	5,537,385	5,686,776	\$149,391	2.70%
Bureau HB52	758,259	0	0	600,000	1,358,259	0	600,000	1,358,259	758,259	2,716,518	\$1,958,259	258.26%
FSTS	741,523	746,352	33,546	(37,220)	737,849	34,809	(37,220)	739,112	1,487,875	1,476,961	(\$10,914)	-0.73%
Motorcycle	<u>275,000</u>	<u>275,000</u>	<u>100,000</u>	<u>0</u>	<u>375,000</u>	<u>100,000</u>	<u>0</u>	<u>375,000</u>	<u>550,000</u>	<u>750,000</u>	<u>\$200,000</u>	<u>36.36%</u>
Total Costs	<u>\$174,252,684</u>	<u>\$171,428,524</u>	<u>\$5,532,500</u>	<u>\$1,905,231</u>	<u>\$181,690,415</u>	<u>\$6,190,307</u>	<u>\$1,930,232</u>	<u>\$182,373,223</u>	<u>\$345,681,208</u>	<u>\$364,063,638</u>	<u>\$18,382,430</u>	<u>5.32%</u>
Gen Fund	\$123,863,811	\$124,722,453	\$36,196,249	\$1,905,231	\$161,965,291	\$35,406,546	\$1,930,232	\$161,200,589	\$248,586,264	\$323,165,880	\$74,579,616	30.00%
SSR	19,434,913	18,135,584	290,211	0	19,725,124	1,737,721	0	21,172,634	37,570,497	40,897,758	3,327,261	8.86%
Fed	<u>30,953,960</u>	<u>28,570,487</u>	<u>(30,953,960)</u>	<u>0</u>	<u>0</u>	<u>(30,953,960)</u>	<u>0</u>	<u>0</u>	<u>59,524,447</u>	<u>0</u>	<u>(59,524,447)</u>	<u>-100.00%</u>
Total Funds	<u>\$174,252,684</u>	<u>\$171,428,524</u>	<u>\$5,532,500</u>	<u>\$1,905,231</u>	<u>\$181,690,415</u>	<u>\$6,190,307</u>	<u>\$1,930,232</u>	<u>\$182,373,223</u>	<u>\$345,681,208</u>	<u>\$364,063,638</u>	<u>\$18,382,430</u>	<u>5.32%</u>

*Tuition*

In addition to state funding, the university educational units fund operational costs for educating students with revenue from student tuition and interest earnings (collectively these comprise the current unrestricted operating fund). The Montana Board of Regents has the constitutional authority and responsibility to establish the general operating budgets for the educational units and ensure the budgets are balanced. The board will ultimately determine the expenditure level it considers necessary for the delivery of educational services and the tuition increase necessary to support the budget.

At the May 2011 Board of Regents meeting the board approved a 5% tuition rate increase in FY 2012 and an additional 5% tuition rate increase in FY 2013 for resident and non-resident students at all four year MUS campuses. This tuition rate increase is anticipated to generate approximately \$28.5 million in additional tuition revenue in the 2013 biennium. Two-year colleges of technology will continue to have tuition rates frozen for the next two years.

The FY 2012 general operating budgets for all MUS campuses and agencies will be presented to and approved by the Board of Regents at the September 2011 meeting.

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	123,863,811	123,863,811	247,727,622	76.66%	174,252,684	174,252,684	348,505,368	95.73%
Statewide PL Adjustments	30,763,749	29,316,239	60,079,988	18.59%	0	0	0	0.00%
Other PL Adjustments	5,432,500	6,090,307	11,522,807	3.57%	5,532,500	6,190,307	11,722,807	3.22%
New Proposals	1,905,231	1,930,232	3,835,463	1.19%	1,905,231	1,930,232	3,835,463	1.05%
<b>Total Budget</b>	<b>\$161,965,291</b>	<b>\$161,200,589</b>	<b>\$323,165,880</b>		<b>\$181,690,415</b>	<b>\$182,373,223</b>	<b>\$364,063,638</b>	

### Present Law Adjustments

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

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
					*					*
DP 901 - Statewide Present Law Adjustments	0.00	(988,082)	0	0	(988,082)	0.00	(1,139,936)	0	0	(1,139,936)
DP 902 - Library Inflation	0.00	241,538	0	0	241,538	0.00	497,305	0	0	497,305
DP 903 - Information Technology Increases	0.00	253,503	0	0	253,503	0.00	390,078	0	0	390,078
DP 904 - Admin Assessment	0.00	154,364	0	0	154,364	0.00	146,346	0	0	146,346
DP 905 - Utilities Inflation	0.00	1,038,338	0	0	1,038,338	0.00	1,120,749	0	0	1,120,749
DP 906 - New Space	0.00	477,832	0	0	477,832	0.00	529,622	0	0	529,622
DP 907 - Other Operating	0.00	188,951	0	0	188,951	0.00	479,190	0	0	479,190
DP 908 - Waivers	0.00	2,770,774	0	0	2,770,774	0.00	2,769,674	0	0	2,769,674
DP 909 - Faculty Termination Costs	0.00	1,394,026	0	0	1,394,026	0.00	1,394,026	0	0	1,394,026
DP 911 - Agency O&M Reduction	0.00	(101,635)	0	0	(101,635)	0.00	(101,635)	0	0	(101,635)
DP 912 - Accounting Adjustment IDC	0.00	19,579	0	0	19,579	0.00	19,579	0	0	19,579
DP 913 - Overtime/Comp/Communication Device Allowance	0.00	465,471	0	0	465,471	0.00	465,349	0	0	465,349
DP 914 - Agency Adjustments	0.00	699,386	0	0	699,386	0.00	695,410	0	0	695,410
DP 915 - Motorcycle Safety Program	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 920 - Remove 1% Statutory ORP from HB 2	0.00	(1,181,545)	0	0	(1,181,545)	0.00	(1,175,450)	0	0	(1,175,450)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,432,500</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$5,532,500</b>	<b>0.00</b>	<b>\$6,090,307</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$6,190,307</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$36,196,249</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$5,532,500*</b>	<b>0.00</b>	<b>\$35,406,546</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$6,190,307*</b>

