

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	73.55	0.00	13.25	86.80	0.00	13.50	87.05	87.05
Personal Services	2,914,768	84,697	476,694	3,476,159	103,034	489,940	3,507,742	6,983,901
Operating Expenses	3,784,903	161,154	4,715,388	8,661,445	137,376	4,995,052	8,917,331	17,578,776
Equipment	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	5,289,315	299,147	196,206	5,784,668	296,241	196,990	5,782,546	11,567,214
Grants	9,906,881	750,594	2,652,000	13,309,475	985,916	2,597,000	13,489,797	26,799,272
Benefits & Claims	18,462,439	0	6,812,849	25,275,288	0	9,300,378	27,762,817	53,038,105
Transfers	131,911,080	4,023,833	1,614,300	137,549,213	2,948,447	4,074,248	138,933,775	276,482,988
Debt Service	3,748	0	0	3,748	0	0	3,748	7,496
Total Costs	\$172,273,134	\$5,319,425	\$16,467,437	\$194,059,996	\$4,471,014	\$21,653,608	\$198,397,756	\$392,457,752
General Fund	124,494,535	8,295,444	2,540,970	135,330,949	8,839,204	4,901,667	138,235,406	273,566,355
State/Other Special	15,567,144	(2,540,808)	(194,088)	12,832,248	(2,306,596)	(194,088)	13,066,460	25,898,708
Federal Special	32,211,455	(435,211)	14,120,555	45,896,799	(2,061,594)	16,946,029	47,095,890	92,992,689
Total Funds	\$172,273,134	\$5,319,425	\$16,467,437	\$194,059,996	\$4,471,014	\$21,653,608	\$198,397,756	\$392,457,752

Agency Description

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System. All state funds appropriated by the legislature to the Board of Regents for the support of the Montana University System are channeled through the Office of the Commissioner of Higher Education.

The Montana University System is comprised of:

- ?? The Board of Regents (BOR)
- ?? The Commissioner of Higher Education (CHE), his staff, and several system-wide programs administered from the Office of the Commissioner of Higher Education
- ?? The University of Montana, with:
 - o Four-year campuses in Missoula, Butte, and Dillon
 - o Two-year campuses in Missoula, Butte, and Helena
 - o Two higher education agencies in Missoula and Butte
- ?? Montana State University, with:
 - o Four-year campuses in Bozeman, Billings, and Havre
 - o Two-year campus in Great Falls
 - o Three higher education agencies in Bozeman and Great Falls
- ?? For budget purposes, the Montana University System also includes the community colleges in Kalispell, Glendive, and Miles City. Governance of the community colleges is divided between the Board of Regents and the board of trustees of each community college district.

The OCHE budget is organized in the following programs:

- ?? The Board of Regents travel, per diem, and other related costs
- ?? The CHE, his staff, and all costs related to the state-level administration of the Montana University System not accounted for in other OCHE programs
- ?? State- and federally-funded interstate student assistance and student aid programs administered at the state level, such as the interstate exchange programs for students seeking a medical education, State Work Study, and federal programs that grant funds to needy students
- ?? Three federal grant programs, each with a specific purpose, administered at the state level
- ?? The Montana University System Group Insurance program
- ?? The Montana Guaranteed Student Loan Program
- ?? The Community College Assistance Program

- ?? The Tribal College Assistance Program
- ?? The Appropriation Distribution program where the transfer of state funds to the education units and agencies is recorded and reported

Summary of Legislative Action

The Fifty-seventh Legislature approved a budget for the Montana University System that:

- ?? Funds an approximate \$100 per resident student increase in state support in fiscal 2002 and an additional \$100 per resident student increase in fiscal 2003
- ?? Anticipates an increase in resident students and a decrease in non-resident students
- ?? Reallocates state funds from all areas of the Montana University System to increase funding for Baker Grants in the Student Assistance Program and to increase the state share of community college costs from 51 percent to 53 percent
- ?? Replaces declining six-mill levy revenue with general fund
- ?? Assumes an annual approximate 5.6 percent tuition rate increase in the 2003 biennium, including pay plan
- ?? Expands public service and research programs at the Agricultural Experiment Station and the Fire Services Training School
- ?? Allows the Guaranteed Student Loan Program to comply with a legislative audit recommendation to modify its accounting of revenues and expenditures to more clearly disclose true revenue and expenditures

The legislature appropriated \$273.6 million general fund in the 2003 biennium for the general operations of the Montana University System, a \$22.0 million and 8.7 percent increase from the 2001 biennium. Major items contributing to the biennial increase include the items listed in the above paragraph as well as statewide present law adjustments for annualization of the 2001 biennium pay plan, inflation, and fixed costs.

State special revenue includes the statewide six-mill levy distributed to the units and colleges, resource indemnity trust (RIT) funds used for the groundwater program at the Montana Bureau of Mines, and motorcycle endorsement and registration fees used for the motorcycle safety program at Montana State University - Northern. The legislature appropriated \$25.9 million state special revenue in the 2003 biennium for the general operation of the Montana University System, a \$5.8 million (18.3 percent) decrease from the 2001 biennium. Declining property tax revenue resulting from recent property tax law changes is the primary reason for the state special revenue decrease in the university system budget.

Federal special revenue includes a variety of federal education grants administered from the Office of the Commissioner of Higher Education (OCHE) and fees and program revenue earned by the Guaranteed Student Loan program in the administration of the loan services it provides. Federal special revenue shown on the agency main table does not include any federal grants at the campuses.

The legislature appropriated \$92.9 million in federal special revenue for the programs administered in the OCHE for the 2003 biennium, a \$16.6 million (21.7 percent) increase from the 2001 biennium. Contributing factors to this biennial increase include \$14.5 million in federal authority for the Guaranteed Student Loan program to comply with a legislative audit recommendation to more clearly account for operating revenues and expenditures and a net \$2.1 million increase in federal education grants administered in the OCHE.

Agency Discussion

Lump Sum Appropriation

For the past three biennia, the legislature has combined budgets for the OCHE (except community colleges) and the university units and colleges into one lump-sum appropriation. The legislative rationale for using a lump-sum appropriation for a significant portion of the Montana University System budget is to give the Board of Regents the flexibility to use funds to accomplish the Regents' policy and management priorities. The budgets for the community

colleges, the tribal college assistance, state funds restricted for the Flathead Lake Biological Station, and the research and public service higher education agencies have been appropriated in separate line items in HB 2.

Table 1 Montana University System Legislative Budget 2003 Biennium -- HB2/13 Final									
Category/Program	FTE	General Fund	SSR	Federal	Total State	Tuition (2)	Other University	Total University	Total Funds
FISCAL 2002									
LUMP-SUM:									
CHE-Administration	15.40	\$1,264,071	\$0	\$0	\$1,264,071	\$0	\$0	\$0	\$1,264,071
Student Assistance	0.00	8,299,390	0	151,531	8,450,921	0	0	0	8,450,921
DDE Math & Science	0.00	0	0	312,744	312,744	0	0	0	312,744
Talent Search	20.20	92,846	0	2,993,405	3,086,251	0	0	0	3,086,251
Perkins Admin.	5.00	78,748	0	7,765,831	7,844,579	0	0	0	7,844,579
Guaranteed Student Loan	46.20	0	0	34,673,288	34,673,288	0	0	0	34,673,288
Board of Regents	0.00	43,631	0	0	43,631	0	0	0	43,631
Distance Learning		200,000	0	0	200,000	0	0	0	200,000
Family Practice Residency		341,200	0	0	341,200	0	0	0	341,200
Motorcycle Safety		0	363,336	0	363,336	0	0	0	363,336
University Units & COTs	3,564.00	102,768,870	11,868,912	0	114,637,782	110,420,878	2,927,328	113,348,206	227,985,988
Pers. Svcs. GF Reduction (1)	0.00	(779,826)	0	0	(779,826)	0	0	0	(779,826)
Total Lump Sum	3,650.80	\$112,308,930	\$12,232,248	\$45,896,799	\$170,437,977	\$110,420,878	\$2,927,328	\$113,348,206	\$283,786,183
LINE ITEMS:									
Community Colleges		\$5,685,668	\$0	\$0	\$5,685,668	\$0	\$0	\$0	\$5,685,668
Flathead Lake Biol. Station		100,000	0	0	100,000	0	0	0	100,000
Tribal College Assist. Prog		100,000	0	0	100,000	0	0	0	100,000
Ag Experiment Station	244.56	10,030,460	0	0	10,030,460	0	3,144,235	3,144,235	13,174,695
Extension Service	122.35	4,177,026	0	0	4,177,026	0	2,315,828	2,315,828	6,492,854
Bureau of Mines	34.16	1,533,807	600,000	0	2,133,807	0	27,310	27,310	2,161,117
Forestry & Conservation	13.44	897,428	0	0	897,428	0	4,924	4,924	902,352
Fire Services Training	8.37	497,630	0	0	497,630	0	4,097	4,097	501,727
Total Line Items	422.88	\$23,022,019	\$600,000	\$0	\$23,622,019	\$0	\$5,496,394	\$5,496,394	\$29,118,413
HB 2 Gen'l Operating	4,073.68	\$135,330,949	\$12,832,248	\$45,896,799	\$194,059,996	\$110,420,878	\$8,423,722	\$118,844,600	\$312,904,596
HB 13 Pay Plan	0.00	3,491,176	0	0	3,491,176	2,875,870	175,636	3,051,506	6,542,682
Total HB 2 & HB 13	4,073.68	\$138,822,125	\$12,832,248	\$45,896,799	\$197,551,172	\$113,296,748	\$8,599,358	\$121,896,106	\$319,447,278
FISCAL 2003									
LUMP-SUM:									
CHE-Administration	15.40	\$1,243,480	\$0	\$0	\$1,243,480	\$0	\$0	\$0	\$1,243,480
Student Assistance	0.00	8,477,208	0	151,531	8,628,739	0	0	0	8,628,739
DDE Math & Science	0.00	0	0	312,744	312,744	0	0	0	312,744
Talent Search	20.45	93,349	0	3,129,072	3,222,421	0	0	0	3,222,421
Perkins Admin.	5.00	78,746	0	6,125,761	6,204,507	0	0	0	6,204,507
Guaranteed Student Loan	46.20	0	0	37,376,782	37,376,782	0	0	0	37,376,782
Board of Regents	0.00	43,631	0	0	43,631	0	0	0	43,631
Distance Learning		200,000	0	0	200,000	0	0	0	200,000
Family Practice Residency		341,200	0	0	341,200	0	0	0	341,200
Motorcycle Safety		0	363,548	0	363,548	0	0	0	363,548
University Units & COTs	3,564.00	105,554,325	12,036,912	0	117,591,237	109,775,339	2,927,328	112,702,667	230,293,904
Pers. Svcs. GF Reduction (1)	0.00	(782,537)	0	0	(782,537)	0	0	0	(782,537)
Total Lump Sum	3,651.05	\$115,249,402	\$12,400,460	\$47,095,890	\$174,745,752	\$109,775,339	\$2,927,328	\$112,702,667	\$287,448,419
LINE ITEMS:									
Community Colleges		\$5,679,546	\$0	\$0	\$5,679,546	\$0	\$0	\$0	\$5,679,546
Flathead Lake Biol. Station		100,000	0	0	100,000	0	0	0	100,000
Tribal College Assist. Prog		0	0	0	0	0	0	0	0
Ag Experiment Station	244.56	10,066,810	0	0	10,066,810	0	3,157,339	3,157,339	13,224,149
Extension Service	122.35	4,192,993	0	0	4,192,993	0	2,325,136	2,325,136	6,518,129
Bureau of Mines	34.16	1,538,621	666,000	0	2,204,621	0	27,310	27,310	2,231,931
Forestry & Conservation	13.44	900,784	0	0	900,784	0	4,923	4,923	905,707
Fire Services Training	8.37	507,250	0	0	507,250	0	4,097	4,097	511,347
Total Line Items	422.88	\$22,986,004	\$666,000	\$0	\$23,652,004	\$0	\$5,518,805	\$5,518,805	\$29,170,809
HB 2 Gen'l Operating	4,073.93	\$138,235,406	\$13,066,460	\$47,095,890	\$198,397,756	\$109,775,339	\$8,446,133	\$118,221,472	\$316,619,228
HB 13 Pay Plan	0.00	8,759,051	0	0	8,759,051	7,261,684	394,279	7,655,963	16,415,014
Total HB 2 & HB 13	4,073.93	\$146,994,457	\$13,066,460	\$47,095,890	\$207,156,807	\$117,037,023	\$8,840,412	\$125,877,435	\$333,034,242
(1) One-percent FTE Funding reduction to be allocated by the Board of Regents to university system units as defined in 17-7-102(13). (2) Assumed approximate 5.6 percent annual tuition rate increases (includes pay plan).									

The legislature determined the level of the lump sum by approving the base budget with present law adjustments and new proposals for each year of the biennium. It approved all funds by program in the OCHE and included those in the HB 2 lump sum. It appropriated only the state funds portion of the current unrestricted funding for the units, colleges of

technology, and research/public service agencies in HB 2 line items. The university funds, composed of tuition, interest, proprietary, federal, and other funds are appropriated in HB 2 language. Table 1 above summarizes the Montana University System legislative budget for each year of the 2003 biennium.

Details of the budgeting decisions are included in the following narratives.

Other Appropriations

Table 2 summarizes all legislative appropriations to the Montana University System for the 2003 biennium. The table includes all state funds appropriated to the university system including appropriations contained in appropriation bills or in statute. University funds deposited to the current unrestricted fund (tuition, interest, federal and proprietary funds at the campus level) are included for the general appropriations act and the pay plan bill. University funds deposited to other fund types (designated, auxiliary, plant, and restricted) are included for the long-range building bills.

Bill Number	Bill Description	State Appropriated Funds (1)	University Funds	TOTAL
HB 2	General Appropriations Act	\$392,457,752	\$237,068,803	\$629,526,555
HB 13	Pay Plan Bill	12,250,227	10,707,469	22,957,696
HB 5	Long-Range Planning Cash Projects	2,092,500	38,555,080	40,647,580
HB 14	Long-Range Planning Bonded Projects	18,085,286	0	18,085,286
HB 395	Establish Dental Hygiene Program at Great Falls COT	119,683	0	119,683
Statutory:				
15-65-121	UM-Missoula Travel Research	611,457	0	611,457
15-38-202	MSU-Northern-Environmental Science-Water Quality Instruction	480,000	0	480,000
HB1, May 2000 SS	MSU-Bozeman - MT Manufacturing Extension Center	400,000	0	400,000
HB1, May 2000 SS	MSU-Northern-Cooperative Development Center	130,000	0	130,000
20-26-1503	Rural Physician Incentive	<u>185,682</u>	<u>0</u>	<u>185,682</u>
Total Appropriations 2003 Biennium		<u>\$426,812,587</u>	<u>\$286,331,352</u>	<u>\$713,143,939</u>

Note: HB3 (the 2001 biennium supplemental bill) included \$1.2 million general fund in fiscal 2001 for utility cost increases.
 (1) In this table, state appropriated funds include all funds in HB 2 line items, including general fund, state special revenue, and federal special revenue administered by the OCHE.

Tuition Increases

At its May 2001 meeting, the Board of Regents approved annual tuition increases of 5 percent at the colleges of technology and lower division classes at UM-Western and MSU-Northern and 13 percent at all other campuses. The additional revenue projected to be generated from the tuition increase is \$39.1 million in the 2003 biennium. House Bills 2 and 13 estimated \$14.5 million in tuition increases, or \$24.6 less than approved by the Board of Regents. Refer to the "Education Units Program" in the Appropriation Distribution Program narrative later in the Fiscal Report for more discussion of tuition increases authorized by the Board of Regents.

Other Legislation

House Bills 5 & 14 - These bills contain the cash and bonded capital projects for the university system as discussed in the "Long Range Planning" section of the Legislative Fiscal Report, 2003 Biennium. Cash projects total \$2.1 million of state funds and \$38.6 million of university funds for planning, maintenance, and renovation of buildings on all the campuses. Bonded projects approved in HB 14 total \$18.1 million for deferred maintenance and renovation projects, new construction, and installation of the public broadcasting system digital conversion.

