

Agency Legislative Budget

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

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	100.06	0.00	3.50	103.56	0.00	3.50	103.56	103.56
Personal Services	4,652,921	708,297	397,899	5,759,117	729,005	398,003	5,779,929	11,539,046
Operating Expenses	6,571,778	105,760	1,726,268	8,403,806	62,484	456,140	7,090,402	15,494,208
Equipment	18,742	0	225,000	243,742	0	225,000	243,742	487,484
Local Assistance	7,590,416	1,576,176	0	9,166,592	1,549,648	0	9,140,064	18,306,656
Grants	13,151,418	251,681	3,479,576	16,882,675	433,126	4,469,576	18,054,120	34,936,795
Benefits & Claims	21,967,240	0	18,700,000	40,667,240	0	21,800,000	43,767,240	84,434,480
Transfers	148,037,141	1,579,652	19,405,945	169,022,738	1,724,263	15,739,142	165,500,546	334,523,284
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$201,989,656	\$4,221,566	\$43,934,688	\$250,145,910	\$4,498,526	\$43,087,861	\$249,576,043	\$499,721,953
General Fund	149,076,830	(147,991)	20,042,025	168,970,864	1,330,832	18,318,024	168,725,686	337,696,550
State/Other Special	14,296,001	3,655,660	2,599,662	20,551,323	2,459,773	599,662	17,355,436	37,906,759
Federal Special	38,616,825	713,937	21,191,816	60,522,578	707,963	24,068,990	63,393,778	123,916,356
Proprietary	0	(40)	101,185	101,145	(42)	101,185	101,143	202,288
Total Funds	\$201,989,656	\$4,221,566	\$43,934,688	\$250,145,910	\$4,498,526	\$43,087,861	\$249,576,043	\$499,721,953

Page Reference

Legislative Budget Analysis, E-92

Agency Issues

The primary themes related to the Montana University System budget in this bill include:

- o Affordability of higher education related to resident student tuition and proposals to address this, including the proposal for a tuition cap known as the College Affordability Plan (CAP)
- o Legislative mechanisms to build accountability measures into the state budget for the university system, as recommended by the interim legislative subcommittee on Postsecondary Education Policy and Budget (PEPB)
- o Access to higher education, related to affordability, which is addressed through student financial assistance

These primary themes are discussed throughout this budget narrative, with the CAP component of the budget that funds the university educational units (\$25.6 million general fund), with accountability measures included in the funding to support the transferability of student data (\$1.5 million general fund), in funding to expand distance learning (\$900,000 general fund), and in funding to expand the Governor’s postsecondary scholarship program (\$4.04 million general fund).

Overall, considering these and other new proposal initiatives, this bill increases general fund by almost \$39 million in the 2009 biennium compared to double the FY 2006 base, and increases state special revenue by \$9.31 million.

This bill increases general fund and six-mill funding almost 15 percent in the 2009 biennium, compared to double the FY 2006 base. The most significant increase is in the student financial program, where funding for the Governor’s postsecondary scholarship program increases by more than 230 percent to just less than \$5 million general fund.

Executive Budget Comparison

The following table compares the proposed budget for the 2009 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2006	Executive Budget Fiscal 2008	Legislative Budget Fiscal 2008	Leg – Exec. Difference Fiscal 2008	Executive Budget Fiscal 2009	Legislative Budget Fiscal 2009	Leg – Exec. Difference Fiscal 2009	Biennium Difference Fiscal 08-09
FTE	100.06	104.06	103.56	(0.50)	104.06	103.56	(0.50)	
Personal Services	4,652,921	5,727,295	5,759,117	31,822	5,748,112	5,779,929	31,817	63,639
Operating Expenses	6,571,778	8,460,022	8,403,806	(56,216)	7,148,091	7,090,402	(57,689)	(113,905)
Equipment	18,742	243,742	243,742	0	243,742	243,742	0	0
Local Assistance	7,590,416	8,353,813	9,166,592	812,779	8,519,972	9,140,064	620,092	1,432,871
Grants	13,151,418	16,699,821	16,882,675	182,854	18,226,261	18,054,120	(172,141)	10,713
Benefits & Claims	21,967,240	40,667,240	40,667,240	0	43,767,240	43,767,240	0	0
Transfers	148,037,141	167,591,772	169,022,738	1,430,966	165,158,177	165,500,546	342,369	1,773,335
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$201,989,656	\$247,743,705	\$250,145,910	\$2,402,205	\$248,811,595	\$249,576,043	\$764,448	\$3,166,653
General Fund	149,076,830	168,396,490	168,970,864	574,374	168,260,499	168,725,686	465,187	1,039,561
State/Other Special	14,296,001	18,661,355	20,551,323	1,889,968	16,994,297	17,355,436	361,139	2,251,107
Federal Special	38,616,825	60,244,925	60,522,578	277,653	63,116,140	63,393,778	277,638	555,291
Proprietary	0	440,935	101,145	(339,790)	440,659	101,143	(339,516)	(679,306)
Total Funds	\$201,989,656	\$247,743,705	\$250,145,910	\$2,402,205	\$248,811,595	\$249,576,043	\$764,448	\$3,166,653