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

Note: For DPs 901 through 914 the legislature calculated the state share of present law adjustments to be an average of 47.7% of the total cost (current unrestricted operating fund) of the expenditure adjustment. The state share by campus and agency for each decision package is shown on the table on the following page.

Present Law Adjustments - Educational Units and Research/Public Service Agencies																
2013 Biennium Legislative Budget																
FY2012	PL 0901	PL 902	PL 903	PL 904	PL 905	PL 906	PL 907	PL 908	PL 909	PL 911	PL 912	PL 913	PL 914	PL 915	PL 920	
Unit	SWPLA	Library Inflation	IT Increases	Admin Assessment	Utilities Inflation	New Space	Other Operating Inflation	Waivers	Faculty Termination	Agency O&M Reduction	Accounting Adjustment	Overtime, Comp, Communication Device Allowance	Agency Adjustments	Motorcycle Safety	Remove 1% ORP SA	Total PL Adjs
MSU-Gt Falls	(\$67,468)	\$543	\$3,218	\$0	\$73,889	\$0	\$0	\$19,129	\$23,597	\$0	\$3,298	\$0	\$0	\$0	(\$33,611)	\$22,595
UM-Helena	108,480	1,297	2,504	0	28,632	0	6,635	2,504	18,132	0	0	18,865	0	0	(16,296)	170,753
UM	(497,018)	116,798	46,426	0	261,298	0	77,673	1,497,683	346,936	0	0	351,542	0	0	(430,198)	1,771,140
MSU	(276,145)	112,341	127,501	0	245,896	255,101	38,403	1,065,237	342,151	0	0	0	0	0	(366,104)	1,544,381
UM-MT Tech	219,822	1,367	24,826	0	99,236	0	15,414	41,917	32,985	0	0	0	0	0	(90,932)	344,635
MSU-Billings	(37,940)	3,978	19,611	0	163,493	0	38,294	94,154	178,830	0	0	46,129	0	0	(88,764)	417,785
MSU-Norther	295,486	3,087	22,250	0	36,627	0	12,532	30,127	104,187	0	16,281	30,342	0	0	(35,229)	515,690
UM Western	40,256	2,127	7,167	0	34,651	0	0	20,023	5,695	0	0	0	0	0	(41,920)	67,999
Subtotal Ed Units	<u>(\$214,527)</u>	<u>\$241,538</u>	<u>\$253,503</u>	<u>\$0</u>	<u>\$943,722</u>	<u>\$255,101</u>	<u>\$188,951</u>	<u>\$2,770,774</u>	<u>\$1,052,513</u>	<u>\$0</u>	<u>\$19,579</u>	<u>\$446,878</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,103,054)</u>	<u>\$4,854,978</u>
AES	(\$163,705)	\$0	\$0	\$154,364	\$89,751	\$175,112	\$0	\$0	\$147,869	\$0	\$0	\$6,048	\$0	\$0	(\$42,318)	\$367,121
ES	(775,215)	0	0	0	4,865	47,619	0	0	144,871	(97,373)	0	12,545	685,259	0	(17,969)	4,602
FCES	(59,530)	0	0	0	0	0	0	0	23	0	0	0	0	0	(6,794)	(66,301)
Bureau	209,283	0	0	0	0	0	0	0	38,731	0	0	0	0	0	(9,460)	238,554
FSTS	15,612	0	0	0	0	0	0	0	10,019	(4,262)	0	0	14,127	0	(1,950)	33,546
Motorcycle Safety	0	0	0	0	0	0	0	0	0	0	0	0	0	100,000	0	100,000
Total FY 2012	<u>(\$988,082)</u>	<u>\$241,538</u>	<u>\$253,503</u>	<u>\$154,364</u>	<u>\$1,038,338</u>	<u>\$477,832</u>	<u>\$188,951</u>	<u>\$2,770,774</u>	<u>\$1,394,026</u>	<u>(\$101,635)</u>	<u>\$19,579</u>	<u>\$465,471</u>	<u>\$699,386</u>	<u>\$100,000</u>	<u>(\$1,181,545)</u>	<u>\$5,532,500</u>
FY2013	PL 0901	PL 902	PL 903	PL 904	PL 905	PL 906	PL 907	PL 908	PL 909	PL 911	PL 912	PL 913	PL 914	PL 915	PL 920	
Unit	SWPLA	Library Inflation	IT Increases	Admin Assessment	Utilities Inflation	New Space	Other Operating Inflation	Waivers	Faculty Termination	Agency O&M Reduction	Accounting Adjustment	Overtime, Comp, Communication Device Allowance	Agency Adjustments	Motorcycle Safety	Remove 1% ORP SA	Total PL Adjs
MSU-Gt Falls	(\$77,551)	\$1,118	\$6,757	\$0	\$75,157	\$0	\$0	\$19,129	\$23,597	\$0	\$3,298	\$0	\$0	\$0	(\$33,434)	\$18,071
UM-Helena	105,794	2,672	2,704	0	24,082	0	6,702	2,629	18,132	0	0	18,865	0	0	(16,172)	165,408
UM	(566,100)	240,512	93,369	0	322,085	0	366,759	1,497,110	346,936	0	0	351,407	0	0	(427,661)	2,224,417
MSU	(290,242)	231,240	192,235	0	264,162	265,306	38,756	1,064,401	342,151	0	0	0	0	0	(363,952)	1,744,057
UM-MT Tech	222,664	2,827	26,913	0	87,588	0	15,627	42,074	32,985	0	0	0	0	0	(91,825)	338,853
MSU-Billings	(74,152)	8,196	21,579	0	169,528	0	38,688	94,181	178,830	0	0	46,142	0	0	(88,420)	394,572
MSU-Norther	259,985	6,359	35,545	0	38,443	0	12,658	30,127	104,187	0	16,281	30,342	0	0	(35,057)	498,870
UM Western	33,812	4,381	10,976	0	39,811	0	0	20,023	5,695	0	0	0	0	0	(41,726)	72,972
Subtotal Ed Units	<u>(\$385,790)</u>	<u>\$497,305</u>	<u>\$390,078</u>	<u>\$0</u>	<u>\$1,020,856</u>	<u>\$265,306</u>	<u>\$479,190</u>	<u>\$2,769,674</u>	<u>\$1,052,513</u>	<u>\$0</u>	<u>\$19,579</u>	<u>\$446,756</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,098,247)</u>	<u>\$5,457,220</u>
AES	(\$150,154)	\$0	\$0	\$146,346	\$94,752	\$214,792	\$0	\$0	\$147,869	\$0	\$0	\$6,048	\$0	\$0	(\$41,618)	\$418,035
ES	(772,772)	0	0	0	5,141	49,524	0	0	144,871	(97,373)	0	12,545	681,283	0	(17,680)	5,539
FCES	(58,250)	0	0	0	0	0	0	0	23	0	0	0	0	0	(6,684)	(64,911)
Bureau	210,163	0	0	0	0	0	0	0	38,731	0	0	0	0	0	(9,279)	239,615
FSTS	16,867	0	0	0	0	0	0	0	10,019	(4,262)	0	0	14,127	0	(1,942)	34,809
Motorcycle Safety	0	0	0	0	0	0	0	0	0	0	0	0	0	100,000	0	100,000
Total FY 2013	<u>(\$1,139,936)</u>	<u>\$497,305</u>	<u>\$390,078</u>	<u>\$146,346</u>	<u>\$1,120,749</u>	<u>\$529,622</u>	<u>\$479,190</u>	<u>\$2,769,674</u>	<u>\$1,394,026</u>	<u>(\$101,635)</u>	<u>\$19,579</u>	<u>\$465,349</u>	<u>\$695,410</u>	<u>\$100,000</u>	<u>(\$1,175,450)</u>	<u>\$6,190,307</u>