House Bill 13 - Appropriates \$12.25 million general fund and \$10.71 million other funds (university funds, primarily tuition) to fund 4 percent annual pay plan increases in the 2003 biennium. The state portion of the pay plan cost is 53 percent for the 2003 biennium compared to 64 percent in the 2001 biennium.

House Bill 265 - Authorizes local school district trustees to enter into an agreement with a postsecondary institution that permits 11th and 12th graders to take college level classes for college credit, also known as a running start program. The agreement must specify the cost per credit hour to be paid to the postsecondary institution by either the district or the student.

The student credit hours generated from these educational services will be counted in the student enrollment reported by the postsecondary institutions. If the total student enrollment, including any enrollment generated through a running start program, is within the budgeted enrollment for the Montana university system, then the postsecondary institution will have received the state share of the cost of providing educational services. If the total student enrollment, including any enrollment generated through a running start program, exceeds the budgeted enrollment for the Montana university system, then the postsecondary institution will serve the higher-than-expected enrollment without any additional state funding.

House Bill 395 - Appropriates \$119,683 general fund in the 2003 biennium to the Board of Regents to establish a dental hygiene program at the Great Falls College of Technology.

House Joint Resolution 15 - Requests the legislative council to designate an appropriate interim committee, or direct sufficient staff resources, to study the laws governing community colleges and to report any findings, conclusions, comments, or recommendations to the 58th Legislature.

House Joint Resolution 35 - Requests the Legislative Council to designate an appropriate interim committee, or direct sufficient staff resources, to conduct a study of the feasibility of establishing a tuition prepayment program within the Montana University System and to report any findings, conclusions, comments, or recommendations to the 58th Legislature.

Senate Bill 151 - Prohibits university fitness centers from selling services to individual members of the general public (except under certain conditions) when there is a for-profit fitness center operating in the same community. According to the fiscal note accompanying the bill, the fees currently generated from the sale of fitness services to the general public (approximately \$128,500 annually) are used to retire revenue bonds used to build or maintain the fitness facilities. This legislation may result in the portion of debt service costs formerly borne by the general public to be assessed against students in the form of higher fees.

Senate Bill 425 - Makes permanent the designation of the Board of Regents as the eligible agency for administering the Carl D. Perkins Vocational and Applied Technology Education Act.

Senate Bill 511 - Redirects the deposit of university trust land timber sale proceeds from the University Permanent Trust to the University System as current income. Prior to this legislation, timber sale proceeds were deposited to the trust corpus and the investment earnings were distributed to the University System. This legislation directs that timber sale proceeds by-pass the trust and be distributed directly to the University System.

The short-term fiscal impact of this legislation is to increase the income allocation to the University System by the amount of timber sale proceeds, estimated to be approximately \$759,000 each year of the 2003 biennium. The long-term fiscal impact of this legislation will be to reduce the interest income generated from the trust funds.

House Bill 505 - Requires the general fund reversion, if required by the legislature as stated in the general appropriations act, be based on the difference between the FTE resident enrollment projection and the actual FTE resident enrollment or the FTE resident enrollment projection and the prior 3-year average FTE resident enrollment, whichever is lower. The 3-year average would be used during a period of declining resident enrollment because it would result in a smaller reversion.

Senate Bill 229 - The practice of employing or offering employment to spouses of current or prospective university employees as a retention or recruitment tool has become increasingly commonplace in the postsecondary education work environment in the United States. SB 229 amends Section 49-2-303, MCA, discrimination in employment, to allow an employer to employ or offer to employ a qualified person for a position, and to also employ or offer to employ the person's spouse. There was no fiscal note on this legislation and the fiscal impact is unknown.

Senate Bill 214 - Revised the name of the Western Montana College of the University of Montana to the University of Montana – Western.

Energy Bills and the Impact to the Six-Mill Statewide Levy

Three energy bills enacted by the Fifty-seventh Legislature will reduce revenue to the six-mill levy state special revenue account due to property tax incentives included in the legislation to encourage the development of electrical generation facilities. This legislation, and the estimated fiscal impact, is briefly described below:

House Bill 600 - Exempts from property taxation part or all of the value of noncommercial electrical generation machinery and equipment used for the production of electrical energy for use by the owner in the owner's business if at least 80 percent of the electrical energy produced is used by the owner in the owner's business. The fiscal impact to the six-mill levy special revenue account is projected to be minimal, approximately \$2,000 in the 2003 biennium.

Senate Bill 506 - This bill encourages alternative energy and electrical generation by providing property tax exemptions for qualifying machinery and equipment and approving or reinstating income tax incentives for individuals or small businesses to build or install alternative energy systems. The impact to the Montana University System is a reduction in the six-mill levy special revenue of approximately \$31,000 in fiscal 2003.

Senate Bill 508 - Provides for the exemption of electrical generation facilities for a five or ten-year period following the commencement of construction of the facility. Coal-fired steam and water driven turbines are exempt for ten years and oil or gas turbines are exempt for five years. In order to qualify for the exemption, the owner or operator of the electrical generation facility must offer to sell 50 percent of the facility's net generating output to customers at a cost-based rate, including a reasonable rate of return for a period of twenty years from the date of the facility's completion. The impact to the Montana University System is a reduction in the six-mill levy special revenue of approximately \$17,000 in fiscal 2003.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	73.55	86.80	86.80	0.00	87.05	87.05	0.00	
Personal Services	2,914,768	3,476,159	3,476,159	0	3,507,742	3,507,742	0	0
Operating Expenses	3,784,903	8,677,155	8,661,445	(15,710)	8,933,076	8,917,331	(15,745)	(31,455)
Equipment	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	5,289,315	5,676,726	5,784,668	107,942	5,703,537	5,782,546	79,009	186,951
Grants	9,906,881	13,690,815	13,309,475	(381,340)	13,971,137	13,489,797	(481,340)	(862,680)
Benefits & Claims	18,462,439	25,275,288	25,275,288	0	27,762,817	27,762,817	0	0
Transfers	131,911,080	138,879,436	137,549,213	(1,330,223)	139,540,621	138,933,775	(606,846)	(1,937,069)
Debt Service	3,748	3,748	3,748	0	3,748	3,748	0	0
Total Costs	\$172,273,134	\$195,679,327	\$194,059,996	(\$1,619,331)	\$199,422,678	\$198,397,756	(\$1,024,922)	(\$2,644,253)
General Fund	124,494,535	137,028,001	135,330,949	(1,697,052)	139,404,261	138,235,406	(1,168,855)	(2,865,907)
State/Other Special	15,567,144	12,821,144	12,832,248	11,104	12,989,144	13,066,460	77,316	88,420
Federal Special	32,211,455	45,830,182	45,896,799	66,617	47,029,273	47,095,890	66,617	133,234
Total Funds	\$172,273,134	\$195,679,327	\$194,059,996	(\$1,619,331)	\$199,422,678	\$198,397,756	(\$1,024,922)	(\$2,644,253)

Executive Budget Comparison

The legislature adopted a budget for the Montana University System that contains \$2.9 million less general fund and \$2.6 million less total state appropriated funds than proposed in the 2003 biennium Executive Budget. Legislative action described below explains the majority of the general fund difference. The legislature approved a:

- ?? \$0.2 million general fund increase to add 1 trainer and support staff and operating costs to the Fire Services Training School
- ?? \$0.4 million general fund increase to fund a new research program at the Agricultural Experiment Station, the Institute for Biobased Products and Food Science
- ?? \$0.2 million general fund increase for the Flathead Lake Biological Station as a one-time-only appropriation
- ?? \$0.4 million general fund increase and a concurrent \$0.4 million state special revenue decrease to reflect the anticipated fiscal impact of House Bill 124, the "Big Bill"
- ?? \$0.1 million general fund increase for the Tribal College Assistance Program
- ?? \$0.2 million general fund increase to the Extension Service budget to continue the tech transfer position associated with the Montana Beef Network and designated by the 1999 legislature as a one-time-only appropriation
- ?? \$0.6 million general fund increase to the Agricultural Experiment Station and Extension Service budgets to reduce the vacancy savings rate from 4 percent to 1.5 percent
- ?? \$0.3 million general fund increase to the Agricultural Experiment Station to replace a projected shortfall of federal and sales revenue (university funds)
- ?? \$0.4 million general fund increase to the Community Colleges to increase state support from 51 percent to 53 percent
- ?? \$1.1 million general fund decrease from the Executive Budget recommendation for the Student Financial Assistance Program
- ?? \$0.2 million general fund decrease for the Community Colleges due to lower student enrollment projections than those contained in the Executive Budget
- ?? \$2.0 million general fund decrease for a systemwide reduction in personal services costs and travel expenses
- ?? \$1.4 million general fund reallocation from the education units to increase other components of the university system, including some of the increases listed above
- ?? \$0.8 million general fund reduction to eliminate the new proposal contained in the Executive Budget for academic program development at the colleges of technology

Biennial differences from the Executive Budget in other state funds (state special and federal special revenue) include:
 ?? A \$66,000 increase in groundwater revenue at the Montana Bureau of Mines
 ?? A \$410,596 increase in motorcycle safety revenue at MSU-Northern to allow the campus to start accounting for this activity in the current unrestricted fund
 ?? Additional federal funds in the student assistance program in the OCHE, totaling \$133,320.

	STATE FUNDS			UNIVERSITY FUNDS			Total Funds	
	FTE	General Fund	Other State Funds	Total State Funds	Tuition	Other Univ. Funds		Total Univ. Funds
BEGINNING MARTZ EXECUTIVE BUDGET	4,066.46	\$276,432,264	\$118,669,743	\$395,102,007	\$220,116,082	\$17,181,854	\$237,297,936	\$632,399,943
Legislative Changes to Executive Budget:								
New Programs not in Executive Budget								
FSTS - Add 1 trainer and support in FY 02/03	1.47	\$167,425	\$0	\$167,425	\$0	\$0	\$0	\$167,425
AES - Fund Institute for Biobased Products	5.00	400,000	0	400,000	0	0	0	400,000
Flathead Lake Biological Station	0.00	200,000	0	200,000	0	0	0	200,000
Funding Switch/HB 124	0.00	388,176	(388,176)	0	0	0	0	0
Tribal College Assistance Program	0.00	100,000	0	100,000	0	0	0	100,000
ES - Montana Beef Network Tech Transfer position	<u>1.00</u>	<u>180,000</u>	<u>0</u>	<u>180,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>180,000</u>
Subtotal	<u>7.47</u>	<u>\$1,435,601</u>	<u>(\$388,176)</u>	<u>\$1,047,425</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,047,425</u>
Increases to Executive Proposals or Existing Programs								
Bureau - Adjust Groundwater funds to match revenue	0.00	\$0	\$66,000	\$66,000	\$0	\$0	\$0	\$66,000
CHE - Add Federal SLEAP funds	0.00	0	133,320	133,320	0	0	0	133,320
MSU campuses - Add water & sewer funding	0.00	88,194	0	88,194	80,138	0	80,138	168,332
AES & ES - Reduce vacancy savings to 1.5%	0.00	607,233	0	607,233	0	0	0	607,233
MSU Northern - Add Motorcycle Funds	0.00	0	410,596	410,596	0	0	0	410,596
AES-Backfill University Funds Projected Shortfall	0.00	312,000	0	312,000	0	0	0	312,000
CC - Increase State Support to 53%	<u>0.00</u>	<u>425,344</u>	<u>0</u>	<u>425,344</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>425,344</u>
Subtotal	<u>0.00</u>	<u>\$1,432,771</u>	<u>\$609,916</u>	<u>\$2,042,687</u>	<u>\$80,138</u>	<u>\$0</u>	<u>\$80,138</u>	<u>\$2,122,825</u>
Decreases to Executive Proposals or Existing Programs								
Student Financial Assistance (Baker Grants, other)	0.00	(\$1,096,000)	\$0	(\$1,096,000)	\$0	\$0	\$0	(\$1,096,000)
CC - Reduce enrollment projections to 2,030/2,040	0.00	(206,247)	0	(206,247)	0	0	0	(206,247)
Statewide FTE Funding Reduction	0.00	(1,562,363)	0	(1,562,363)	0	0	0	(1,562,363)
Statewide Travel Reduction	0.00	(412,868)	0	(412,868)	0	0	0	(412,868)
Reallocation for other purposes	0.00	(1,353,476)	0	(1,353,476)	0	0	0	(1,353,476)
Other Decreases	<u>0.00</u>	<u>(303,328)</u>	<u>(86)</u>	<u>(303,414)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(303,414)</u>
Subtotal	<u>0.00</u>	<u>(\$4,934,282)</u>	<u>(\$86)</u>	<u>(\$4,934,368)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$4,934,368)</u>
Elimination of Executive Proposals or Current Programs								
Academic Program Development	<u>0.00</u>	<u>(\$800,000)</u>	<u>\$0</u>	<u>(\$800,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$800,000)</u>
Total Changes from Executive Budget	<u>7.47</u>	<u>(\$2,865,909)</u>	<u>\$221,654</u>	<u>(\$2,644,255)</u>	<u>\$80,138</u>	<u>\$0</u>	<u>\$80,138</u>	<u>(\$2,564,117)</u>
TOTAL LEGISLATIVE BUDGET - MUS	<u>4,073.93</u>	<u>\$273,566,355</u>	<u>\$118,891,397</u>	<u>\$392,457,752</u>	<u>\$220,196,220</u>	<u>\$17,181,854</u>	<u>\$237,378,074</u>	<u>\$629,835,826</u>

Language

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

University system unit is defined in 17-7-102(13). For all university system units, except the Office of the Commissioner of Higher Education, all funds (other than plant funds appropriated in House Bills No. 5 and 14, relating to long-range building and current unrestricted operating funds) are appropriated contingent on approval of the comprehensive program budget by the Board of Regents by October 1 of each year. For all university system 4-year units and colleges of technology, all funds, other than funds appropriated in House Bills No. 5 and 14 for long-range building programs, are appropriated as a lump sum for the biennium contingent upon approval of the comprehensive program budget by the Board of Regents by October 1 of each year. The Board of Regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditure and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the Board of Regents approves operating budgets, transfers between units may be made only with the approval of the Board of Regents. Transfers and related justifications must be submitted to the Office of Budget and Program Planning and to the Legislative Fiscal Analyst.

Total audit costs of the Office of the Commissioner of Higher Education are estimated to be \$35,514.

All university system units, except the Office of the Commissioner of Higher Education, shall account for expenditures consistently within programs and funds across all units and shall use the standards of accounting and reporting, as described by the National College and University Business Officers, as a minimum for achieving consistency.

The Montana University System, except the Office of the Commissioner of Higher Education and the community colleges, shall allow the Office of Budget and Program Planning and the Legislative Fiscal Division access to the entire university system's Banner Information System, including data warehouses, except:

1. the ability to change data;
2. portions of the Banner Information System that are the property of third parties (such as alumni associations or foundations); and
3. information pertaining to individual students or individual employees that is protected by Article II, Sections 9 and 10, of the Montana Constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g.

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

All financial data recorded in the various funds in Banner must agree with the financial data as recorded on the Statewide Accounting, Budgeting, and Human Resources System (SABHRS), including:

1. all statutory and restricted appropriations must be clearly segregated on SABHRS; and
2. the budgeted personal services for current unrestricted operating funds on Banner must tie to the operating plan for expenditure of funds appropriated in [this act] and other bills, as approved by the Board of Regents.

The Montana University System shall provide the electronic data required to upload human resource data for the current unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved Board of Regents operating budgets.

The decision of the legislature to deny funds for initiatives or budget requests proposed by the Governor and the Board of Regents for the 2003 biennium does not imply an intent to prohibit the Board of Regents from implementing those initiatives unless specifically stated otherwise in [this act].

Item [OCHE -- Administration] includes a reduction in general fund of \$11,255 in fiscal 2002 and \$11,255 in fiscal 2003. This reduction is the equivalent of a 17 percent reduction in fiscal year 2000 base budget travel expenses. The agency may reallocate this reduction in funding among programs when developing 2003 biennium operating plans.