This bill proposes a 2009 biennium budget for the Montana University System that increases general fund by about \$1.04 million compared to the executive budget. Overall, considering all revenue sources, this bill has increased the executive recommendation by \$3.2 million in the 2009 biennium budget.

The figure below illustrates the total funding differences for all revenue sources between the executive budget and this bill, itemizing each decision package that represents a change from the proposed executive budget.

Figure 1
Montana University System 2009 Biennium Budget
Higher Education Budget Reconciliation (HB 820 - Total Funding - Includes All Revenue Sources)

<u>As of January 1, 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>2009 Biennium</u>	<u>Difference From Executive Budget</u>
<u>Calculation of Executive Budget (Nov. 15, 2006):</u>				
FY06 Base	\$201,989,656	\$201,989,656	\$403,979,312	
Statewide Present Law Adjustments	2,098,845	2,078,790	4,177,635	
Other Present Law Adjustments	13,354,678	18,536,176	31,890,854	
Total Executive Present Law Budget	<u>217,443,179</u>	<u>222,604,622</u>	<u>440,047,801</u>	
New Proposals	<u>30,300,526</u>	<u>26,206,973</u>	<u>56,507,499</u>	
Total Executive Budget	<u>\$247,743,705</u>	<u>\$248,811,595</u>	<u>\$496,555,300</u>	\$0
<u>Executive Budget Revisions (Dec. 15, 2006):</u>				
Fund Community College legislative audit	24,192		24,192	
Dp 9999 - Replace General Fund with Six-Mill Revenue	(1,889,968)	(361,139)	(2,251,107)	
Total Revised Executive Budget	<u>\$247,767,897</u>	<u>\$248,811,595</u>	<u>\$496,579,492</u>	<u>\$24,192</u>
<u>Joint Education Appropriations Subcommittee Action:</u>				
DP 6015 State Motor Pool Rate Change (Global)	(574)	(593)	(1,167)	
DP 6010 (Prog 01) - Remove Non HB447 SWPLA	(192,709)	(200,874)	(393,583)	
DP 1055 - Indirect Cost Plan Revision	0	(1,454)	(1,454)	
Eliminate DP's 2002 & 2061 (Gov. Scholarships)	(1,528,166)	(2,513,166)	(4,041,332)	
DP 2064 - Governor's Postsecondary Scholarships	1,530,000	2,510,000	4,040,000	
DP 2063 - Teacher Loan Forgiveness (Contingent)*	(350,000)	(700,000)	(1,050,000)	
DP 4004 - Community College Legislative Audit	3,744	0	3,744	
DP 4111 - Community College Appropriation	16,396	(9,610)	6,786	
DP 6010 (Prog 08) - Remove Non HB447 SWPLA	(12,455)	(13,548)	(26,003)	
DP's 1-3 - Bureau of Mines and Geology (HB 116)	**	**	0	
Reduce DP 9053 - Equipment & Technology	(500,000)	0	(500,000)	
Reduce DP 9054 - Workforce Training Develop.	(100,000)	0	(100,000)	
Reduce DP 1102 - Tribal College Assistance	(50,000)	(50,000)	(100,000)	
Total Changes	<u>(1,183,764)</u>	<u>(979,245)</u>	<u>(2,163,009)</u>	
Total Proposed HB 820 Budget	<u>\$246,584,133</u>	<u>\$247,832,350</u>	<u>\$494,416,483</u>	<u>(\$2,138,817)</u>
<u>Senate Finance and Claims Committee Action:</u>				
Eliminate DP 6010 - Non HB447 SWPLA (Progs 01 & 08)	205,164	214,422	419,586	
DP 4111 - Incr. Community Colleges State Share to 53%	768,447	629,702	1,398,149	
DP 66 - Increase State Percent Share for AES and ES	25,966	37,369	63,335	
DP 9888 - MSU Northern Science and Water Programs***	240,000	240,000	480,000	
DP 9777 - MSU Bozeman PBS TV Satellite Delivery Syst.	400,000		400,000	
DP 9666 - Whitefish Lake Study by Yellow Bay	25,000	25,000	50,000	
DP 9555 - UM Missoula Speech Pathology Program	700,000		700,000	
DP 9444 - MT Tech Advanced Nursing Workforce Prog.	40,000	40,000	80,000	
DP 9054 - Workforce Training Development (Increase)	100,000		100,000	
DP 9053 - Equipment & Technology (Increase)	\$500,000		\$500,000	
DP 1102 - Tribal College Assistance (Increase)	50,000	50,000	100,000	
DP 1111 - Contingent Incr. Tribal College Assist. (HB 283)	\$507,200	\$507,200	\$1,014,400	
Total Changes	<u>3,561,777</u>	<u>1,743,693</u>	<u>5,305,470</u>	
Total Proposed HB 820 Budget	<u>\$250,145,910</u>	<u>\$249,576,043</u>	<u>\$499,721,953</u>	<u>\$3,166,653</u>
* Contingent upon teacher loan forgiveness program bill, so funding has been removed pending contingent bills.				
** Adds \$103,838 in FY08 and \$175,886 in FY09 state special revenue from RIT account, if HB 116 is passed and approved.				
*** DP 9888 is contingent upon passage and approval of HB 116, which eliminates RIT funding for this program, so DP 9888 would backfill				