DP 901 - Statewide Present Law Adjustments – The legislature applied statewide present law adjustments for the university educational units and research/public service agencies for the 2013 biennium, funding the state share of these adjustments with general fund.

DP 902 - Library Inflation - The legislature added general fund at each educational unit for the state share of a 6% inflationary increase for library books and materials in the 2013 biennium.

DP 903 - Information Technology Increases - The legislature added general fund at each educational unit for the state share of increased information technology (IT) costs including contractual software licenses and maintenance agreements, hardware maintenance agreements, and internet service costs.

DP 904 - Admin Assessment - The legislature added general fund for the state share of administrative assessments to be paid by the Agricultural Experiment Station to MSU-Bozeman in the 2013 biennium.

DP 905 - Utilities Inflation - The legislature added the state share of projected utilities cost increases at each educational unit and the Agricultural Experiment Station and Extension Service for the 2013 biennium. Utilities adjustments include electricity, natural gas, water, local utilities, biomass fuel, fuel oil, sewer, and garbage/trash removal.

DP 906 - New Space - The legislature added general fund for the state share of operations and maintenance costs for space previously authorized but not included in the base budget for the Montana University System. Space authorized includes Animal Bioscience Facility, Northern Agricultural Research Center, and Eastern Agricultural Research Center.

DP 907 - Other Operating - The legislature added general fund for the state share of increased costs for items that exceed the normal cost of inflation including repair and maintenance, off campus rent, and gasoline expenses. Budgets were adjusted at UM-Helena, UM-Missoula, MSU-Bozeman, UM-MT Tech, MSU-Billings, and MSU-Northern.