Item [OCHE -- Appropriation Distribution Transfers] includes a reduction of \$779,826 in fiscal 2002 and \$782,537 in fiscal 2003 of general fund. The Board of Regents may reallocate this reduction in funding among university system units as defined in 17-7-102(13) when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	15.40	0.00	0.00	15.40	0.00	0.00	15.40	15.40
Personal Services	925,606	87,357	0	1,012,963	93,731	0	1,019,337	2,032,300
Operating Expenses	261,212	4,873	(14,977)	251,108	(22,057)	(15,012)	224,143	475,251
Total Costs	\$1,186,818	\$92,230	(\$14,977)	\$1,264,071	\$71,674	(\$15,012)	\$1,243,480	\$2,507,551
General Fund	1,186,818	92,230	(14,977)	1,264,071	71,674	(15,012)	1,243,480	2,507,551
State/Other Special	0	0	0	0	0	0	0	0
Total Funds	\$1,186,818	\$92,230	(\$14,977)	\$1,264,071	\$71,674	(\$15,012)	\$1,243,480	\$2,507,551

Program Description

The Administration Program includes the Commissioner of Higher Education as well as personnel to assist the commissioner in implementing the Board of Regents' policies. Article X, Section 9 of the Montana Constitution requires that the Board of Regents appoint the commissioner and prescribes the incumbent's powers and duties. The commissioner and agency personnel are responsible for providing leadership, technical assistance, and staff support to the Board of Regents and to postsecondary education agencies. Duties include:

1. general administration of the university system;
2. academic, financial, and legal administration;
3. labor relations and personnel administration; and
4. student assistance administration.

Funding

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

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					129,564					136,203
Vacancy Savings					(29,090)					(29,289)
Inflation/Deflation					390					784
Fixed Costs					10,310					(16,901)
Total Statewide Present Law Adjustments					\$111,174					\$90,797
DP 101 - Administration - PC Replacement	0.00	3,000	0	0	3,000	0.00	3,000	0	0	3,000
DP 103 - Rent Payments Per Lease Schedule	0.00	10,787	0	0	10,787	0.00	10,674	0	0	10,674
DP 105 - Administration - Server Maintenance Contract	0.00	1,650	0	0	1,650	0.00	1,650	0	0	1,650
DP 109 - Spending Personal Services Money in Operations	0.00	(21,221)	0	0	(21,221)	0.00	(21,221)	0	0	(21,221)
DP 696 - Data Network Fixed Cost Reduction	0.00	(43)	0	0	(43)	0.00	(43)	0	0	(43)
DP 699 - Vacancy Savings at 4 Percent	0.00	(13,117)	0	0	(13,117)	0.00	(13,183)	0	0	(13,183)
Total Other Present Law Adjustments	0.00	(\$18,944)	\$0	\$0	(\$18,944)	0.00	(\$19,123)	\$0	\$0	(\$19,123)
Grand Total All Present Law Adjustments					\$92,230					\$71,674

Present Law Adjustments

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

DP 101 - Administration - PC Replacement - The legislature included the funds necessary to replace four or five computers, plus peripherals, each year on a three-year replacement schedule. The agency has \$5,171 in its base budget for this purpose, bringing the total funds available for computer replacement to \$8,171 annually.

DP 103 - Rent Payments Per Lease Schedule - The legislature added general fund each year in reflection of scheduled lease payments.

DP 105 - Administration - Server Maintenance Contract - The legislature included funds for increased computer maintenance costs.

DP 109 - Spending Personal Services Money in Operations - The legislature reduced operating expenses by \$21,221 annually as the agency used vacancy savings (unused personal services) to fund increased operating expenses.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 693 - Travel Reduction										
01	0.00	(11,255)	0	0	(11,255)	0.00	(11,255)	0	0	(11,255)
DP 956 - Reallocation of General Fund for Baker Grants										
01	0.00	(3,722)	0	0	(3,722)	0.00	(3,757)	0	0	(3,757)
Total	0.00	(\$14,977)	\$0	\$0	(\$14,977)	0.00	(\$15,012)	\$0	\$0	(\$15,012)

New Proposals

DP 693 - Travel Reduction - The legislature made a reduction in general fund each year equivalent to 17 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this program, with the allowance that the agency could reallocate this reduction among programs when developing 2003 biennium operating plans.

DP 956 - Reallocation of General Fund for Baker Grants - The legislature reallocated general fund in several university system programs to increase Baker Grants in the Student Assistance Program.

Language

Item [OCHE -- Administration] includes a reduction in general fund of \$11,255 in fiscal 2002 and \$11,255 in fiscal 2003. This reduction is the equivalent of a 17 percent reduction in fiscal 2000 base budget travel expenses. The agency may reallocate this reduction in funding among programs when developing 2003 biennium operating plans.

Total audit costs of the Office of the Commissioner of Higher Education are estimated to be \$35,514.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0	0
Local Assistance	85,000	14,000	0	99,000	18,000	0	103,000	202,000
Grants	7,368,922	530,999	452,000	8,351,921	704,817	452,000	8,525,739	16,877,660
Total Costs	\$7,453,922	\$544,999	\$452,000	\$8,450,921	\$722,817	\$452,000	\$8,628,739	\$17,079,660
General Fund	7,383,508	463,882	452,000	8,299,390	641,700	452,000	8,477,208	16,776,598
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	70,414	81,117	0	151,531	81,117	0	151,531	303,062
Total Funds	\$7,453,922	\$544,999	\$452,000	\$8,450,921	\$722,817	\$452,000	\$8,628,739	\$17,079,660

Program Description

Title 20, Chapter 26 of the Montana Codes Annotated requires the Commissioner of Higher Education to administer the Resident Student Financial Assistance Program in consultation with the program advisory council authorized by law.

The Student Assistance Program includes three kinds of aid for Montana students

- ?? Grants and loans
- ?? State Work Study
- ?? Interstate agreements and state support to provide medical-education opportunities for Montana students in out-of-state schools

Program Narrative

Table 4 presents an overview of the student assistance programs for the 2001 and 2003 biennia. The legislature provided a 10.8 percent increase in the Student Assistance Program in the 2003 biennium from the 2001 biennium, driven largely by additional state funds authorized for Baker Grants (state funded student assistance grants).

Program	Actual FY 2000	Op Plan FY 2001	HB 2 FY 2002	HB 2 FY 2003	Biennial % Change
Student Aid Programs					
LEAP (former SSIG)	\$299,835	\$314,292	\$380,952	\$380,952	24.1%
SEOG	463,500	448,470	471,762	475,666	3.9%
Perkins Loans	186,288	213,806	186,288	186,288	-6.9%
Baker Grants/MTAP	1,683,367	1,696,821	1,582,871	1,582,871	-6.3%
Baker Grants-New Proposal	<u>0</u>	<u>0</u>	<u>452,000</u>	<u>452,000</u>	<u>n/a</u>
Subtotal	<u>\$2,632,990</u>	<u>\$2,673,389</u>	<u>\$3,073,873</u>	<u>\$3,077,777</u>	<u>15.9%</u>
State Work Study	<u>\$808,915</u>	<u>\$803,610</u>	<u>\$848,034</u>	<u>\$879,955</u>	<u>7.2%</u>
Interstate Assistance					
WICHE Dues	\$85,000	\$88,000	\$99,000	\$103,000	16.8%
WICHE Assistance	1,341,201	1,467,400	1,550,134	1,583,367	11.6%
WWAMI	2,600,512	2,731,920	2,757,480	2,857,440	5.3%
Minnesota Dentistry	<u>85,800</u>	<u>102,900</u>	<u>122,400</u>	<u>127,200</u>	<u>32.3%</u>
Subtotal	<u>\$4,112,513</u>	<u>\$4,390,220</u>	<u>\$4,529,014</u>	<u>\$4,671,007</u>	<u>8.2%</u>
Total Costs	<u>\$7,554,418</u>	<u>\$7,867,219</u>	<u>\$8,450,921</u>	<u>\$8,628,739</u>	<u>10.8%</u>
Funding					
General Fund	\$7,383,508	\$7,670,227	\$8,299,390	\$8,477,208	11.4%
Interest Earnings*	100,496	112,121	0	0	-100.0%
Federal (LEAP)	<u>70,414</u>	<u>84,871</u>	<u>151,531</u>	<u>151,531</u>	<u>95.2%</u>
Total Funds	<u>\$7,554,418</u>	<u>\$7,867,219</u>	<u>\$8,450,921</u>	<u>\$8,628,739</u>	<u>10.8%</u>
*"Excess" interest earned on current unrestricted funds. These funds are appropriated to the university system in HB 2 language.					

General fund for interstate student assistance is further detailed in Table 5, which shows the number of student slots by profession and the cost of each.

Table 5
Interstate Student Assistance Programs
2003 Biennium

Program	-----Fiscal 2002-----				-----Fiscal 2003-----			
	Cost per Slot	New Students	Continuing Students	Total Cost	Cost per Slot	New Students	Continuing Students	Total Cost
WICHE - Administrative Dues				\$99,000				\$103,000
Medicine	\$22,800	6	20	\$592,800	\$22,800	6	18	\$547,200
Dentistry (2)	15,300	1	5	96,900	15,900	1	4	84,800
Optometry	9,900	1	5	59,400	10,300	1	4	51,500
Public Health (3)	5,600	1	1	9,334	5,800	1	2	15,467
Osteopathic Medicine	14,600	2	1	43,800	15,100	1	3	60,400
Veterinary	21,700	9	24	716,100	22,600	9	26	791,000
Occupational Therapy (1)	8,100	1	1	21,600	8,400	1	1	22,400
Podiatry	10,200	<u>1</u>	<u>0</u>	<u>10,200</u>	10,600	<u>0</u>	<u>1</u>	<u>10,600</u>
SUBTOTAL		22	57	\$1,649,134		20	59	\$1,686,367
Minnesota Dentistry	\$15,300	2	6	\$122,400	\$15,900	2	6	\$127,200
WWAMI Medicine (4,5)	45,958	<u>20</u>	<u>60</u>	<u>2,757,480</u>	47,624	<u>20</u>	<u>60</u>	<u>2,857,440</u>
TOTAL		<u>44</u>	<u>123</u>	<u>\$4,529,014</u>		<u>42</u>	<u>125</u>	<u>\$4,671,007</u>

(1) Rates for all continuing occupational therapy students are calculated at 1 2/3 the annual support fee to include support for two required clinical rotations (\$13,500 FY 02 and \$14,000 FY 03)

(2) One (1) dental student is enrolled in a three-year accelerated dental program. Therefore, support is calculated at 1 1/3 the annual support fee each year over a period of three years rather than the normal four year duration (\$20,400 FY 02; \$21,200 FY 03)

(3) One (1) public health student is enrolled in an extended degree program. Therefore, support is calculated at 2/3 the annual support fee each year over a period of three years rather than the standard two year program (\$3,734 FY 02; \$3,867 FY 03)

(4) The WWAMI support fee is calculated as an average per continuing student. Actual support varies by program year.

(5) No additional cost for first year WWAMI students because they attend school at Bozeman

Funding

Funding for student assistance programs is included in the lump sum appropriation for the Montana University System. Student assistance programs are funded by the state general fund and federal funds. General fund matches federal funds at varying amounts for the Leveraging Educational Assistance Partnership (LEAP), Supplemental Educational Opportunity Grant (SEOG), and Perkins Loan programs. In the 2003 biennium, general fund supports 100 percent of the Baker Grants.

The State Work Study program shown on Table 4 is 100 percent general fund. However, this cost represents only 70 percent of the program cost; the employer provides the remaining 30 percent match, plus any applicable student benefits.

The Interstate Assistance program is 100 percent general fund.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 203 - WICHE/WWAMI/Min. Dentistry Increased Costs	0.00	416,501	0	0	416,501	0.00	558,494	0	0	558,494
DP 204 - Student Aid Inc. Due to Enroll Growth and Match	0.00	47,381	0	81,117	128,498	0.00	83,206	0	81,117	164,323
Total Other Present Law Adjustments	0.00	\$463,882	\$0	\$81,117	\$544,999	0.00	\$641,700	\$0	\$81,117	\$722,817
Grand Total All Present Law Adjustments					\$544,999					\$722,817

Present Law Adjustments

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

DP 203 - WICHE/WWAMI/Min. Dentistry Increased Costs - The legislature authorized general fund increases to cover inflationary increases in the program support costs and to fully fund 147 slots in various medical fields each year of the 2003 biennium.

DP 204 - Student Aid Inc. Due to Enroll Growth and Match - The legislature provided additional funds to the student aid program due to anticipated enrollment increases, changes in state-administered federal student aid funds, and the resulting state match.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 955 - Increase Baker Grants	0.00	452,000	0	0	452,000	0.00	452,000	0	0	452,000
Total	0.00	\$452,000	\$0	\$0	\$452,000	0.00	\$452,000	\$0	\$0	\$452,000

New Proposals

DP 955 - Increase Baker Grants - The legislature increased state funding for Baker Grants by \$904,000 in the 2003 biennium. Combined with the present law biennial base of \$3.2 million, the total state funds appropriated for the Baker Grants in the 2003 biennium total \$4.1 million.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	3,551	(3,551)	0	0	(3,551)	0	0	0
Operating Expenses	13,591	0	0	13,591	0	0	13,591	27,182
Grants	199,153	100,000	0	299,153	100,000	0	299,153	598,306
Total Costs	\$216,295	\$96,449	\$0	\$312,744	\$96,449	\$0	\$312,744	\$625,488
Federal Special	216,295	96,449	0	312,744	96,449	0	312,744	625,488
Total Funds	\$216,295	\$96,449	\$0	\$312,744	\$96,449	\$0	\$312,744	\$625,488

Program Description

The Dwight D. Eisenhower Math and Science Education Act of 1988 provides funds geared to helping mathematics and science teachers upgrade their teaching skills. Grants are awarded on a competitive basis to Montana's institutions of higher education.

Funding

Funding is entirely from federal sources.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					(3,551)					(3,551)
Total Statewide Present Law Adjustments					(\$3,551)					(\$3,551)
DP 301 - Increase Based on Federal Grant and Carryover	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$100,000	\$100,000	0.00	\$0	\$0	\$100,000	\$100,000
Grand Total All Present Law Adjustments					\$96,449					\$96,449

Present Law Adjustments

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

DP 301 - Increase Based on Federal Grant and Carryover - The legislature increased federal spending authority in this program in reflection of the anticipated amount of federal funds to become available for grant expenditures during the 2003 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0	0
Local Assistance	5,204,315	285,147	196,206	5,685,668	278,241	196,990	5,679,546	11,365,214
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$5,204,315	\$285,147	\$196,206	\$5,685,668	\$278,241	\$196,990	\$5,679,546	\$11,365,214
General Fund	5,204,315	285,147	196,206	5,685,668	278,241	196,990	5,679,546	11,365,214
Total Funds	\$5,204,315	\$285,147	\$196,206	\$5,685,668	\$278,241	\$196,990	\$5,679,546	\$11,365,214

Program Description

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

Program Narrative

The legislature authorized a 9.3 percent increase in fiscal 2002 from the fiscal 2000 base expenditure level and a 0.1 percent decrease from fiscal 2002 to fiscal 2003. The increase from the base is attributable to the legislature authorizing an increase in the state's share of costs from 51 percent to 53 percent and to using enrollment projections that exceed the number enrolled in the base year. The decrease between fiscal 2002 and 2003 is due to the biennial audit expense being included in fiscal 2002.

When compared to the 2001 biennium, the 2003 biennium budget increases 3.3 percent, excluding pay plan increases in the 2003 biennium.

Funding

The legislature provides state funds to community colleges based upon a three-factor formula:

1. resident full-time equivalent (FTE) student enrollment;
2. cost per student FTE; and
3. percent state support.

The projected resident FTE enrollment is multiplied by the cost per student FTE and the percent state support to derive the state appropriation. Legislative audit costs are added to the calculated per-student costs. In addition, the legislature reallocated a portion of the community college state appropriation to the Baker Grants in the Student Assistance Program.