Once again, as the figure illustrates, this bill increases the executive budget by \$3.2 million over the 2009 biennium, although \$1.05 million in DP 2063 was approved but is contingent upon passage and approval of a teacher loan forgiveness program. In the event that one of these bills are passed and approved, that \$1.05 million general fund would be added back to the 2009 biennium budget.

Agency Highlights

Montana University System/Commissioner of Higher Education Major Budget Highlights	
<ul style="list-style-type: none"> ◆ This bill increases general fund and six mill levy revenue by \$25.6 million for new proposals that support cost increases for the university educational units, as part of the College Affordability Plan (CAP), in an effort to cap university unit tuition rates at current level through the 2009 biennium ◆ This bill increases general fund and six mill levy funding by \$6.5 million to support the following workforce development related programs: <ul style="list-style-type: none"> • \$4.0 million one-time-only for new equipment and technology acquisition in high demand occupational degree programs • \$1.5 million one-time-only for program development that addresses high-demand workforce occupational training programs • \$1.0 million one-time-only for new equipment acquisition for the five public service/research agencies ◆ This bill increases student assistance \$4.0 million general fund in order to expand the Governor’s Postsecondary Scholarship Program ◆ Community college assistance increases a total of \$4.4 million general fund over the base year expenditures, less the student enrollment general fund reversion, in the 2009 biennium ◆ Tribal college assistance, to support non-beneficiary (non-tribal member) Montana students, is funded at \$1.9 million general fund in the 2009 biennium, an increase of \$1.1 million over the base year expenditures ◆ Federal authority is increased \$45.5 million for the following <ul style="list-style-type: none"> • \$4.1 million federal funding for the GEAR UP program that targets at-risk youth with program to access higher education • \$41 million federal funding to support projected increases in Guaranteed Student Loan activity 	

Funding

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

Total Agency Funding 2009 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Administration Program	\$ 6,125,349	\$ -	\$ 556,163	\$ 202,288	\$ 6,883,800	1.38%
02 Student Assistance Program	22,775,395	200,000	465,830	-	23,441,225	4.69%
03 Improving Teacher Quality	-	-	780,000	-	780,000	0.16%
04 Community College Assistance	18,070,656	-	-	-	18,070,656	3.62%
06 Talent Search	145,729	-	8,938,673	-	9,084,402	1.82%
08 Work Force Development Pgm	182,184	-	12,616,752	-	12,798,936	2.56%
09 Appropriation Distribution	288,419,235	37,706,759	-	-	326,125,994	65.26%
11 Tribal College Assistance Pgm	1,914,400	-	-	-	1,914,400	0.38%
12 Guaranteed Student Loan Pgm	-	-	100,558,938	-	100,558,938	20.12%
13 Board Of Regents-Admin	63,602	-	-	-	63,602	0.01%
Grand Total	\$ 337,696,550	\$ 37,906,759	\$ 123,916,356	\$ 202,288	\$ 499,721,953	100.00%

Language*Establish Biennial Lump Sum Appropriation*

This bill includes language that establishes a biennial lump sum appropriation by combining the appropriation for the following programs:

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

Appropriation of all Funds; Budget Transfers

This bill includes language that addresses appropriation of all funds in the university system and the requirements for budget transfers.