DP 908 - Waivers - The legislature added general fund at each educational unit for the state share of mandatory fee waivers and faculty, staff, dependent, graduate and teaching assistant/research assistant waivers. The fee waiver expenditures were classified as personal services in the base budget year but were automatically zeroed out in the statewide present law adjustment calculation. This adjustment reinstated the state share of these costs for the 2013 biennium.

DP 909 - Faculty Termination Costs - The legislature added general fund at each educational unit and the research/public service agencies for the state share of faculty termination costs. These costs were zeroed out in the statewide present law adjustment calculations and were reinstated through this decision package.

DP 911 - Agency O&M Reduction - The legislature adjusted general fund for the state share of overhead cost reductions anticipated for the Extension Service and the Fire Services Training School.

DP 912 - Accounting Adjustment IDC - The legislature reinstated the state share of indirect cost expenditures for MSU-Great Falls and MSU-Northern.

DP 913 - Overtime/Comp/Communication Device Allowance - The legislature increased general fund for the state share of overtime costs; additional faculty, administrative, and classified staff compensation for temporary, additional duties; and communication device allowance expenditures for the 2013 biennium at UM-Helena, UM-Missoula, MSU-Billings, MSU-Northern, the Agricultural Experiment Station, and the Extension Service. These costs were zeroed out in the statewide present law adjustment calculations and were reinstated through this decision package.

DP 914 - Agency Adjustments - The legislature reinstated the state share of medical benefits for the extension agents that are removed in MBARS and reclassified personal service expenditures within Extension Service and Fire Services Training School.

DP 915 - Motorcycle Safety Program - The legislature increased state special revenue funding for the Montana Motorcycle Safety Training Program.

DP 920 - Remove 1% Statutory ORP from HB 2 - The legislature removed the 1% statutory appropriation for the MUS Optional Retirement Plan that was inadvertently included in the original HB 2 budget request.

### New Proposals

New Proposals										
Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 921 - MBMG-Groundwater Investigation Program										
09	0.00	600,000	0	0	600,000	0.00	600,000	0	0	600,000
DP 922 - Ag Experiment Station - Increased State Funding										
09	0.00	650,000	0	0	650,000	0.00	650,000	0	0	650,000
DP 923 - Ed Units - Incr State Funding (RST/Bien/OTO)										
09	0.00	4,855,152	0	0	4,855,152	0.00	4,380,153	0	0	4,380,153
DP 924 - MUS Research - Incr State Funding (RST/Bien/OTO)										
09	0.00	1,500,000	0	0	1,500,000	0.00	2,000,000	0	0	2,000,000
DP 925 - PBS - Increased State Funding										
09	0.00	150,000	0	0	150,000	0.00	150,000	0	0	150,000
DP 55140 - Carry Forward FY 2011 17-7-140 reductions Ed Units										
09	0.00	(749,642)	0	0	(749,642)	0.00	(749,642)	0	0	(749,642)
DP 55141 - Carry Forward FY 2011 17-7-140 reductions Agencies										
09	0.00	(1,095,262)	0	0	(1,095,262)	0.00	(1,095,262)	0	0	(1,095,262)
DP 55401 - 4% Personal Services reduction-Educational Units										
09	0.00	(1,808,205)	0	0	(1,808,205)	0.00	(1,808,514)	0	0	(1,808,514)
DP 55402 - 4% Personal Services reduction-Agencies										
09	0.00	(357,161)	0	0	(357,161)	0.00	(357,486)	0	0	(357,486)
DP 95100 - 5% Plan - Educational Units										
09	0.00	(1,836,589)	0	0	(1,836,589)	0.00	(1,836,280)	0	0	(1,836,280)
DP 95101 - 5% Plan - Research & Public Service Agencies										
09	0.00	(3,062)	0	0	(3,062)	0.00	(2,737)	0	0	(2,737)
<b>Total</b>	<b>0.00</b>	<b>\$1,905,231</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,905,231</b>	<b>0.00</b>	<b>\$1,930,232</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,930,232</b>

DP 921 - MBMG-Groundwater Investigation Program - The legislature increased base funding for the groundwater investigation program at the Montana Bureau of Mines and Geology by \$600,000 each year of the 2013 biennium.

DP 922 - Ag Experiment Station - Increased State Funding - The legislature increased base state funding for the Agricultural Experiment Station by \$650,000 each year of the 2013 biennium.

DP 923 - Ed Units - Incr State Funding (RST/Bien/OTO) - The legislature increased state funding for the educational units by \$9.2 million in the 2013 biennium on a one-time-only basis. Expenditures from this amendment will not be included in base funding for the 2015 biennium budget.

DP 924 - MUS Research - Incr State Funding (RST/Bien/OTO) - The legislature added \$3.5 million general fund to the Montana University System for the 2013 biennium for research activities at the educational units. The appropriation is restricted for research and related necessary support activities and was appropriated on a one-time-only basis. The allocation of this appropriation to the educational units and the types of research that will be supported with the appropriation will be determined by the Board of Regents and campus executives. Expenditures from this amendment will not be included in base funding for the 2015 biennium budget.

DP 925 - PBS - Increased State Funding - The legislature increased base funding for PBS by \$150,000 each year of the 2013 biennium.