Enrollment

The 1999 legislature established the 2001 biennium budget using, in hindsight, significantly overstated resident student FTE enrollment estimates. Actual enrollment in the 2001 biennium continued the recent downward enrollment trend reported by the community colleges and was approximately 9 percent less than the budgeted enrollment. As a result, the community colleges reverted approximately \$1.0 million to the state general fund in the 2001 biennium.

For the 2003 biennium, the Executive Budget recommended the community college budget use enrollment projections that anticipated an increase of 4.6 percent from the 2001 biennium. The legislature ultimately adopted an enrollment projection that represents a 2.6 percent increase from the 2001 biennium. The legislature also included language that requires a general fund reversion if budgeted enrollments are not achieved.

Table 6 presents an historical perspective of actual resident student FTE enrollment at the community colleges and budgeted enrollment used by the legislature for the 2003 biennium.

College	Actual Fiscal 1994	Actual Fiscal 1995	Actual Fiscal 1996	Actual Fiscal 1997	Actual Fiscal 1998	Actual Fiscal 1999	Actual Fiscal 2000	Budgeted Fiscal 2001	Estimated(1) Fiscal 2001	Legislative Budget (2) Fiscal 2002	Legislative Budget (2) Fiscal 2003
Dawson	476.6	466.8	410.0	350.2	436.9	419.5	384.3	440.0	355.7	391.4	393.3
Flathead Valley	1130.7	1125.4	1129.0	1123.9	1147.6	1180.5	1157.3	1200.0	1122.8	1178.6	1184.4
Miles	552.7	500.8	510.0	523.8	508.0	446.6	451.8	540.0	494.4	460.0	462.3
Totals	<u>2159.9</u>	<u>2092.9</u>	<u>2049.0</u>	<u>1997.9</u>	<u>2092.5</u>	<u>2046.6</u>	<u>1993.3</u>	<u>2180.0</u>	<u>1972.9</u>	<u>2030.0</u>	<u>2040.0</u>
Annual % Change		-3.1%	-2.1%	-2.5%	4.7%	-2.2%	-2.6%		-1.0%	2.9%	0.5%

(1) Estimated FY 2001 FTE from OCHE
(2) Prorated based on Fiscal 2000 actual enrollment

State Support

The legislature increased state support for the community colleges from 51 percent to 53 percent of the calculated cost per student FTE of \$5,267. The remaining 47 percent of general operating costs for the community colleges comes primarily from local property taxes and tuition.

Other Adjustments

In a move to balance the priorities of the legislature with resources available, the legislature reduced several university system budgets, including the community colleges, to reallocate funds to the Baker Grants in the Student Assistance Program in the Office of the Commissioner of Higher Education. The community college share of this reallocation totaled \$32,146 in the 2003 biennium.

Formula Calculations

Table 7 shows the calculation of the 2003 biennium budget approved by the 57th Legislature.

Legislative Budget	Fiscal Year 2002					Fiscal Year 2003					Biennium Total
	Projected FTE	Total \$ Per FTE	State %	State \$ Per FTE	Legislative Budget	Projected FTE	Total \$ Per FTE	State %	State \$ Per FTE	Legislative Budget	
Dawson Community College	391.0	\$5,267	53%	\$2,792	\$1,091,672	393.0	\$5,267	53%	\$2,792	\$1,097,256	\$2,188,928
Flathead Valley Community College	1,179.0	5,267	53%	2,792	3,291,768	1,184.0	5,267	53%	2,792	3,305,728	6,597,496
Miles Community College	460.0	5,267	53%	2,792	<u>1,284,320</u>	463.0	5,267	53%	2,792	<u>1,292,696</u>	<u>2,577,016</u>
Formula Calculation					5,667,760					5,695,680	11,363,440
Reallocation for Baker Grants					<u>(16,012)</u>					<u>(16,137)</u>	<u>(32,149)</u>
HB2 Base Line Item					5,651,748					5,679,543	11,331,291
HB2 Audit Line Item		\$64,000	53%		<u>33,920</u>					<u>0</u>	<u>33,920</u>
Total Community Colleges	2,030.0				<u>\$5,685,668</u>	2,040.0				<u>\$5,679,543</u>	<u>\$11,365,211</u>

*Totals may differ from main table due to rounding

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Fixed Costs					0					0
Total Statewide Present Law Adjustments					\$0					\$0
DP 401 - Projected Resident College Enrollment Increase	0.00	285,147	0	0	285,147	0.00	278,241	0	0	278,241
Total Other Present Law Adjustments	0.00	\$285,147	\$0	\$0	\$285,147	0.00	\$278,241	\$0	\$0	\$278,241
Grand Total All Present Law Adjustments					\$285,147					\$278,241

Present Law Adjustments

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

DP 401 - Projected Resident College Enrollment Increase - The legislature increased general fund \$563,388 in the 2003 biennium for increased resident enrollment at the community colleges. The total present law budget is dependent upon: 1) projected resident student FTE of 2,030 in fiscal 2002 and 2,040 in fiscal 2003; 2) the annualized average cost of \$5,273 per student FTE; and 3) the state support rate of 51 percent of total costs.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 955 - Increase State Support for Comm. Colleges to 53%	04	0.00	212,218	0	0	212,218	0.00	213,127	0	0	213,127
DP 956 - Reallocation of General Fund for Baker Grants	04	0.00	(16,012)	0	0	(16,012)	0.00	(16,137)	0	0	(16,137)
Total	0.00	\$196,206	\$0	\$0	\$196,206	0.00	\$196,990	\$0	\$0	\$196,990	

New Proposals

DP 955 - Increase State Support for Comm. Colleges to 53% - The legislature increased state support for the community colleges from 51 percent to 53 percent of the total calculated cost per student. The biennial general fund cost of this action was \$425,345.

DP 956 - Reallocation of General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.

Language

Total audit costs are estimated to be \$64,000 for the community colleges for the biennium. The general fund appropriation for each community college provides 53 percent of the total audit costs in fiscal 2002. The remaining 47 percent of these costs must be paid from funds other than those appropriated in item [Legislative Audit]. Audit costs for the biennium may not exceed \$20,000 each for Dawson and Miles Community Colleges and \$24,000 for Flathead Valley Community College.

Total Summitnet costs are estimated to be \$25,000 each year for the community colleges. The general fund appropriation for the community colleges provides 53 percent of the total Summitnet costs. The remaining 47 percent of these costs

must be paid from funds other than those appropriated in [Community Colleges]. Summitnet costs for each year may not exceed \$8,000 each for Dawson and Miles Community Colleges and \$9,000 for Flathead Valley Community College.

The general fund appropriation in item [Community Colleges] is calculated to fund education in the community colleges for an estimated 2,030 resident FTE students in fiscal 2002 and 2,040 resident FTE students in fiscal 2003. 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 Commissioner of Higher Education shall revert \$2,792 in general fund to the state for each estimated FTE student who did not enroll.

Program Description

The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents policy to administer the program as a self-insured, group insurance plan. All university system employees, retirees, and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits.

Funding

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

Language

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

Rate Explanation

The legislature includes university system contributions per employee of \$3,900 in fiscal 2002 and \$4,392 in fiscal 2003 reflecting the proposed pay plan. Employee premiums depend on whether the contributor is a current employee, employee dependent, or retiree. Payments to a flexible spending account are at the employee's discretion, subject to a \$10 monthly minimum for those who enroll.

The legislature has defined the rates and fees for Montana University System employee benefit programs to mean the state contribution and the employee contribution toward employee group benefits necessary to maintain the benefit plan on an actuarially sound basis.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	10.95	0.00	9.25	20.20	0.00	9.50	20.45	20.45
Personal Services	385,982	(2,288)	333,944	717,638	(73)	346,584	732,493	1,450,131
Operating Expenses	122,820	440	145,353	268,613	808	221,300	344,928	613,541
Equipment	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	0	0	2,100,000	2,100,000	0	2,145,000	2,145,000	4,245,000
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$508,802	(\$1,848)	\$2,579,297	\$3,086,251	\$735	\$2,712,884	\$3,222,421	\$6,308,672
General Fund	81,995	11,130	(279)	92,846	11,634	(280)	93,349	186,195
Federal Special	426,807	(12,978)	2,579,576	2,993,405	(10,899)	2,713,164	3,129,072	6,122,477
Total Funds	\$508,802	(\$1,848)	\$2,579,297	\$3,086,251	\$735	\$2,712,884	\$3,222,421	\$6,308,672

Program Description

Talent Search is a federally-funded program designed to provide career and financial aid counseling to low-income, physically handicapped, or culturally deprived students. Objectives include decreasing the high school dropout rate in targeted high schools and increasing the number of disadvantaged students who enroll in Montana's postsecondary institutions.

In 1999, Montana was one of 21 states selected to receive a five-year grant from the U.S. Department of Education for initiation of a GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) program. The purpose of GEAR UP is to help disadvantaged children and youth develop the educational foundation necessary for success in college.

Funding

The Talent Search Program includes monies from the general fund earmarked for American Indian or minority achievement programming. Additional resources come from federal Talent Search and GEAR UP funds.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					15,236					17,778
Vacancy Savings					(10,549)					(10,627)
Inflation/Deflation					440					808
Fixed Costs					0					0
Total Statewide Present Law Adjustments					\$5,127					\$7,959
DP 699 - Vacancy Savings at 4 Percent	0.00	(960)	0	(6,015)	(6,975)	0.00	(964)	0	(6,260)	(7,224)
Total Other Present Law Adjustments	0.00	(\$960)	\$0	(\$6,015)	(\$6,975)	0.00	(\$964)	\$0	(\$6,260)	(\$7,224)
Grand Total All Present Law Adjustments					(\$1,848)					\$735

Present Law Adjustments

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

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 601 - Gear Up Federal Grant											
06	7.00	0	0	2,492,501	2,492,501	7.00	0	0	2,551,864	2,551,864	
DP 602 - Academic Specialist - Talent Search											
06	1.00	0	0	39,963	39,963	1.00	0	0	40,135	40,135	
DP 603 - Increase Based on Projected Federal Authority											
06	1.25	0	0	47,112	47,112	1.50	0	0	121,165	121,165	
DP 956 - Reallocate General Fund for Baker Grants											
06	0.00	(279)	0	0	(279)	0.00	(280)	0	0	(280)	
Total	9.25	(\$279)	\$0	\$2,579,576	\$2,579,297	9.50	(\$280)	\$0	\$2,713,164	\$2,712,884	

New Proposals

DP 601 - Gear Up Federal Grant - The legislature authorized additional appropriation authority for GEAR UP, which is funded through a federal grant awarded to Montana in September 1999. The award to the Office of the Commissioner of Higher Education is for an anticipated \$11.8 million over a five-year period. Approximately 84 percent of the funds are proposed for use in providing local grants (\$2.1 million each year). The remainder provides for administrative costs, and includes provisions for 7.0 FTE (full time equivalent employees).

Per the Office of the Commissioner of Higher Education, at least 3,500 Montana children will be served annually. The program will be operated in partnership with communities and school districts throughout Montana, and will focus on schools where the percentage of students who go on to attend college is low. The program begins working with students when they are in the seventh grade. GEAR UP provides mentors who encourage high hopes and aspirations, and who stress the importance of taking rigorous academic courses in order to prepare for college. The program also helps raise awareness relative to the costs of attending college, and makes families aware of the resources available to help them meet those costs.

GEAR UP objectives include improved test scores, increased enrollment in college preparatory classes, school curriculum changes, and increased parental involvement.

DP 602 - Academic Specialist - Talent Search - The legislature added approximately \$40,000 in federal spending authority and includes 1.00 FTE annually. This position is for an academic specialist that was a temporary ("modified") position in fiscal 2000.

DP 603 - Increase Based on Projected Federal Authority - The legislature increased federal spending authority to the Talent Search Program. This reflects the additional federal funds anticipated for expenditure in the 2003 biennium. Federal funds will be used to add 1.25 FTE in fiscal 2002 and 1.50 FTE in fiscal 2003, thus bringing part-time positions currently in the field to full-time status.

DP 956 - Reallocate General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	4.00	0.00	1.00	5.00	0.00	1.00	5.00	5.00
Personal Services	236,581	(55,685)	44,299	225,195	(54,911)	44,491	226,161	451,356
Operating Expenses	210,677	173	(237)	210,613	131	(236)	210,572	421,185
Grants	2,338,806	119,595	0	2,458,401	181,099	0	2,519,905	4,978,306
Transfers	5,826,327	(875,957)	0	4,950,370	(2,578,458)	0	3,247,869	8,198,239
Total Costs	\$8,612,391	(\$811,874)	\$44,062	\$7,844,579	(\$2,452,139)	\$44,255	\$6,204,507	\$14,049,086
General Fund	76,528	2,457	(237)	78,748	2,454	(236)	78,746	157,494
Federal Special	8,535,863	(814,331)	44,299	7,765,831	(2,454,593)	44,491	6,125,761	13,891,592
Total Funds	\$8,612,391	(\$811,874)	\$44,062	\$7,844,579	(\$2,452,139)	\$44,255	\$6,204,507	\$14,049,086

Program Description

Carl D. Perkins Vocational Education Act funds support vocational education at the secondary and postsecondary levels. This program also administers federal School-to-Work funds.

The Board of Regents is the state agency responsible for administering the Carl Perkins funds. Their duties include providing technical assistance in the field, managing grants, completing performance reviews, filing an annual performance report, and developing and submitting a state plan for the use of the funds.

?? Note: According to SB 393, the Board of Regents must contract with the Superintendent of Public Instruction for administration and supervision of the K-12 vocational education programs.

Funding

Program administration is funded through a combination of:

- ?? Federal Carl Perkins vocational education administration funds
- ?? The general fund match for the Perkins funds
- ?? Federal School-to-Work funds, which do not require a general fund match

Grants to postsecondary institutions and transfers to OPI (Office of Public Instruction) for grants to secondary institutions are funded by:

- ?? Carl Perkins funds of \$5.5 million in fiscal 2002 and \$5.7 million in fiscal 2003
- ?? School-to-Work funds of \$1.9 million in fiscal 2002 and \$0.1 million in fiscal 2003

Present Law Adjustments										
	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					(48,036)					(47,230)
Vacancy Savings					(5,125)					(5,149)
Inflation/Deflation					130					279
Fixed Costs					43					(148)
Total Statewide Present Law Adjustments					(\$52,988)					(\$52,248)
DP 699 - Vacancy Savings at 4 Percent	0.00	(1,015)	0	(1,509)	(2,524)	0.00	(1,018)	0	(1,514)	(2,532)
DP 802 - Adjustment Based on Proj. Level of Fed. Grant	0.00	0	0	(756,362)	(756,362)	0.00	0	0	(2,397,359)	(2,397,359)
Total Other Present Law Adjustments	0.00	(\$1,015)	\$0	(\$757,871)	(\$758,886)	0.00	(\$1,018)	\$0	(\$2,398,873)	(\$2,399,891)
Grand Total All Present Law Adjustments					(\$811,874)					(\$2,452,139)

Present Law Adjustments

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

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This adjustment reduced the state general fund available for the Perkins grant match.

Because this action reduces general fund below the required \$80,000 general fund match, the agency may need to transfer general fund from other programs to fully match the Perkins federal grant.

DP 802 - Adjustment Based on Proj. Level of Fed. Grant - The present law adjustment shown in the table above reflects a combination of funding adjustments in the two federal grants administered by this program.

1. The VoEd Basic Grant is projected to increase by \$0.37 million in fiscal 2002 and by \$0.55 million in fiscal 2003 over fiscal 2000 base year expenditures. The additional monies will be used to fund increased grants and administrative costs; and
2. The School to Work grant expires June 30, 2002. The appropriation authority needed for anticipated grants as well as carryover for the 2003 biennium is reduced significantly from fiscal year 2000 base expenditures.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 801 - Carl Perkins - Program Special Position	08	1.00	0	0	44,299	44,299	1.00	0	0	44,491	44,491
DP 956 - Reallocate General Fund for Baker Grants	08	0.00	(237)	0	0	(237)	0.00	(236)	0	0	(236)
Total		1.00	(\$237)	\$0	\$44,299	\$44,062	1.00	(\$236)	\$0	\$44,491	\$44,255

New Proposals

DP 801 - Carl Perkins - Program Special Position - The legislature increased federal Carl Perkins spending authority each year of the 2003 biennium in order to accommodate a 1.0 FTE program specialist. A temporary or "modified" position was created in fiscal 2000; the adjustment by the legislature makes this position permanent.