“General fund money, state and federal special revenue, and proprietary fund revenue appropriated to the board of regents are included in all Montana university system programs (5100). All other public funds received by units of the Montana university system (other than plant funds appropriated in House Bill No. 5, relating to long-range building) are appropriated to the board of regents and may be expended under the provisions of 17-7-138(2). The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), according to board policy.”

Access to Banner Information System and Human Resource Data

This bill includes language requiring the university system to provide the Office of Budget and Program Planning and the Legislative Fiscal Division access to the university system information system, Banner.

“The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and the legislative fiscal division banner access to the entire university system's banner information system, except for information pertaining to individual students or individual employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g. The Montana university system shall provide the electronic data required for human resource data for the current unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved board of regents operating budgets.”

Statutory Changes Related To This Bill

A companion bill, SB 566, was requested to make operational the accountability measures approved by the Joint Education Appropriations Subcommittee and to amend the statute related to university student enrollment reversions. Those companion bill sections include the following:

- A Section that makes a minor amendment to 17-7-142, MCA, in order to ensure that the reversion statute references this bill rather than a “general appropriations act.” This is the statute that requires the university campuses and the community colleges to revert general fund in the event that their state funded student enrollment falls short.
- A Section that creates a credit transferability incentive, as part of the accountability recommendations from the interim subcommittee on Postsecondary Education Policy and Budget (PEPB). In this section of the bill, clear and measurable accountability goals are established for the university system that would allow continued base funding to support student transferability should these accountability measures be achieved. For additional and specific information about the transferability incentive, see the narrative for DP 1051 in the OCHE Administrative section of this bill narrative.
- A Section that creates a distance learning incentive, also as part of the accountability recommendations from the interim PEPB. In this section of the bill, clear and measurable accountability goals are established for the university system that would allow continued base funding to support distance learning programs, should these accountability measures be achieved. For additional and specific information about the distance learning incentive, see the narrative for DP 1052 in the OCHE Administrative section of this bill narrative.

- A Section that requires that the university system prepare and present to the legislative a report on the status of various student assistance financial aid programs. Specifically, this report is required to address whether and how the numerous grant and other student scholarship programs create a coherent strategy to address the financial and academic needs of Montana resident students seeking financial assistance. Once again, this required report comes as a recommendation from the accountability measures project of the interim PEPB.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	17.90	1.00	3.50	22.40	1.00	3.50	22.40	22.40
Personal Services	1,576,675	(32,039)	373,708	1,918,344	(22,535)	373,807	1,927,947	3,846,291
Operating Expenses	487,330	75,280	1,252,166	1,814,776	48,048	214,869	750,247	2,565,023
Equipment	11,243	0	225,000	236,243	0	225,000	236,243	472,486
Grants	0	0	0	0	0	0	0	0
Total Costs	\$2,075,248	\$43,241	\$1,850,874	\$3,969,363	\$25,513	\$813,676	\$2,914,437	\$6,883,800
General Fund	1,854,234	43,322	1,692,580	3,590,136	25,597	655,382	2,535,213	6,125,349
Federal Special	221,014	(41)	57,109	278,082	(42)	57,109	278,081	556,163
Proprietary	0	(40)	101,185	101,145	(42)	101,185	101,143	202,288
Total Funds	\$2,075,248	\$43,241	\$1,850,874	\$3,969,363	\$25,513	\$813,676	\$2,914,437	\$6,883,800

Page Reference

Legislative Budget Analysis, E-105

Funding

Funding for this program is primarily general fund. However, in the base year there was some federal revenue to support administrative overhead for federal grant programs administered by other Office of the Commissioner of Higher Education (OCHE) programs (e.g. Talent Search, GEAR UP, and Perkins). Going forward, in the 2009 biennium, this bill would authorize OCHE to implement an indirect cost recovery process. Under this new process, some federal funding and general fund will be replaced with proprietary revenue, representing the administrative costs charged to federal grant awards and general fund programs for OCHE administrative support services.