DP 55140 - Carry Forward FY 2011 17-7-140 reductions Ed Units - The legislature continued a portion of the FY 2011 17-7-140, MCA, general fund reductions to the educational units into the 2013 biennium as part of the plan submitted by the agency as required in statute to reduce general fund and certain state special revenues by 5%.

DP 55141 - Carry Forward FY 2011 17-7-140 reductions Agencies - The legislature continued the FY 2011 17-7-140, MCA, general fund reductions the research/public service agencies into the 2013 biennium as part of the plan submitted by the agency as required in statute to reduce general fund and certain state special revenues by 5%.

DP 55401 - 4% Personal Services reduction-Educational Units - The legislature reduced general funded personal services by 4% at the educational units as part of the plan submitted by the agency as required in statute to reduce general fund and certain state special revenues by 5%. The reduction includes the elimination of approximately 30.57 FTE. Specific positions that will be impacted have not been identified.

DP 55402 - 4% Personal Services reduction-Agencies - The legislature reduced general funded personal services by 4% at the research/public service agencies as part of the plan submitted by the agency as required in statute to reduce general fund and certain state special revenues by 5%. The reduction includes the elimination of approximately 5.21 FTE. Specific positions that will be impacted have not been identified.

DP 95100 - 5% Plan - Educational Units - The legislature reduced state funds that support the educational units as part of the plan submitted by the agency as required in statute to reduce general fund and certain state special revenues by 5%. DP 55140, DP 55401, and this decision package comprise the 5% reduction for the educational units in the 2013 biennium.

DP 95101 - 5% Plan - Research & Public Service Agencies - The legislature reduced state funds that support the research and public service agencies. DP 55141, DP 55402, and this decision package comprise the plan submitted by the agency as required in statute to reduce general fund and certain state special revenues by 5% for the research and public service agencies in the 2013 biennium.

#### **Language and Statutory Authority**

The legislature included the following language in HB 2.

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

“Revenue anticipated to be received by the Montana university system units and colleges of technology include interest earnings and other revenue of \$897,834 for fiscal year 2012 and \$898,509 for fiscal year 2013. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in OCHE—Appropriation Distribution Transfers.

Revenue anticipated to be received by the agriculture experiment station includes:

- (1) interest earnings and other revenue of \$8,500 each year of the 2013 biennium; and
- (2) federal revenue of \$2,430,301 each year of the 2013 biennium.

These amounts are appropriated for current unrestricted operating expenses and are in addition to that shown in OCHE—Appropriation Distribution Transfers.

Revenue anticipated to be received by the extension services includes:

- (1) interest earnings of \$1,500 each year of the 2013 biennium; and
- (2) federal revenue of \$2,341,763 each year of the 2013 biennium.

These amounts are appropriated for current unrestricted operating expenses and are in addition to that shown in OCHE—Appropriation Distribution Transfers.

Anticipated interest revenue of \$2,000 in each year of the 2013 biennium is appropriated to the forest and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE—Appropriation Distribution Transfers.

Anticipated sales revenue of \$48,000 in each year of the 2013 biennium is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE—Appropriation Distribution Transfers.

Anticipated interest revenue of \$200 each year of the 2013 biennium is appropriated to fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.”

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

“OCHE--Appropriation Distribution Transfers includes \$1,862,756 for the 2013 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 energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$196,806 in fiscal year 2012 and \$196,806 in fiscal year 2013; Montana tech of the university of Montana, \$84,472 in fiscal year 2012 and \$84,472 in fiscal year 2013; western Montana college of the university of Montana, \$67,540 in fiscal year 2012 and \$67,540 in fiscal year 2013; Helena college of technology of the university of Montana, \$27,723 in fiscal year 2012 and \$27,723 in fiscal year 2013; Montana state university-Bozeman, \$250,985 in fiscal year 2012 and \$250,985 in fiscal year 2013; Montana state university-Billings, \$159,561 in fiscal year 2012 and \$155,061 in fiscal year 2013; Montana state university-northern, \$67,441 in fiscal year 2012 and \$52,641 in fiscal year 2013; and Montana state university-Great Falls college of technology, \$86,500 in fiscal year 2012 and \$86,500 in fiscal year 2013.”

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

“The Montana university system shall pay \$88,506 for the 2013 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.”

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Grants	441,002	441,002	842,085	842,085	882,004	1,684,170	802,166	90.95%
<b>Total Costs</b>	<b>\$441,002</b>	<b>\$441,002</b>	<b>\$842,085</b>	<b>\$842,085</b>	<b>\$882,004</b>	<b>\$1,684,170</b>	<b>\$802,166</b>	<b>90.95%</b>
General Fund	441,002	441,002	842,085	842,085	882,004	1,684,170	802,166	90.95%
<b>Total Funds</b>	<b>\$441,002</b>	<b>\$441,002</b>	<b>\$842,085</b>	<b>\$842,085</b>	<b>\$882,004</b>	<b>\$1,684,170</b>	<b>\$802,166</b>	<b>90.95%</b>

### Program Description

The Tribal College Assistance program provides funding to tribal colleges to support a portion of the costs of educating nonbeneficiary Montana students (non-tribal members) attending the seven tribal community colleges on the reservation in Montana. Section 20-25-428, MCA requires the Board of Regents to provide assistance to tribal colleges “subject to a line item appropriation” by the legislature, up to a maximum of \$3,024 per year for each nonbeneficiary student FTE. The statute does not establish a minimum appropriation level.