DP 956 - Reallocate General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
Transfers	126,084,753	4,899,790	1,614,300	132,598,843	5,526,905	4,074,248	135,685,906	268,284,749
Total Costs	\$126,084,753	\$4,899,790	\$1,614,300	\$132,598,843	\$5,526,905	\$4,074,248	\$135,685,906	\$268,284,749
General Fund	110,517,609	7,440,598	1,808,388	119,766,595	7,833,501	4,268,336	122,619,446	242,386,041
State/Other Special	15,567,144	(2,540,808)	(194,088)	12,832,248	(2,306,596)	(194,088)	13,066,460	25,898,708
Total Funds	\$126,084,753	\$4,899,790	\$1,614,300	\$132,598,843	\$5,526,905	\$4,074,248	\$135,685,906	\$268,284,749

Program Description

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education (OCHE) includes state appropriated funds intended for distribution to:

- ?? The educational units for general operating budget support, and special programs including
 - o Distance learning activities at the campuses
 - o The Family Practice Residency program at MSU-Bozeman
 - o The Motorcycle Safety Education program at MSU-Northern transferred from the Office of Public Instruction to the Board of Regents by the Fifty-sixth Legislature (Chapter 181, L. 1999)
 - o The Flathead Lake Biological Station
- ?? The research and public service higher education agencies

The state funds appropriated in this program are transferred to the university system units, combined with university funds, and deposited into the current unrestricted operating fund for use in the general operating budget of each unit.

Funding

The main table above summarizes the transfer of state funds, comprised of general fund and state special funds, such as millage, resource indemnity trust funds, and motorcycle safety funds, from the Office of the Commissioner of Higher Education to educational units and higher education agencies. These funds are included in the line items in HB 2.

University funds, including tuition, interest, proprietary funds, and some federal funds which are collected by each campus and higher education agency, are included in HB 2 language and are not included in the above program main table.

Total Current Unrestricted Operating Budget

The combined appropriation of state and university funds constitutes the total current unrestricted fund, which is the general operating fund for the university system. The total current unrestricted operating expenditures contained in House Bill 2 line items and language appropriations are portrayed in Table 8, which shows the total base, present law adjustments, new proposals, and total budget for the educational units and higher education agencies as anticipated by the legislature. The allocation between state funds and university funds for current unrestricted operating expenses is also shown in the table.

Table 8
 Montana University System Education Units and Agencies Summary
 House Bill 2 Line Items and Language Appropriations
 2003 Biennium

	State Funds			University Funds			HB 2
	General Fund	Other State Funds	Total State Funds	Tuition	Other Univ. Funds	Total Univ. Funds	Total Funds
Base Budget	\$ 221,035,218	\$ 31,134,288	\$ 252,169,506	\$ 215,779,448	\$ 20,006,752	\$ 235,786,200	\$ 487,955,706
Present Law Adjustments	<u>15,274,099</u>	<u>(4,847,404)</u>	<u>10,426,695</u>	<u>3,371,335</u>	<u>(2,824,907)</u>	<u>546,428</u>	<u>10,973,123</u>
Present Law Budget	\$ 236,309,317	\$ 26,286,884	\$ 262,596,201	\$ 219,150,783	\$ 17,181,845	\$ 236,332,628	\$ 498,928,829
New Proposals	<u>6,076,724</u>	<u>(388,176)</u>	<u>5,688,548</u>	<u>1,045,434</u>	<u>(312,000)</u>	<u>733,434</u>	<u>6,421,982</u>
Total Budget 2003 Biennium	<u>\$ 242,386,041</u>	<u>\$ 25,898,708</u>	<u>\$ 268,284,749</u>	<u>\$ 220,196,217</u>	<u>\$ 16,869,845</u>	<u>\$ 237,066,062</u>	<u>\$ 505,350,811</u>

Biennial Comparison

Table 9 presents a biennial budget comparison for state funds and university funds supporting the university system general operating budget. The legislature appropriated \$268.3 million of state general fund and state special revenue funds in the 2003 biennium for the units and agencies, a \$13.9 million (5.5 percent) increase from the 2001 biennium. University funds of \$237.1 million in the 2003 biennium are appropriated in language, for an approximate 0.2 percent increase from the 2001 biennium.

	2000-01 Biennium(1)	2002-03 Biennium	Biennium Change	Percent Change
<u>State Funds - HB2 Line Items</u>				
Units and COTs	\$ 221,769,324	\$ 232,675,946	\$ 10,906,622	4.9%
Ag. Experiment Station	17,967,415	20,097,271	2,129,856	11.9%
Extension Service	7,959,610	8,370,017	410,407	5.2%
Bureau of Mines	4,230,015	4,338,428	108,413	2.6%
Forestry & Conservation	1,738,565	1,798,212	59,647	3.4%
Fire Services	<u>720,543</u>	<u>1,004,880</u>	<u>284,337</u>	<u>39.5%</u>
TOTALS	<u>\$ 254,385,472</u>	<u>\$ 268,284,754</u>	<u>\$ 13,899,282</u>	5.5%
<u>Tuition/Interest/Other - HB 2 Language</u>				
Units and COTs	\$ 225,661,165	\$ 226,050,873	\$ 389,708	0.2%
Ag. Experiment Station	6,178,237	6,301,574	123,337	2.0%
Extension Service	4,634,800	4,640,964	6,164	0.1%
Bureau of Mines	86,313	54,620	(31,693)	-36.7%
Forestry & Conservation	9,022	9,846	824	9.1%
Fire Services	<u>8,497</u>	<u>8,194</u>	<u>(303)</u>	<u>-3.6%</u>
TOTALS	<u>\$ 236,578,034</u>	<u>\$ 237,066,071</u>	<u>\$ 488,037</u>	0.2%
<u>Total Funds - HB 2</u>				
Units and COTs	\$ 447,430,489	\$ 458,726,819	\$ 11,296,330	2.5%
Ag. Experiment Station	24,145,652	26,398,845	2,253,193	9.3%
Extension Service	12,594,410	13,010,981	416,571	3.3%
Bureau of Mines	4,316,328	4,393,048	76,720	1.8%
Forestry & Conservation	1,747,587	1,808,058	60,471	3.5%
Fire Services	<u>729,040</u>	<u>1,013,074</u>	<u>284,034</u>	<u>39.0%</u>
TOTALS	<u>\$ 490,963,506</u>	<u>\$ 505,350,825</u>	<u>\$ 14,387,319</u>	2.9%
<small>(1) FY2000 Actual; FY2001 MUS Op Plans/SABHRS Appropriation Transaction Reports</small>				

Board of Regents-approved tuition rate increases exceeding the estimate used during the legislative session are not included in Table 9. Refer to the "Education Units Program Narrative" section for more information on the tuition increase.

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Fixed Costs					0					0
Total Statewide Present Law Adjustments					\$0					\$0
DP 699 - Vacancy Savings at 4 Percent	0.00	(640,783)	0	0	(640,783)	0.00	(642,599)	0	0	(642,599)
DP 900 - Statewide Personal Services, Fixed Cost, Inflation	0.00	4,451,874	25,766	0	4,477,640	0.00	4,613,182	27,386	0	4,640,568
DP 903 - AES & FSTS Equipment Replacement	0.00	230,000	0	0	230,000	0.00	279,000	0	0	279,000
DP 904 - Campus Water, Sewer, and Garbage Increases	0.00	97,415	0	0	97,415	0.00	99,942	0	0	99,942
DP 907 - Resident Enrollment Growth	0.00	767,567	0	0	767,567	0.00	1,156,135	0	0	1,156,135
DP 908 - Increased Rate for Recharges to Main Campus	0.00	20,644	0	0	20,644	0.00	23,399	0	0	23,399
DP 909 - Fee Waivers - projected resident students	0.00	150,476	0	0	150,476	0.00	163,839	0	0	163,839
DP 911 - Adj. Groundwater Funding to Estimate	0.00	0	(25,766)	0	(25,766)	0.00	0	38,614	0	38,614
DP 912 - Remove UM Missoula Carry-forward Amount	0.00	(828,351)	0	0	(828,351)	0.00	(828,351)	0	0	(828,351)
DP 913 - Boz Sidewalks and Ray Bjork Lease	0.00	94,767	0	0	94,767	0.00	39,107	0	0	39,107
DP 914 - Stable funding for N.R.I.S.	0.00	22,126	0	0	22,126	0.00	22,127	0	0	22,127
DP 915 - Oper. & Mnt. for New Buildings	0.00	77,274	0	0	77,274	0.00	77,274	0	0	77,274
DP 917 - Annualizing the cost of Family Practice Residency	0.00	45,600	0	0	45,600	0.00	45,600	0	0	45,600
DP 950 - Reduce Ag Exp Station Vac Savings from 4% to 1.5%	0.00	205,989	0	0	205,989	0.00	206,846	0	0	206,846
DP 990 - Motorcycle Safety Education	0.00	0	205,192	0	205,192	0.00	0	205,404	0	205,404
Total Other Present Law Adjustments	0.00	\$4,694,598	\$205,192	\$0	\$4,899,790	0.00	\$5,255,501	\$271,404	\$0	\$5,526,905
Grand Total All Present Law Adjustments					\$4,899,790					\$5,526,905

Present Law Adjustments

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

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. Vacancy savings was not applied to instructional faculty at the university units and colleges of technology.

DP 900 - Statewide Personal Services, Fixed Cost, Inflation - This adjustment constitutes the statewide present law adjustments for the units, the colleges of technology and the public service/research agencies. Present law increases are included for annualizing the 2001 biennium payplan, fixed costs, and inflation applied to certain costs. The adjustment includes approximately \$2.7 million vacancy savings each year, of which approximately \$1.5 million each year is general fund savings. The legislature applied additional vacancy savings as recommended by Governor Martz. This adjustment is discussed in decision package 699 earlier in this section. University funds totaling \$4.7 million are also included in HB 2 language for this purpose.

DP 903 - AES & FSTS Equipment Replacement - The legislature approved funding for the Agricultural Experiment Station and the Fire Services Training School to acquire additional equipment in the 2003 biennium. The adjustment

includes \$460,000 for the Agricultural Experiment Station to replace old farm implements and \$49,000 for the Fire Services Training School to replace a tractor for the mobile training lab used to train fire fighters in Montana communities.

DP 904 - Campus Water, Sewer, and Garbage Increases - The legislature added \$197,357 of state general fund in the 2003 biennium for expected cost increases in city and county services. University funds will also participate in this cost increase in the amount of \$178,323 in the 2003 biennium.

DP 907 - Resident Enrollment Growth - The legislature appropriated funds for resident student enrollment increases, which are considered a present law adjustment under current budgeting statutes. This adjustment includes general fund and tuition for projected increases in the number of resident students. Funding for enrollment increases is based on an estimated marginal cost per additional FTE student. For the 2003 biennium, the estimated marginal cost is \$4,304 per student. This marginal cost is funded by general fund of \$1,914 and tuition of \$2,390 per resident FTE. The adjustment is based on a projected resident enrollment increase from fiscal 2000 of 401 FTE in fiscal 2002 and 604 FTE in fiscal 2003. Total general fund added in the 2003 biennium is \$1.9 million while the estimated tuition revenue expected from the projected resident FTE growth totals \$2.4 million in the 2003 biennium.

DP 908 - Increased Rate for Recharges to Main Campus - The legislature added \$44,043 general fund in the 2003 biennium to allow for increased recharges at the education agencies to the main campuses. University funds will also participate in this additional cost in the amount of \$21,748 in the 2003 biennium.

DP 909 - Fee Waivers - Projected Resident Students - The legislature authorized \$314,315 general fund in the 2003 biennium to pay 50 percent of the increased cost of resident fee waivers. Tuition will fund the remaining 50 percent of the increased resident fee waiver cost in the 2003 biennium.

DP 911 - Adj. Groundwater Funding to Estimate - The legislature adjusted groundwater funding at the Montana Bureau of Mines and Geology to equal the projected revenue estimate of \$600,000 in fiscal 2002 and \$666,000 in fiscal 2003. The increased revenue in fiscal 2003 results from the statutory distribution change that results when the Resource Indemnity Trust principal balance tops \$100 million and is certified according to law. Revenue projections contained in HJR 2 show that the increased funding available for the Groundwater Assessment Program is anticipated for fiscal 2003.

DP 912 - Remove UM Missoula Carry-forward Amount - The legislature reduced the base year state-funded expenditures at the University of Montana - Missoula by the amount of state funds it transferred from its fiscal 2001 appropriation to fiscal 2000.

DP 913 - Bozeman Sidewalks and Ray Bjork Lease - The legislature added \$78,214 of general fund in the 2003 biennium for increased lease costs at the Helena College of Technology and \$55,660 of general fund in the 2003 biennium for the construction of sidewalks required by the City of Bozeman. University funds totaling \$95,372 are also included in HB 2 language for this purpose.

DP 914 - Stable funding for N.R.I.S. - The legislature added \$44,253 general fund in the 2003 biennium for financial support of the Natural Resources Information System managed by the Montana State Library. A comparable amount of university funds will also participate in this cost increase.

DP 915 - Oper. & Mnt. for New Buildings - The legislature added \$154,548 of general fund in the 2003 biennium for increased operations and maintenance costs for new space at the Renne Library at Montana State University - Bozeman and the Rural Tech Education Center at UM - Western. University funds totaling \$90,158 are also included in HB 2 language for this purpose. The Long Range Planning Joint Appropriations Subcommittee of the Fifty-sixth Legislature reviewed and approved the new space costs included in this present law adjustment.

DP 917 - Annualizing the cost of Family Practice Residency - The Montana Family Practice Residency program mission is to train family physicians to practice in underserved areas of rural Montana. The legislature added \$91,200 general fund in the 2003 biennium to increase the budget to the fiscal 2001 appropriation authorized by the Fifty-sixth Legislature.

DP 950 - Reduce Ag Exp Station Vacancy Savings from 4% to 1.5% - The legislature reduced the vacancy savings for the Agricultural Experiment Station from 4.0 percent to 1.5 percent each year of the 2003 biennium, resulting in a biennial general fund increase of \$412,835.

DP 990 - Motorcycle Safety Education - This adjustment adds \$410,596 of state special revenue motorcycle safety revenue in the 2003 biennium to operate the Motorcycle Safety Education program.

The Fifty-sixth Legislature transferred the Motorcycle Safety Education Program from the Office of Public Instruction to the Board of Regents. Motorcycle endorsement fees and motorcycle registration fees are the primary sources of revenue for this program. In fiscal 2000, the OCHE transferred \$158,144 of motorcycle safety funds to MSU-Northern; these funds were deposited into and accounted for in the current unrestricted designated fund, rather than the current unrestricted operating fund. The legislature approved the executive proposal to record the financial activity of this program in the current unrestricted operating fund beginning in fiscal 2002. With the requested adjustment, the total budgeted amount for the Motorcycle Safety Education program would be \$726,884 in the 2003 biennium.

Other Present Law Adjustments

Non-Resident Enrollment Marginal Cost Reduction - Instructional costs and fee waivers are reduced to reflect the expected cost savings from the decline in non-resident enrollment. Non-resident student FTE is projected to decrease 522 FTE in fiscal 2002 and 796 FTE in fiscal 2003 from the fiscal 2000 level. The biennial cost reduction from this enrollment decline is \$6.4 million, funded 100 percent from tuition.

Other Adjustments - The legislature approved several other adjustments funded from university funds that result in an overall reduction of \$490,800 annually. The main type of adjustment in this category is reconciliation between the state accounting system and the university accounting systems.