Tribal colleges are under federal jurisdiction to provide postsecondary education for tribal members but the colleges receive no federal funding assistance to support the costs of education for nonbeneficiary students. Since student tuition rates typically do not cover the full cost of education, as the federal subsidy allows lower tuition rates, state funding to support nonbeneficiary resident students is intended to keep tuition rates lower for these Montana students as well.

### Program Highlights

<b>Tribal College Assistance Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature increased this program’s budget 91% from the previous biennium</li> <li>◆ The legislature reinstated one-time-only funding that had been appropriated to this program in HB 645 in the 2011 biennium</li> <li>◆ The legislature continued the FY 2011 budget reduction implemented by the Governor in Spring 2010</li> <li>◆ Assuming relatively level nonbeneficiary student enrollment at the Tribal Colleges in the 2013 biennium, the average state funds per student distributed to the Tribal Colleges will decrease from \$3,024 in FY 2010 (the statutory maximum) to approximately \$2,807 in both FY 2012 and FY 2013</li> </ul>

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013
01000 Total General Fund	\$ 441,002	100.0%	\$ 842,085	100.0%	\$ 842,085	100.0%
01100 General Fund	441,002	100.0%	842,085	100.0%	842,085	100.0%
Grand Total	\$ 441,002	100.0%	\$ 842,085	100.0%	\$ 842,085	100.0%

This program is funded entirely from general fund. The legislature increased funding for this program in the 2013 biennium due largely to restoring a portion of the one-time-only appropriation contained in HB 645 (the federal stimulus implementation bill) in the 2011 biennium for this program.

The table below illustrates a recent history of actual program expenditures, the legislative budget for the 2013 biennium, and the changes in average state funds per non-beneficiary student over the same time horizon.

Fiscal Year	Number of Nonbeneficiary Montana Students Reported*	State Funds Distributed for Nonbeneficiary Students			Average State Funds per Nonbeneficiary Student
		One-Time	On-Going	Total	
FY 2006 Actual	298.11	\$80,183	\$400,000	\$480,183	\$1,611
FY 2007 Actual	307.87	419,817	0	\$419,817	\$1,364
FY 2008 Actual	301.39	461,401	450,002	\$911,403	\$3,024
FY 2009 Actual	312.02	552,599	450,000	\$1,002,599	\$3,213
FY 2010 Actual	273.13	384,944	441,002	\$825,946	\$3,024
FY 2011 Budget	300.00	515,056	383,087	\$898,143	\$2,994
FY 2012 Legislative Budget	300.00	0	842,085	\$842,085	\$2,807
FY 2013 Legislative Budget	300.00	0	842,085	\$842,085	\$2,807

\*FY 2011-2013 Number of Nonbeneficiary Montana Students are estimated  
\*\*Per Section 20-25-428, MCA there is a maximum distribution of \$3,024 per nonbeneficiary student per year

As shown, the average state funds per student distributed to the Tribal Colleges would decrease from \$3,024 in FY 2010 (the statutory maximum) to approximately \$2,807 in both FY 2012 and FY 2013.

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	441,002	441,002	882,004	52.37%	441,002	441,002	882,004	52.37%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	401,083	401,083	802,166	47.63%	401,083	401,083	802,166	47.63%
<b>Total Budget</b>	<b>\$842,085</b>	<b>\$842,085</b>	<b>\$1,684,170</b>		<b>\$842,085</b>	<b>\$842,085</b>	<b>\$1,684,170</b>	

**New Proposals**

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1101 - Funding for Non-Beneficiary Student Assistance											
11	0.00	458,998	0	0	458,998	0.00	458,998	0	0	458,998	
DP 55140 - Carry Forward FY 11 17-7-140 Reductions											
11	0.00	(57,915)	0	0	(57,915)	0.00	(57,915)	0	0	(57,915)	
<b>Total</b>	<b>0.00</b>	<b>\$401,083</b>	<b>\$0</b>	<b>\$0</b>	<b>\$401,083</b>	<b>0.00</b>	<b>\$401,083</b>	<b>\$0</b>	<b>\$0</b>	<b>\$401,083</b>	

DP 1101 - Funding for Non-Beneficiary Student Assistance - The legislature increased the general fund appropriation for nonbeneficiary students at Tribal Colleges by \$458,998 each year of the 2013 biennium compared to the 2011 biennium budget base.

DP 55140 - Carry Forward FY 11 17-7-140 Reductions - The legislature continued the FY 2011 budget reduction implemented by the Governor in Spring 2010 to address declining state revenues.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	54.20	54.20	45.00	45.00	54.20	45.00	(9.20)	(16.97%)
Personal Services	2,109,235	3,170,360	2,244,906	2,251,797	5,279,595	4,496,703	(782,892)	(14.83%)
Operating Expenses	3,441,376	5,093,798	3,448,058	3,433,359	8,535,174	6,881,417	(1,653,757)	(19.38%)
Equipment & Intangible Assets	0	44,686	0	0	44,686	0	(44,686)	(100.00%)
Benefits & Claims	25,813,316	42,148,362	32,313,316	38,813,316	67,961,678	71,126,632	3,164,954	4.66%
Transfers	71,678	98,322	71,678	71,678	170,000	143,356	(26,644)	(15.67%)
Debt Service	43,480	46,520	43,480	43,480	90,000	86,960	(3,040)	(3.38%)
<b>Total Costs</b>	<b>\$31,479,085</b>	<b>\$50,602,048</b>	<b>\$38,121,438</b>	<b>\$44,613,630</b>	<b>\$82,081,133</b>	<b>\$82,735,068</b>	<b>\$653,935</b>	<b>0.80%</b>
Federal Special	31,479,085	50,602,048	38,121,438	44,613,630	82,081,133	82,735,068	653,935	0.80%
<b>Total Funds</b>	<b>\$31,479,085</b>	<b>\$50,602,048</b>	<b>\$38,121,438</b>	<b>\$44,613,630</b>	<b>\$82,081,133</b>	<b>\$82,735,068</b>	<b>\$653,935</b>	<b>0.80%</b>

### Program Description

The Montana Guaranteed Student Loan Program (MGSLP) operates under federal regulation with federal funds to guarantee student loans that are made by private lenders to higher education students in Montana. MGSLP purchases and services student loans that are in default with the private lender, works with students to prevent default, collects the outstanding balance of the defaulted loan for repayment to the U.S. Department of Education, and provides training and technical assistance to schools and lenders.

Effective July 1, 2010 all new student loans have been issued and serviced through the U.S. Department of Education's William D. Ford Direct Loan Program. The Student Aid and Financial Reform Act (SAFRA) passed by Congress terminated the Federal Family Education Loan Program (FFELP). MGSLP will continue its guarantee functions for FFELP student loans issued prior to July 1, 2010.

MGSLP also administers several state and federal grant and scholarship programs and the Montana Family Education Savings Program. Expenditures for the student aid administration services performed by MGSLP are recorded in the Student Assistance Program.

### Program Highlights

<b>Guaranteed Student Loan Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ This program is funded primarily from federal payments from the U.S. Department of Education</li> <li>◆ The legislature eliminated 9.20 FTE each year due to the impact of recent federal legislation that changed the student loan program and consequently the operation and scope of the program</li> <li>◆ The legislature increased federal authority \$19.5 million in the 2013 biennium from the FY 2010 base budget due to anticipated growth in the number of defaulted borrowers and corresponding collection costs</li> </ul>

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table						
Guaranteed Student Loan Pgm						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
03000 Total Federal Special Funds	\$ 31,479,085	100.0%	\$ 38,121,438	100.0%	\$ 44,613,630	100.0%
03400 Guaranteed Stdt. Loan-Admin.	9,455,377	30.0%	11,097,730	29.1%	12,589,922	28.2%
03401 U.S. Dept Ed / Gsl Recall Acct	22,016,115	69.9%	27,016,115	70.9%	32,016,115	71.8%
03410 Gear Up Essay Scholarship	7,593	0.0%	7,593	0.0%	7,593	0.0%
Grand Total	\$ 31,479,085	100.0%	\$ 38,121,438	100.0%	\$ 44,613,630	100.0%

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

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	31,479,085	31,479,085	62,958,170	76.10%
Statewide PL Adjustments	0	0	0	0.00%	499,139	490,508	989,647	1.20%
Other PL Adjustments	0	0	0	0.00%	6,143,214	12,644,037	18,787,251	22.71%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$38,121,438</b>	<b>\$44,613,630</b>	<b>\$82,735,068</b>	

**Present Law Adjustments**

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

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					600,848					607,167
Vacancy Savings					(108,391)					(108,642)
Inflation/Deflation					4,826					5,278
Fixed Costs					1,856					(13,295)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$0</b>	<b>\$499,139</b>	<b>\$499,139</b>		<b>\$0</b>	<b>\$0</b>	<b>\$490,508</b>	<b>\$490,508</b>
DP 920 - Remove 1% ORP Statutory Approp from Base	0.00	0	0	(915)	(915)	0.00	0	0	(851)	(851)
DP 1201 - Increase in Claim Payments	0.00	0	0	5,000,000	5,000,000	0.00	0	0	10,000,000	10,000,000
DP 1202 - Increased Collection Costs	0.00	0	0	1,500,000	1,500,000	0.00	0	0	3,000,000	3,000,000
DP 1203 - MGSLP FTE Reduction	(9.20)	0	0	(355,871)	(355,871)	(9.20)	0	0	(355,112)	(355,112)
<b>Total Other Present Law Adjustments</b>	<b>(9.20)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,143,214</b>	<b>\$6,143,214</b>	<b>(9.20)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,644,037</b>	<b>\$12,644,037</b>
<b>Grand Total All Present Law Adjustments</b>	<b>(9.20)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,642,353</b>	<b>\$6,642,353</b>	<b>(9.20)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,134,545</b>	<b>\$13,134,545</b>

DP 920 - Remove 1% ORP Statutory Approp from Base - The legislature removed the 1% statutory appropriation for the MUS Optional Retirement Plan that was inadvertently included in the original HB 2 budget request.