Six-Mill Levy Revenue Decrease/General Fund Replacement - The legislature replaced a projected \$5.8 million biennial reduction in the statewide six-mill levy with a like amount of state general fund. There is no overall impact in the total amount of state dollars going to the Montana University System as a result of this adjustment.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 124 - HB 124 Six-Mill Levy Revenue Change											
09	0.00	194,088	(194,088)	0	0	0.00	194,088	(194,088)	0	0	
DP 680 - Reallocate funds for Bureau of Mines Travel Expense											
09	0.00	0	0	0	0	0.00	0	0	0	0	
DP 681 - Reallocate to Ag. Experiment Station											
09	0.00	0	0	0	0	0.00	0	0	0	0	
DP 682 - ES - MT Beef Network/Reduce VS											
09	0.00	0	0	0	0	0.00	0	0	0	0	
DP 683 - Flathead Lake Biological Station Incr. Funding											
09	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000	
DP 691 - Personal Services General Fund Reduction											
09	0.00	(779,826)	0	0	(779,826)	0.00	(782,537)	0	0	(782,537)	
DP 901 - Increase State Support Resident St											
09	0.00	2,500,000	0	0	2,500,000	0.00	5,000,000	0	0	5,000,000	
DP 910 - Fee Waivers - Resident Students 3% Increase											
09	0.00	99,801	0	0	99,801	0.00	203,441	0	0	203,441	
DP 951 - AES - Institute for Biobased Products											
09	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000	
DP 952 - FSTS-Add1New Trainer and Support Staff in 2003 B											
09	0.00	102,009	0	0	102,009	0.00	65,416	0	0	65,416	
DP 955 - Travel Reduction and Reallocation											
09	0.00	(204,782)	0	0	(204,782)	0.00	(204,782)	0	0	(204,782)	
DP 956 - Reallocate General Fund for Baker Grants											
09	0.00	(303,101)	0	0	(303,101)	0.00	(303,849)	0	0	(303,849)	
DP 962 - Reduction from Martz Budget Lump Sum											
09	0.00	(99,801)	0	0	(99,801)	0.00	(203,441)	0	0	(203,441)	
Total	0.00	\$1,808,388	(\$194,088)	\$0	\$1,614,300	0.00	\$4,268,336	(\$194,088)	\$0	\$4,074,248	

New Proposals

DP 124 - HB 124 Six-Mill Levy Revenue Change - HB 124 passed by the legislature redirected the deposit of motor vehicle fees from non-levy property tax revenue to the state general fund. The amount impacting the statewide six-mill levy account is estimated to be \$194,088 each year of the 2003 biennium. Accordingly, the six-mill levy revenue used to fund the university units and colleges of technology was reduced \$194,088 each year of the 2003 biennium with a commensurate increase in the state general fund appropriation.

DP 680 - Reallocate funds for Bureau of Mines Travel Expense - The legislature reallocated \$9,603 general fund each year of the 2003 biennium from the university units and colleges of technology base funding to the Montana Bureau of Mines and Geology to restore travel expenditures reduced in the legislative process.

DP 681 - Reallocate to Ag. Experiment Station - The legislature reallocated \$312,000 general fund in the 2003 biennium from the base funding for university units and colleges of technology to the Montana Agricultural Experiment Station to replace declining revenues from university proprietary and federal funds. University funds totaling \$312,000 were reduced in HB 2 language to reflect the projected reduced level of university funds in the 2003 biennium.

DP 682 - ES - MT Beef Network/Reduce VS - The legislature reallocated \$374,398 general fund in the 2003 biennium from the university units and colleges of technology to the Montana Extension Service to reduce vacancy savings from 4 percent to 1.5 percent (\$194,398) and to establish a one-time-only appropriation for a "technology-transfer" position in the Montana Beef Network program in the Extension Service (\$180,000).

DP 683 - Flathead Lake Biological Station Incr. Funding - The legislature added \$200,000 general fund in the 2003 biennium for increased funding for the Flathead Lake Biological Station. This appropriation was designated as a restricted, biennial, one-time-only line item appropriation and is not included in the lump sum appropriation.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of one percent of authorized FTE. No FTE were reduced.

DP 901 - Increase State Support Resident St - The legislature added \$7.5 million general fund over the 2003 biennium to increase state support at the university units and colleges by \$100 per resident student in fiscal 2002 and an additional \$100 per resident student in fiscal 2003. The additional funds will be used for a wide range of needs, including operating budgets, library and student services, information technology investment, physical plant maintenance, and capital equipment. This appropriation was line itemed.

DP 910 - Fee Waivers - Resident Students 3% Increase - The legislature added \$303,242 general fund in the 2003 biennium to pay 50 percent of the increased cost of resident fee waivers due to estimated 3 percent per year tuition rate increases in the 2003 biennium. Tuition will fund the remaining 50 percent of the increased resident fee waiver costs in the 2003 biennium. If tuition rates are increased more than the estimated 3 percent per year, the additional fee waiver costs, beyond the 3 percent rate increase, would be funded entirely from tuition.

DP 951 - AES - Institute for Biobased Products - The legislature added \$400,000 general fund in the 2003 biennium as a line item for the formation of the Institute for Biobased Products and Food Science at the Agricultural Experiment Station. In addition, HB 2 language was added that requires the Agricultural Experiment Station to obtain \$140,000 in private, non-public funds each fiscal year for this new program prior to spending any of the general fund appropriation.

The Institute will provide the educational and research conduit for collaborative programs to address issues such as biobased product/value-added alternative crops, value-added meats, food safety, risk assessment, and product development. The Institute will provide expertise to producers and agriculture-based industry, as well as training seminars and short courses. The funding authorized by the legislature will be used to acquire additional personnel resources in the areas of food science, food safety, risk assessment, and value-added livestock, including genetics and diseases.

DP 952 - FSTS-Add1New Trainer and Support Staff in 2003 Biennium - The legislature authorized the addition of one new fire trainer (1.22 FTE faculty) and support staff (.25 FTE) for the Fire Services Training School at a biennial general fund cost of \$167,425.

DP 955 - Travel Reduction and Reallocation - The legislature reduced the general fund portion of in-state, out-of-state, and foreign travel at the university units, colleges of technology, and research and public service agencies by an average of 15 percent for a general fund savings of \$409,564 in the 2003 biennium. This savings was reallocated to help fund the cost of increasing state support of the community colleges from 51 percent to 53 percent and increasing Baker Grants in the student assistance program.

DP 956 - Reallocate General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.

DP 962 - Reduction from Martz Budget Lump Sum - The legislature reduced the proposed lump sum appropriation for the educational units by \$303,242 general fund for the 2003 biennium.

Montana University System Education Units

The following pages discuss legislative action in regard to the education units, including the four-year campuses and the colleges of technology. Table 10 summarizes the HB 2 current unrestricted operating budget for the education units for the 2003 biennium. Pay plan costs are not included in this table.

Table 10
 Total Current Unrestricted Operating Budget - HB 2
 Montana University System Units & Colleges
 2003 Biennium Legislative Budget

Program/Unit	Base Budget FY 2000	Total Adjustments FY 2002	Legislative Budget FY 2002	Total Adjustments FY 2003	Legislative Budget FY 2003
EDUCATION UNITS					
UM-Missoula (1)	\$79,860,093	\$1,748,343	\$81,608,436	\$1,786,168	\$81,646,261
UM-MT Tech	14,835,101	346,481	15,181,582	379,499	15,214,600
UM-Western	6,660,693	246,115	6,906,808	269,368	6,930,061
UM-Helena COT	3,315,846	159,370	3,475,216	170,731	3,486,577
MSU-Bozeman	78,266,069	2,102,705	80,368,774	2,191,367	80,457,436
MSU-Billings	23,017,788	1,023,961	24,041,749	1,010,823	24,028,611
MSU-Northern	9,999,264	325,587	10,324,851	279,000	10,278,264
MSU-Gt Falls COT	4,246,874	226,584	4,473,458	220,965	4,467,839
Distance Learning	200,000	0	200,000	0	200,000
Family Practice Residency	295,600	45,600	341,200	45,600	341,200
Motorcycle Safety	158,144	205,192	363,336	205,404	363,548
Systemwide Present Law Adjustments:					
Resident Enrollment Growth		1,725,957	1,725,957	2,599,695	2,599,695
Nonresident Student Decrease		(2,513,952)	(2,513,952)	(3,838,352)	(3,838,352)
Resident Student Fee Waivers		300,953	300,953	327,678	327,678
Stable Funding for NRIS		44,252	44,252	44,254	44,254
Systemwide New Proposals:					
Systemwide FTE Funding Reduction		(779,826)	(779,826)	(782,537)	(782,537)
Increased State Support \$100/\$200		2,500,000	2,500,000	5,000,000	5,000,000
Reallocation to Higher Ed Areas		(656,008)	(656,008)	(656,546)	(656,546)
Other Adjustments (see NP table)		<u>303,917</u>	<u>303,917</u>	<u>407,527</u>	<u>407,527</u>
TOTAL COSTS	<u>\$220,855,472</u>	<u>\$7,355,231</u>	<u>\$228,210,703</u>	<u>\$9,660,644</u>	<u>\$230,516,116</u>
FUNDING					
State Appropriated Funds					
General Fund	\$95,071,276	\$7,558,974	\$102,630,250	\$10,341,712	\$105,412,988
Six-Mill Levy	14,809,000	(2,940,088)	11,868,912	(2,772,088)	12,036,912
Other State Special	<u>158,144</u>	<u>205,192</u>	<u>363,336</u>	<u>205,404</u>	<u>363,548</u>
Subtotal State Funds	<u>\$110,038,420</u>	<u>\$4,824,078</u>	<u>\$114,862,498</u>	<u>\$7,775,028</u>	<u>\$117,813,448</u>
<i>Percent of Total</i>	<i>49.8%</i>		<i>50.3%</i>		<i>51.1%</i>
University Funds					
Tuition & Fees	\$107,889,724	\$2,531,153	\$110,420,877	\$1,885,616	109,775,340
Interest Earnings	1,913,590	0	1,913,590	0	1,913,590
Other	<u>1,013,738</u>	<u>0</u>	<u>1,013,738</u>	<u>0</u>	<u>1,013,738</u>
Subtotal University Funds	<u>\$110,817,052</u>	<u>\$2,531,153</u>	<u>\$113,348,205</u>	<u>\$1,885,616</u>	<u>\$112,702,668</u>
<i>Percent of Total</i>	<i>50.2%</i>		<i>49.7%</i>		<i>48.9%</i>
TOTAL CUO FUNDS (2)	<u>\$220,855,472</u>	<u>\$7,355,231</u>	<u>\$228,210,703</u>	<u>\$9,660,644</u>	<u>\$230,516,116</u>

Education Units Program Narrative

The legislative budget for the Montana University System education units:

- ?? Funds an approximate \$100 per resident student increase in state support in fiscal 2002 and an additional \$100 per resident student increase in fiscal 2003
- ?? Anticipates an increase in resident students and a decrease in non-resident students
- ?? Replaces declining six-mill levy revenue with general fund
- ?? Assumes an approximate annual two percent tuition rate increase in the 2003 biennium, before pay plan increases
- ?? Reallocates state funds from the education units to expand programs in the research and public service agencies
- ?? Results in state funds contributing 50.3 percent of the fiscal 2002 budget and 51.1 percent of the fiscal 2003 budget before pay plan increases

The legislative budget increases 3.3 percent from the fiscal 2000 base to fiscal 2002 and an additional 1.0 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from state funds (4.4 percent) and from university funds (2.3 percent). On a biennial comparison basis, the state funds budget increases 9.2 percent and the total funds budget increases 6.9 percent when pay plan is included.

See the Appropriation Distribution Program's "Present Law Adjustment" and "New Proposal" sections earlier in the Legislative Fiscal Report 2003 Biennium for a description of the present law adjustments and new proposals relating to the education units.

Student Enrollment

Resident full-time equivalent (FTE) student enrollment is projected to increase 1.6 percent from the fiscal 2000 base to fiscal 2002 and an additional 0.8 percent from fiscal 2002 to fiscal 2003. Conversely, non-resident FTE student enrollment is projected to decline 7.8 percent from fiscal 2000 to fiscal 2002 and an additional 4.3 percent from fiscal 2002 to fiscal 2003. Table 11 below presents an historical perspective of resident and non-resident FTE student enrollment at the university units and colleges of technology.

Table 11
Resident & Non-Resident FTE Student Enrollment
Fiscal 1998 - Fiscal 2003

Unit	Actual FY 1998	Actual FY 1999	Actual FY 2000	Prelim. FY 2001	Leg. Est. FY 2002	Leg. Est. FY 2003
<u>6 Units - Resident FTE</u>						
UM-Missoula	7,022	7,187	7,256	7,401	7,102	7,083
MSU-Bozeman	7,490	7,601	7,627	7,740	7,690	7,636
UM-MT Tech	1,397	1,384	1,411	1,386	1,439	1,454
MSU-Billings	3,207	3,100	3,126	3,106	3,348	3,458
MSU-Northern	1,401	1,411	1,362	1,336	1,340	1,343
UM-Dillon	<u>922</u>	<u>843</u>	<u>867</u>	<u>880</u>	<u>884</u>	<u>893</u>
Subtotal	<u>21,439</u>	<u>21,526</u>	<u>21,649</u>	<u>21,849</u>	<u>21,803</u>	<u>21,867</u>
<u>6 Units-Non Resident</u>						
UM-Missoula	3,429	3,352	3,258	3,172	2,928	2,772
MSU-Bozeman	2,719	2,774	2,775	2,672	2,610	2,513
UM-MT Tech	259	258	272	272	233	218
MSU Billings	194	236	245	255	246	246
MSU-Northern	89	90	89	82	92	86
UM-Dillon	<u>110</u>	<u>127</u>	<u>142</u>	<u>147</u>	<u>144</u>	<u>145</u>
Subtotal	<u>6,800</u>	<u>6,837</u>	<u>6,781</u>	<u>6,600</u>	<u>6,253</u>	<u>5,980</u>
Total 6 Units	<u>28,239</u>	<u>28,363</u>	<u>28,430</u>	<u>28,449</u>	<u>28,056</u>	<u>27,847</u>
<u>Colleges of Technology Resident</u>						
Billings	454	478	477	445	575	635
Butte	339	326	302	278	308	311
Great Falls	703	745	760	816	811	834
Helena	649	652	686	706	771	817
Missoula	<u>740</u>	<u>708</u>	<u>729</u>	<u>743</u>	<u>736</u>	<u>743</u>
Subtotal	<u>2,885</u>	<u>2,909</u>	<u>2,954</u>	<u>2,988</u>	<u>3,201</u>	<u>3,340</u>
<u>Colleges of Technology Non-Resident</u>						
Billings	18	29	32	27	29	28
Butte	15	8	8	6	8	7
Great Falls	2	5	6	12	15	18
Helena	15	12	18	15	15	15
Missoula	<u>55</u>	<u>57</u>	<u>47</u>	<u>54</u>	<u>50</u>	<u>48</u>
Subtotal	<u>105</u>	<u>111</u>	<u>111</u>	<u>114</u>	<u>117</u>	<u>116</u>
Total COT	<u>2,990</u>	<u>3,020</u>	<u>3,065</u>	<u>3,102</u>	<u>3,318</u>	<u>3,456</u>
Total Enrollment	<u>31,229</u>	<u>31,383</u>	<u>31,495</u>	<u>31,551</u>	<u>31,374</u>	<u>31,303</u>
Resident Enrollment	24,324	24,435	24,603	24,837	25,004	25,207
Non-resident Enrollment	<u>6,905</u>	<u>6,948</u>	<u>6,892</u>	<u>6,714</u>	<u>6,370</u>	<u>6,096</u>
Total Enrollment	<u>31,229</u>	<u>31,383</u>	<u>31,495</u>	<u>31,551</u>	<u>31,374</u>	<u>31,303</u>

The marginal costs associated with resident FTE student enrollment increases, including instruction, fee waivers, and some student services, are funded by state funds and tuition. This marginal cost is defined on a per FTE student basis. For the 2003 biennium, the marginal cost is estimated to be \$4,304 for resident students and \$4,816 for non-resident students. In each year of the 2003 biennium, the legislature appropriated \$1,914 state general fund for each projected resident FTE student above the actual resident FTE student reported for the base year. The remaining \$2,390 per resident FTE student is funded from tuition. The legislature included language in HB 2 requiring a general fund reversion of \$1,914 for each resident student FTE budgeted but not realized in the 2003 biennium. Marginal costs (or savings) associated with non-resident FTE fluctuations are borne 100 percent by non-resident tuition.