DP 1201 - Increase in Claim Payments – The legislature increased the budget authority for the Montana Guaranteed Student Loan Program (MGSLP) from the 2011 biennium as it continues to experience growth in the number of Lender Request for Assistance (LRA) filed for defaulted borrowers. The increase in the number of defaulted borrowers is attributed to the downturn in the economy. As the guarantor, MGSLP purchases the loan from the lender and is tasked with collecting on the loan. The increase in defaulted loans purchased in FY 2010 is 25%.

DP 1202 - Increased Collection Costs – The legislature increased the budget authority for the MGSLP from the 2011 biennium for anticipated increased collection costs directly related to both the amount of default claims paid and the amount of defaulted loan dollars collected. With projected increases in claim payments based on a weak economy, there will be more collections and associated collection costs being forwarded to the Department of Education. MGSLP has seen a 25% increase in the number of defaulted claims filed.

DP 1203 - MGSLP FTE Reduction - This decision package reduces 9.20 FTE positions and \$0.71 million federal special revenue from the program in the 2013 biennium. In March of FY 2010, Congress passed the Student Aid and Financial Reform Act (SAFRA) that eliminated the Federal Family Education Loan Program (FFELP) as of July 1, 2010. All new student loans have been made through the Direct Loan Program which eliminates the need for the loan origination function and the loan disbursement function within the MGSLP.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Personal Services	4,600	6,340	6,300	6,300	10,940	12,600	1,660	15.17%
Operating Expenses	44,471	44,050	39,437	39,437	88,521	78,874	(9,647)	(10.90%)
<b>Total Costs</b>	<b>\$49,071</b>	<b>\$50,390</b>	<b>\$45,737</b>	<b>\$45,737</b>	<b>\$99,461</b>	<b>\$91,474</b>	<b>(\$7,987)</b>	<b>(8.03%)</b>
General Fund	49,071	50,390	45,737	45,737	99,461	91,474	(7,987)	(8.03%)
<b>Total Funds</b>	<b>\$49,071</b>	<b>\$50,390</b>	<b>\$45,737</b>	<b>\$45,737</b>	<b>\$99,461</b>	<b>\$91,474</b>	<b>(\$7,987)</b>	<b>(8.03%)</b>

### Program Description

The Board of Regents program provides secretarial support, travel and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System under Article X, Section 9, Montana Constitution, and 20-25-301, MCA.

### Program Highlights

<b>Board of Regents Major Budget Highlights</b>	
◆	The legislature decreased this program's budget 8% from the previous biennium <ul style="list-style-type: none"> <li>• Travel and dues expenses are reduced 14% annually</li> <li>• Board per diem allowances are fully budgeted for the 2013 biennium</li> </ul>
◆	The budget is entirely general fund

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table Board Of Regents-Admin						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 49,071	100.0%	\$ 45,737	100.0%	\$ 45,737	100.0%
01100 General Fund	<u>49,071</u>	<u>100.0%</u>	<u>45,737</u>	<u>100.0%</u>	<u>45,737</u>	<u>100.0%</u>
Grand Total	<u>\$ 49,071</u>	<u>100.0%</u>	<u>\$ 45,737</u>	<u>100.0%</u>	<u>\$ 45,737</u>	<u>100.0%</u>

This program is funded entirely by state general fund.

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	49,071	49,071	98,142	107.29%	49,071	49,071	98,142	107.29%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	1,700	1,700	3,400	3.72%	1,700	1,700	3,400	3.72%
New Proposals	(5,034)	(5,034)	(10,068)	(11.01%)	(5,034)	(5,034)	(10,068)	(11.01%)
<b>Total Budget</b>	<b>\$45,737</b>	<b>\$45,737</b>	<b>\$91,474</b>		<b>\$45,737</b>	<b>\$45,737</b>	<b>\$91,474</b>	

**Present Law Adjustments**

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

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1301 - Board of Regents Per Diem	0.00	1,700	0	0	1,700	0.00	1,700	0	0	1,700
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,700</b>	<b>0.00</b>	<b>\$1,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,700</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,700</b>	<b>0.00</b>	<b>\$1,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,700</b>

DP 1301 - Board of Regents Per Diem - This decision package restores the Board of Regents per diem budget. The per diem budget is calculated based on 7 regents attending 6 meetings per year that run for 3 days at a rate of \$50 per day. Since there was \$4,600 in the base budget that carried forward to FY 2012 and FY 2013, the adjustment is for the difference of \$1,700.

**New Proposals**

New Proposals	Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
			General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds	
DP 55140 - Carry Forward FY 11 17-7-140 Reductions	13	0.00	(5,034)	0	0	(5,034)	0.00	(5,034)	0	0	(5,034)
<b>Total</b>		<b>0.00</b>	<b>(\$5,034)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,034)</b>	<b>0.00</b>	<b>(\$5,034)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,034)</b>

DP 55140 - Carry Forward FY 11 17-7-140 Reductions - The legislature continued the general fund reductions implemented by the Governor in Spring 2010 in accordance with 17-7-140, MCA. A portion of the reductions was effective in FY 2011 and therefore is not reflected in the base. The reduction in this decision package continues the original reduction into the 2013 biennium.