Tuition

The Board of Regents, with its constitutionally-granted capacity of governing the university system and managing its resources and operations, has the ultimate responsibility and authority for setting tuition rates and fees at the state’s public university units and colleges of technology. During the development of the Executive Budget and legislative budget deliberations, both the Governor and the legislature expect the university system to participate in budget increases authorized by the legislature, such as statewide and other present law adjustments, new proposals, and pay plan costs.

As noted earlier, considering just HB 2, the legislature assumed tuition rates would increase approximately two percent each year of the 2003 biennium. When the 2003 pay plan costs are added, tuition rates would increase approximately 5.6 percent annually.

At its May 2001 meeting, the Board of Regents authorized annual tuition rate increases of 5 percent at the colleges of technology and lower division courses at UM-Western and MSU-Northern and 13 percent at all other campuses. The increases are \$39.1 million over present tuition levels or \$24.6 million in excess of the tuition estimates included in HB 2 and the pay plan bill. The additional tuition revenue will be used for the items listed under “Board of Regents Approved Adjustments” on Table 12 below. A brief description of each item follows the table.

Item	HB 2	HB 13	Board of Regents	Total Projected Tuition
2001 Biennium Base Tuition Revenue	\$215,779,448	\$0	\$0	\$215,779,448
2003 Biennium Present Law Revenue Adjustment	<u>0</u>	<u>0</u>	(384,355)	(384,355)
Net Present Law Tuition Revenue	<u>\$215,779,448</u>	<u>\$0</u>	(\$384,355)	<u>\$215,395,093</u>
Expenditure Adjustments:				
2003 Biennium Present Law Adjust. and New Proposals	\$4,416,769	\$0	\$0	\$4,416,769
2003 Biennium Pay Plan Increase	-	10,137,554	-	10,137,554
Board of Regents Approved Adjustments:				
Quality Enhancements to be Monitored by Board of Regents*			4,359,050	4,359,050
Anticipated Utility Costs in Excess of HB 2 & 3 Approp.	-	-	4,087,823	4,087,823
Anticipated Employee Termination Costs	-	-	3,625,502	3,625,502
Replace General Fund Reductions/Reallocations in HB 2	-	-	3,469,911	3,469,911
Fee Waiver Cost due to Tuition Rate Increase not in HB 2			3,099,663	3,099,663
Est. Impact of Reducing State GF % of 2001 B Pay Plan	-	-	2,921,207	2,921,207
Other Adjustments**	<u>0</u>	<u>0</u>	<u>3,022,910</u>	<u>3,022,910</u>
Total Adjustments	<u>\$4,416,769</u>	<u>\$10,137,554</u>	<u>\$24,586,066</u>	<u>\$39,140,389</u>
Total Projected Tuition Revenue	<u>\$220,196,217</u>	<u>\$10,137,554</u>	<u>\$24,201,711</u>	<u>\$254,535,482</u>

* Calculated as remainder from tuition rate increase less all other adjustments. This amount is tentative as the fiscal 2003 tuition rate increase is subject to re-review by the Board of Regents in Spring 2002.

**Includes library inflation, increased Banner costs, and a one-time increase to replace course fees.

Quality Enhancements to be Monitored by Board of Regents

The Board of Regents approved a tuition rate increase that exceeded the recommendation of the Commissioner of Higher Education to allow for quality improvements. The board requested the university system periodically report on the use of the additional authorized tuition.

The amount shown for this purpose in Table 12 is tentative because the Board of Regents is going to re-evaluate the fiscal 2003 tuition rate increase in spring 2002. Additionally, actual enrollment may be greater than or smaller than projected enrollment and will impact projected tuition revenue accordingly.

Anticipated Utility Costs in Excess of HB 2 and HB 3 Appropriations

The Montana University System requested additional general fund for actual and anticipated \$8.1 million in utility costs in excess of the 2001 and 2003 biennia utility budgets. The legislature provided \$1.2 million for the 2001 biennium shortfall in House Bill 3. The legislature also reserved \$3.2 million general fund for all state agencies' needs due to higher utility costs in the 2003 biennium.

Approximately \$4.1 million of the tuition rate increase was identified for higher-than-budgeted utility costs.

Employee Termination Costs

The Montana University System requested an additional \$3.6 million general fund for anticipated employee termination costs in the 2003 biennium. Termination costs are not included in the Executive Budget and are typically not budgeted by the legislature. The legislature denied the university system request for the additional funds.

Replace General Fund Reductions/Reallocations

The legislature made general fund reductions and reallocated general fund from the education units to other areas of higher education. A portion of the Board of Regents tuition rate increase is to fund the general fund reductions and reallocations made by the legislature.

Fee Waiver Cost due to Tuition Rate Increase not in HB 2

Fee waiver costs reflect the prevailing tuition rate. As tuition rates increase, fee waiver costs increase. The additional fee waiver costs shown in Table 12 reflect the board-approved tuition increase in excess of the fee waiver tuition-related new proposal included in HB 2.

Estimated Impact of Reducing State General Fund Percentage of 2001 Biennium Pay Plan

When a biennial budget is developed, one of the major costs of all state agencies is the annualization of the prior biennium's pay plan costs. This is accomplished by adding the cost of the current biennium's second year pay plan increase to the base year. The adjustment appears in the new biennium budget proposal as one of the statewide present law adjustments.

The 1999 legislature funded 2001 biennium pay increases for the university system with approximately 63 percent general fund and 37 percent tuition. The Executive Budget funded the 2003 biennium statewide present law adjustments with approximately 51 percent general fund and 49 percent tuition. This funding change increased tuition requirements and decreased general fund requirements by \$2.9 million in the 2003 biennium. The university system requested additional general fund to address this issue. The legislature adopted the statewide present law adjustments as funded in the Executive Budget and denied the university system request for the additional funds.

Other Adjustments

The Montana University System is funding budget increases in other areas with tuition, including inflationary increases for library books and periodicals (\$2.0 million), increased Banner support costs (\$0.8 million), and a one-time increase to cover course fees previously charged separately (\$0.3 million).

Biennium Budget Comparison

Table 13 presents the biennial budget comparison for the education units that includes the 2003 pay plan and the projected additional tuition revenue resulting from the Board of Regents action authorizing the increase. As shown on Table 13, total funds will increase 12 percent for the education units in the 2003 biennium, funded largely from the tuition increase.

Table 13
Montana University System Education Units
2001 and 2003 Biennium Budget Comparison

	2001 Biennium Base (1)	2003 Biennium HB 2 & 13	2003 Biennium Regents' Tuition (2)	2003 Biennium Total	\$ Biennial Change	% Biennial Change
Biennial Budgets						
State Funds	\$ 221,769,324	\$ 242,138,276	\$ -	\$ 242,138,276	\$ 20,368,952	9.2%
University Funds	225,661,165	236,188,426	24,201,711	260,390,137	34,728,972	15.4%
Total	\$ 447,430,489	\$ 478,326,702	\$ 24,201,711	\$ 502,528,413	\$ 55,097,924	12.3%
Percent of Total						
State Funds	49.6%			48.2%		
University Funds	50.4%			51.8%		
Total	100.0%			100.0%		

(1) FY 2000 actual plus FY 2001 MUS Op Plans/SABHRS Appropriation Transaction Reports.
(2) Projected tuition revenue from Board of Regents tuition rate increase that is in addition to the tuition estimate included in HB 2 & 13.

State funds, including general fund and state special revenue, are budgeted to increase 9.2 percent in the 2003 biennium from the 2001 biennium. At the same time, university funds, primarily tuition, are projected to increase 15.4 percent.

In the 2001 biennium, state funds contributed 49.6 percent of education units budgets; in the 2003 biennium, state funds are projected to contribute 48.2 percent. This percentage reduction is attributable to tuition revenue funding a larger share of the budget increases.

Education Units Language

Item [Increase State Support \$100 per Resident Student per Year] is intended by the legislature to be used to increase state support for resident student FTE at the university units each year of the 2003 biennium.

The general fund and millage appropriation in item [Appropriation Distribution] is calculated to fund education in the 4-year units and the colleges of technology for an estimated 25,004 resident FTE students in fiscal 2002 and 25,207 resident FTE students in fiscal 2003. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students without a state general fund contribution. If actual resident student enrollment is less than the estimated number for the biennium, the Commissioner of Higher Education shall revert \$1,914 in general fund to the state for each estimated FTE student who did not enroll.

Revenue appropriated to the Montana University System units and colleges of technology includes: (1) state special revenue from interest earnings of \$1,913,590 each year of the 2003 biennium; (2) tuition revenue of \$110,421,986 in fiscal 2002 and \$109,776,960 in fiscal 2003; and (3) other revenue of \$1,013,738 each year of the 2003 biennium. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in item [Appropriation Distribution].

Item [OCHE and University Units Lump-Sum] includes \$428,660 in each year of the biennium that must be transferred to the State 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, \$201,100; Montana Tech of the University of Montana, \$28,000; Montana State University-Northern, \$97,000; Montana State University-Billings, \$91,800; and Western Montana College of the University of Montana, \$10,760.

Total audit costs are estimated to be \$681,092 for the university system other than the Office of the Commissioner of Higher Education. Each unit shall pay a percentage of these costs from funds other than those appropriated in item [Legislative Audit Costs].

Item [Appropriation Distribution] includes a total of \$44,253 of general fund for the 2003 biennium for the Montana Natural Resources Information System (NRIS). The Montana University System shall pay an additional \$44,253 for the 2003 biennium in current funds in support of NRIS. Quarterly payments must be made upon receipt of the bills from the State Library, up to the total amount appropriated.

Item [OCHE -- Appropriation Distribution Transfers] includes a reduction of \$779,826 in fiscal 2002 and \$782,537 in fiscal 2003 of general fund. The Board of Regents may reallocate this reduction in funding among university system units as defined in 17-7-102(13), MCA, when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Agricultural Experiment Station								
	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Legis. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Legis. Budget Fiscal 2003	Biennial Budget Fiscal 02-03
FTE	239.56		5.00	244.56		5.00	244.56	244.56
Personal Services	10,038,201	781,666	200,000	11,019,867	831,626	200,000	11,069,827	22,089,694
Operating Costs	1,727,890	28,576	3,736	1,760,202	28,071	3,736	1,759,697	3,519,899
Equipment	162,728	230,000	0	392,728	230,000	0	392,728	785,456
Debt Service	1,898	0	0	1,898	0	0	1,898	3,796
Total Costs	\$11,930,717	\$1,040,242	\$203,736	\$13,174,695	\$1,089,697	\$203,736	\$13,224,150	\$26,398,845
State Funds								
General Fund	8,875,976	808,245	346,239	10,030,460	844,596	346,239	10,066,811	20,097,271
Subtotal State Funds	8,875,976	808,245	346,239	10,030,460	844,596	346,239	10,066,811	20,097,271
University Funds								
Federal Funds	2,003,119	108,598	(89,348)	2,022,369	116,728	(89,348)	2,030,499	4,052,868
Sales & Service	874,228	117,166	(53,767)	937,627	121,674	(53,767)	942,135	1,879,762
Interest and Other	177,394	6,233	612	184,239	6,699	612	184,705	368,944
Subtotal University Funds	3,054,741	231,997	(142,503)	3,144,235	245,101	(142,503)	3,157,339	6,301,574
Total Current Unrestricted Operating Fund	\$11,930,717	\$1,040,242	\$203,736	\$13,174,695	\$1,089,697	\$203,736	\$13,224,150	\$26,398,845

Program Description

The Montana Agricultural Experiment Station was established at Montana State University-Bozeman by the legislature in 1893 under Hatch Act authorization enacted by the U.S. Congress. The station is the agricultural research component of the land-grant university's three-part mission of teaching, research, and service.

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

Program Narrative

The legislative budget increases 10.4 percent from the fiscal 2000 base year to fiscal 2002 and an additional .4 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from general fund (11.3 percent) and from university funds (8.0 percent). On a biennial comparison basis, the general fund budget increases 18.5 percent and the total funds budget increases 14.3 percent when pay plan is included.

The budget increases are primarily due to statewide present law adjustments and two other adjustments:

- ?? Reduction of vacancy savings from 4 percent assessed most other state agencies to 1.5 percent, a biennial budget increase of \$0.4 million general fund
- ?? State support for a new research program, the Institute for Biobased Products and Food Science, totaling \$400,000 general fund in the 2003 biennium

Language was included in HB 2 requiring the Agricultural Experiment Station to collect \$140,000 of private, non-public money each year of the 2003 biennium for the purpose of supporting the institute.

See the Appropriation Distribution Program’s “Present Law Adjustment” and “New Proposal” section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

Funding

In addition to state general fund, the Montana Agricultural Experiment Station is funded from other current unrestricted funds, including: 1) federal Hatch Act and regional research funds; 2) sales and service revenue; and 3) interest and other revenue. Federal funds are awarded by formula for federally approved research projects.

Language

Revenue appropriated to the Agricultural Experiment Station includes: 1) state special revenue from interest earnings and other revenue of \$184,239 in fiscal 2002 and \$184,705 in fiscal 2003; 2) federal revenue of \$2,022,369 in fiscal 2002 and \$2,030,499 in fiscal 2003; and 3) proprietary revenue from sales of \$937,627 in fiscal 2002 and \$942,135 in fiscal 2003. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item [Agricultural Experiment Station].

The general fund in item [Institute for Biobased Products and Food Science] is appropriated with the condition that, prior to the expenditure of the general fund, the Montana Agricultural Experiment Station collects \$140,000 of private, nonpublic money each year of the 2003 biennium for the purpose of supporting the Institute for Biobased Products and Food Science.

Extension Service	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Legis. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Legis. Budget Fiscal 2003	Biennial Budget Fiscal 02-03
FTE	121.35	0.00	0.00	121.35	0.00	0.00	121.35	121.35
Personal Services	5,546,186	168,210	187,304	5,901,700	188,676	187,094	5,921,956	11,823,656
Operating Costs	574,606	19,158	(14,540)	579,224	24,177	(14,540)	584,243	1,163,467
Equipment	12,012	(83)	0	11,929	(83)	0	11,929	23,858
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$6,132,804	\$187,285	\$172,764	\$6,492,853	\$212,770	\$172,554	\$6,518,128	\$13,010,981
State Funds								
General Fund	3,897,593	106,668	172,764	4,177,025	122,845	172,554	4,192,992	8,370,017
Subtotal State Funds	3,897,593	106,668	172,764	4,177,025	122,845	172,554	4,192,992	8,370,017
University Funds								
Federal Funds	2,183,039	85,889	0	2,268,928	95,026	0	2,278,065	4,546,993
Interest and Other	52,172	(5,272)	0	46,900	(5,101)	0	47,071	93,971
Subtotal University Funds	2,235,211	80,617	0	2,315,828	89,925	0	2,325,136	4,640,963
Total Current Unrestricted Operating Fund	\$6,132,804	\$187,285	\$172,764	\$6,492,853	\$212,770	\$172,554	\$6,518,128	\$13,010,980

Program Description

The Extension Service was established in 1914 as a result of the federal Smith-Lever Act. The Extension Service mission is disseminating and encouraging practical use of research about agricultural production and marketing, family and consumer science, and human resource development. It serves 54 of the 56 counties through 52 county extension offices. The central operations are housed on the Bozeman campus. Background materials for its educational efforts are developed by faculty at the Extension Service, the Agricultural Experiment Station, and Montana State University departments from available research information.

Program Narrative

The legislative budget increases 5.9 percent from the fiscal 2000 base year to fiscal 2002 and an additional .4 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from general fund (7.2 percent) and from university funds (3.6 percent). On a biennial comparison basis, the general fund budget increases 13.2 percent and the total funds budget increases 8.4 percent when pay plan is included.

The budget increases are primarily due to statewide present law adjustments and two other adjustments:

- ?? Reduction of vacancy savings from 4 percent assessed most other state agencies to 1.5 percent, a biennial budget increase of \$0.2 million general fund
- ?? State support for a “tech transfer” position associated with the Montana Beef Network, a biennial budget increase of \$0.2 million general fund

See the Appropriation Distribution Program’s “Present Law Adjustment” and “New Proposal” section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

Funding

The general operating budget of the Extension Service is funded from general fund in HB 2 line items, federal Smith-Lever Act funds in HB 2 language, and interest earnings and other revenue in HB 2 language.

Language

Revenue appropriated to the Extension Service includes: 1) state special revenue from interest earnings of \$46,892 in fiscal 2002 and \$47,070 in fiscal 2003; and 2) federal revenue of \$2,268,928 in fiscal 2002 and \$2,278,065 in fiscal 2003. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item [Extension Service].

Forestry & Conservation Experiment Station								
	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Legis.. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Legis. Budget Fiscal 2003	Biennial Budget Fiscal 02-03
FTE	13.44	0.00	0.00	13.44	0.00	0.00	13.44	13.44
Personal Services	711,094	41,305	0	752,399	44,427	0	755,521	1,507,920
Operating Coses	151,449	1,048	(2,545)	149,952	1,282	(2,545)	150,186	300,138
Equipment	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$862,543	\$42,353	(\$2,545)	\$902,351	\$45,709	(\$2,545)	\$905,707	\$1,808,058
State Funds								
General Fund	858,444	41,529	(2,545)	897,428	44,885	(2,545)	900,784	1,798,212
Subtotal State Funds	858,444	41,529	(2,545)	897,428	44,885	(2,545)	900,784	1,798,212
University Funds								
Interest and Other	4,099	824	0	4,923	824	0	4,923	9,846
Subtotal University Funds	4,099	824	0	4,923	824	0	4,923	9,846
Total Current Unrestricted Operating Fund	\$862,543	\$42,353	(\$2,545)	\$902,351	\$45,709	(\$2,545)	\$905,707	\$1,808,058

Program Description

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

Program Narrative

The legislative budget increases 4.6 percent from the fiscal 2000 base year to fiscal 2002 and an additional .4 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from general fund (4.5 percent) and from university funds (20.1 percent). On a biennial comparison basis, the general fund budget increases 7.9 percent and the total funds budget increases 8.0 percent when pay plan is included.

See the Appropriation Distribution Program’s “Present Law Adjustment” and “New Proposal” section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

Funding

The general operating funds of the Forestry and Conservation Experiment Station come from the general fund as appropriated in HB 2 as well as interest on university funds and other revenue appropriated in HB 2 language.

Language

Interest revenue of \$4,923 in each year of the 2003 biennium is appropriated to the Forestry and Conservation Experiment Station for current unrestricted operating expenses. This amount is in addition to that shown in item [Forestry and Conservation Experiment Station].

Bureau of Mines	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Legis. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Legis. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	34.16	0.00	0.00	34.16	0.00	0.00	34.16	34.16
Personal Services	1,604,895	55,650	0	1,660,545	119,922	0	1,724,817	3,385,362
Operating Expenses	478,322	8,015	0	486,337	14,557	0	492,879	979,216
Equipment	14,066		0	14,066		0	14,066	28,132
Debt Service	169		0	169		0	169	338
Total Costs	\$2,097,452	\$63,665	\$0	\$2,161,117	\$134,479	\$0	\$2,231,931	\$4,393,048
State Funds								
General Fund	1,470,263	63,544	0	1,533,807	68,358	0	1,538,621	3,072,428
RIT allocation	600,000	0	0	600,000	66,000	0	666,000	1,266,000
Subtotal State Funds	2,070,263	63,544	0	2,133,807	134,358	0	2,204,621	4,338,428
University Funds								
Sales & Service	27,189	121	0	27,310	121	0	27,310	54,620
Subtotal University Funds	27,189	121	0	27,310	121	0	27,310	54,620
Total Current Unrestricted Operating Fund	\$2,097,452	\$63,665	\$0	\$2,161,117	\$134,479	\$0	\$2,231,931	\$4,393,048

Program Description

The Bureau of Mines and Geology is a public service and research agency stationed at Montana Tech of the University of Montana in Butte. It disseminates information through publications and replies to individual inquiries. Work includes field and laboratory study and compilation of statistics on all mineral resources, metallic and nonmetallic minerals, fuels, and groundwater in Montana.

Program Narrative

The legislative budget increases 2.3 percent from the fiscal 2000 base year to fiscal 2002 and an additional 3.3 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from state funds (see “Funding” section below) (2.6 percent) and from university funds (0.4 percent). The fiscal 2003 increase is attributable to an increase in resource indemnity trust (RIT) funds statutorily allocated to the bureau. On a biennial comparison basis, the state funds budget increases 5.6 percent and the total funds budget increases 4.8 percent when pay plan is included.

See the Appropriation Distribution Program’s “Present Law Adjustment” and “New Proposal” section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

Funding

The general operating budget of the Bureau of Mines and Geology is funded from three sources: 1) general fund; 2) RIT funds for the Groundwater Assessment program; and 3) revenue from the sale of maps and publications. State general fund and RIT funds are appropriated to the Office of the Commissioner of Higher Education for disbursement to the Bureau of Mines and Geology. Sales revenue is appropriated to the bureau in HB 2 language because funds are collected directly by the higher education agency.

The legislature adjusted groundwater funding at the Bureau of Mines and Geology to equal the projected revenue estimate of \$600,000 in fiscal 2002 and \$666,000 in fiscal 2003. The increased revenue in fiscal 2003 results from the statutory distribution change that results when the Resource Indemnity Trust principal balance tops \$100 million and is certified according to law. Revenue projections contained in HJR 2 show that the increased funding available for the Groundwater Assessment Program is anticipated for fiscal 2003.

Language

Proprietary revenue of \$27,310 each year of the 2003 biennium is appropriated to the Bureau of Mines and Geology for current unrestricted operating expenses. This amount is in addition to that shown in item [Bureau of Mines and Geology].

Fire Services Training School	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Biennial Budget Fiscal 02-03
FTE	6.17	0.73	1.47	8.37	0.73	1.47	8.37	8.37
Personal Services	270,202	47,104	52,479	369,785	48,291	52,479	370,972	740,757
Operating Coses	53,339	195	11,599	65,133	(3,779)	11,599	61,159	126,292
Equipment	22,894	7,322	36,593	66,809	56,322	0	79,216	146,025
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$346,435	\$54,621	\$100,671	\$501,727	\$100,834	\$64,078	\$511,347	\$1,013,074
State Funds								
General Fund	344,057	52,902	100,671	497,630	99,115	64,078	507,250	1,004,880
Subtotal State Funds	344,057	52,902	100,671	497,630	99,115	64,078	507,250	1,004,880
University Funds								
Interest and Other	2,378	1,719	0	4,097	1,719	0	4,097	8,194
Subtotal University Funds	2,378	1,719	0	4,097	1,719	0	4,097	8,194
Total Current Unrestricted Operating Fund	\$346,435	\$54,621	\$100,671	\$501,727	\$100,834	\$64,078	\$511,347	\$1,013,074

Program Description

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

Program Narrative

The legislative budget increases 44.8 percent from the fiscal 2000 base year to fiscal 2002 and an additional 1.9 percent from fiscal 2002 to fiscal 2003, before pay plan increases. The fiscal 2002 budget increase is funded from general fund (44.6 percent) and from university funds (72.3 percent). On a biennial comparison basis, the general fund budget increases 44.3 percent and the total funds budget increases 43.8 percent when pay plan is included.

The budget increases are primarily due to statewide present law adjustments and legislative authorization for an additional fire trainer and related support staff and operating expenses.

See the Appropriation Distribution Program’s “Present Law Adjustment” and “New Proposal” section earlier in the Fiscal Report for a description of the present law adjustments and new proposals relating to this program.

Funding

The general operating budget of the Fire Services Training School is funded from: 1) general fund appropriated in HB 2; and 2) interest appropriated in HB 2 language.

Language

Interest revenue of \$4,097 each year of the 2003 biennium is appropriated to the Fire Services Training school for current unrestricted operating expenses. This amount is in addition to that shown in item [Fire Services Training School].

Program Legislative Budget									
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	0	0	100,000	100,000	0	0	0	0	100,000
Total Costs	\$0	\$0	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$100,000
General Fund	0	0	100,000	100,000	0	0	0	0	100,000
Total Funds	\$0	\$0	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$100,000

Program Description

Section 20-25-428, MCA requires the Board of Regents to provide financial assistance to tribally-controlled community colleges for the resident non-beneficiary students enrolled, if the legislature has specifically appropriated funds for that purpose.

Funding

Funding for this program is from the state general fund.

Present Law Adjustments

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

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 916 - Non-Beneficiary Students at Tribal Colleges	11	0.00	100,000	0	0	100,000	0.00	0	0	0	0
Total	0.00	\$100,000	\$0	\$0	\$100,000	0.00	\$0	\$0	\$0	\$0	\$0

New Proposals

DP 916 - Non-Beneficiary Students at Tribal Colleges - The legislature line-itemed state support for the tribal colleges that serve non-beneficiary students in the amount of \$100,000 for the 2003 biennium.

The history of this funding is presented below:

- ?? 1997 Biennium - \$1.4 million
- ?? 1999 Biennium - No appropriation
- ?? 2001 Biennium - \$0.8 million

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	43.20	0.00	3.00	46.20	0.00	3.00	46.20	46.20
Personal Services	1,351,898	58,864	98,451	1,509,213	67,838	98,865	1,518,601	3,027,814
Operating Expenses	3,143,991	155,668	4,585,380	7,885,039	158,494	4,789,131	8,091,616	15,976,655
Equipment	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
Benefits & Claims	18,462,439	0	6,812,849	25,275,288	0	9,300,378	27,762,817	53,038,105
Debt Service	3,748	0	0	3,748	0	0	3,748	7,496
Total Costs	\$22,962,076	\$214,532	\$11,496,680	\$34,673,288	\$226,332	\$14,188,374	\$37,376,782	\$72,050,070
Federal Special	22,962,076	214,532	11,496,680	34,673,288	226,332	14,188,374	37,376,782	72,050,070
Total Funds	\$22,962,076	\$214,532	\$11,496,680	\$34,673,288	\$226,332	\$14,188,374	\$37,376,782	\$72,050,070

Program Description

The Montana Guaranteed Student Loan Program (MGSLP) administers the Federal Family Education Loan Program (FFELP) in Montana. The Federal Family Education Loan Program is a cooperative effort between the federal government and private lenders, through which funds are provided to students for the costs associated with a postsecondary education. MGSLP guarantees loans made by Montana lenders. MGSLP's guarantee makes it feasible for lenders to loan money to students who might otherwise be unable to borrow.

MGSLP's services include application processing, disbursement services, a toll-free customer service phone line, default prevention counseling, claim processing, collection of defaulted student loans and the administration of the Montana High School Honor Scholarship Program.

Funding

This program is funded with a combination of federal and private revenues from the loan services provided.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					96,959					106,306
Vacancy Savings					(38,793)					(39,073)
Inflation/Deflation					(1,044)					(126)
Fixed Costs					1,755					563
Total Statewide Present Law Adjustments					\$58,877					\$67,670
DP 696 - Data Network Fixed Cost Reduction	0.00	0	0	(43)	(43)	0.00	0	0	(43)	(43)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	0	(19,480)	(19,480)	0.00	0	0	(19,573)	(19,573)
DP 1203 - GSL-Increase Service Fees	0.00	0	0	155,000	155,000	0.00	0	0	158,100	158,100
DP 1208 - GSL - Overtime Pay	0.00	0	0	20,178	20,178	0.00	0	0	20,178	20,178
Total Other Present Law Adjustments	0.00	\$0	\$0	\$155,655	\$155,655	0.00	\$0	\$0	\$158,662	\$158,662
Grand Total All Present Law Adjustments					\$214,532					\$226,332

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1203 - GSL-Increase Service Fees - The legislature added \$155,000 in fiscal 2002 and \$158,100 in fiscal 2003 to the Guaranteed Student Loan Program. This increase covers anticipated cost increases in the agency's contract for professional and administrative services, relative to maintaining the software servicing system and the database for the agency student loan portfolio.

DP 1208 - GSL - Overtime Pay - The legislature restored funds to meet overtime pay expenditures at the level experienced in fiscal 2000.

New Proposals	Fiscal 2002					Fiscal 2003					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1201 - GSL-Additional FTE	12	3.00	0	0	98,451	98,451	3.00	0	0	98,865	98,865
DP 1204 - GSL-Change in Accounting	12	0.00	0	0	11,148,229	11,148,229	0.00	0	0	13,839,509	13,839,509
DP 1205 - GSL-Default Resolution Funds	12	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 1206 - GSL Scholarship/Grant Program	12	0.00	0	0	150,000	150,000	0.00	0	0	150,000	150,000
Total	3.00	\$0	\$0	\$11,496,680	\$11,496,680	3.00	\$0	\$0	\$14,188,374	\$14,188,374	

New Proposals

DP 1201 - GSL-Additional FTE - The legislature approved funding for three new FTE, who would provide additional default reduction services, expand the availability of financial aid services via the Internet, and expand agency scholarship and grant programs to Montana students. Specific positions include one FTE default prevention counselor, one FTE webmaster, and one FTE scholarship coordinator.

DP 1204 - GSL-Change in Accounting - Prior to fiscal 2000, MGSLP recorded the defaulted student loan dollars collected at net value (total dollar amount received less the amount to be remitted to the Department of Education as per federal regulation). The Legislative Auditor has suggested that the accounting method be changed to reflect the gross receipt of funds as revenue, and the amount remitted to the Department of Education as expenditures. As a result, the agency needs the expenditure authority to make this accounting change, which is estimated at \$11.1 million for fiscal 2002 and \$13.8 million for fiscal 2003. This decision package carries no overall fiscal impact.

DP 1205 - GSL-Default Resolution Funds - The legislature added \$100,000 in spending authority to the MGSLP budget annually, in order to provide new default reduction services and activities. Funding comes from interest earned on reserved funds earmarked for transfer to the federal government in September 2002, as required by the federal Balanced Budget Act of 1997.

DP 1206 - GSL Scholarship/Grant Program - The legislature approved the institution of two new scholarship/grant programs funded from the MGSLP agency operating fund:

1. \$50,000 annually for targeted low-income students as part of the state's match for the GEAR UP program (see the Talent Search program narrative); and
2. \$100,000 annually for an agency educational grant/scholarship for approximately 50 low-income Montana residents attending a Montana college or university.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	11,150	0	0	11,150	0	0	11,150	22,300
Operating Expenses	32,612	0	(131)	32,481	0	(131)	32,481	64,962
Total Costs	\$43,762	\$0	(\$131)	\$43,631	\$0	(\$131)	\$43,631	\$87,262
General Fund	43,762	0	(131)	43,631	0	(131)	43,631	87,262
Total Funds	\$43,762	\$0	(\$131)	\$43,631	\$0	(\$131)	\$43,631	\$87,262

Program Description

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

Funding

Funding is entirely from the general fund.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					(11,150)					(11,150)
Total Statewide Present Law Adjustments					(\$11,150)					(\$11,150)
DP 131 - Regents' Per Diem	0.00	11,150	0	0	11,150	0.00	11,150	0	0	11,150
Total Other Present Law Adjustments	0.00	\$11,150	\$0	\$0	\$11,150	0.00	\$11,150	\$0	\$0	\$11,150
Grand Total All Present Law Adjustments					\$0					\$0

Present Law Adjustments

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

DP 131 - Regents' Per Diem - The legislature funded per diem expenses for Board of Regents members based on actual fiscal 2000 expenditures. Per diem is a zero-based item. The adjustment is made to reestablish the statutorily-required expenditure. Regents are paid \$50 per meeting day plus expenses, as per 20-2-113, MCA.

New Proposals										
Prgm	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 956 - Reallocate General Fund for Baker Grants										
13	0.00	(131)	0	0	(131)	0.00	(131)	0	0	(131)
Total	0.00	(\$131)	\$0	\$0	(\$131)	0.00	(\$131)	\$0	\$0	(\$131)

New Proposals

DP 956 - Reallocate General Fund for Baker Grants - The legislature reallocated general fund from several university system programs to increase funding for Baker Grants in the Student Assistance Program.