Present Law Adjustments

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

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(2,937)					6,954
Vacancy Savings					(62,950)					(63,347)
Inflation/Deflation					2,369					2,758
Fixed Costs					29,677					(9,004)
Total Statewide Present Law Adjustments					(\$33,841)					(\$62,639)
DP 1000 - Moving Expenses (Restricted/OTO)	0.00	30,000		0	30,000	0.00	0	0	0	0
DP 1002 - Rent Increase (Restricted)	0.00	13,356		0	13,356	0.00	54,420	0	0	54,420
DP 1020 - Move 1 FTE from Minority Achievement to Administ.	1.00	33,848		0	33,848	1.00	33,858	0	0	33,858
DP 6015 - State Motor Pool Rate Change	0.00	(41)		0	(41)	0.00	(42)	0	(42)	(126)*
Total Other Present Law Adjustments	1.00	\$77,163		\$0	(\$41)	\$77,082*	1.00	\$88,236	\$0	(\$42)
Grand Total All Present Law Adjustments					\$43,241*					\$25,513*

DP 1000 - Moving Expenses (Restricted/OTO) - This bill includes a restricted \$30,000 one-time-only general fund increase for moving expenses to support the anticipated relocation of the OCHE office during FY 2008.

DP 1002 - Rent Increase (Restricted) - This bill includes a restricted \$67,776 general fund appropriation for projected rent increases that are expected to result from the planned move of OCHE during FY 2008.

DP 1020 - Move 1 FTE from Minority Achievement to Administ. - This bill includes moving \$67,706 general fund from the Talent Search program to the OCHE administration program, as well as a 1.00 FTE administrative support staff position to support improving staff efficiency.

DP 6015 - State Motor Pool Rate Change - This bill includes reduced rates for the State Motor Pool from the rates requested by the Governor. This decision package aligns the agency budget to the State Motor Pool rates.

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1051 - Improve Transferability and Student Data OTO										
01	2.50	1,291,099		0	1,291,099	2.50	253,901	0	0	253,901
DP 1052 - Coordinate and Enhance Distance Learning - OTO										
01	1.00	450,000		0	450,000	1.00	450,000	0	0	450,000
DP 1054 - Improve OCHE IT Network and Security										
01	0.00	10,000		0	10,000	0.00	10,000	0	0	10,000
DP 1055 - Indirect Cost Recovery Plan for OCHE Admin (OTO)										
01	0.00	(58,519)		0	57,109	0.00	(58,519)	0	57,109	99,775*
Total	3.50	\$1,692,580		\$0	\$57,109	\$1,850,874*	3.50	\$655,382	\$0	\$57,109
										\$813,676*

DP 1051 - Improve Transferability and Student Data OTO - This bill increases general fund by \$1.5 million, one-time-only, for the 2009 biennium to fund a comprehensive, system-wide program to improve the transferability of student coursework between the campuses of the university system. This proposal includes an additional 2.50 FTE, as well as approximately \$70,000 over the biennium to specifically support enhancements to dual enrollment programs as part of the student transferability initiative.

Accountability measures are included with this funding in a companion bill, SB 566. These accountability measures include the following:

The university system is encouraged to:

- Create 11 faculty councils to work on transferability
- Create transfer pathways in 11 different program and subject areas; those pathways may include common coursework, a common curriculum, common course content, articulation agreements, etc.
- Increase the number of pre and postsecondary educational credits that are accepted by the university by 15 percent above the FY 2007 baseline, including but not limited to dual enrollment, running start, advanced placement, and tech prep
- Reduce the number of appeals of transfer credit decisions below the rate that is documented for the 2006-2007 base year, toward the goal of reducing the rate by at least 50 percent by the 2009-2010 year

By August 2008, the Office of the Commissioner of Higher Education shall report to the Education and Local Government interim committee success in achieving the measures contained above. If the measures contained above are achieved, then the education and local government interim committee shall recommend to the Office of Budget and Program Planning that the appropriation of \$312,500 contained in the university system appropriation bill of the 60th legislature may be treated as present law base and be part of the base budget for the 61st legislature.

DP 1052 - Coordinate and Enhance Distance Learning - OTO - This bill includes restoring and increasing the one-time-only funding to support the coordination and expansion of the distance learning/online educational programs for the university system. This one-time-only proposal is for \$900,000 and 1.00 FTE for the 2009 biennium.

Accountability measures are included with this funding in a companion bill, SB 566. These accountability measures include the following:

"The university system is encouraged to expand and coordinate the distance learning program across the university system. The university system is urged to:

- Increase by 10 percent, above the FY 2007 baseline, the number of students enrolled in distance learning education courses (towards a biennial goal of 20 percent)
- Increase by 10 percent, above the FY 2007 baseline, the number of distance learning courses and programs that are offered (a total of approximately 60 new courses and programs)
- Increase by 10 percent, above the FY 2007 baseline, the number of new credit and non-credit distance education programs that are intended to serve primarily workers in need of career training and employers in need of specially skilled workers (a total of approximately 30 new courses)
- By August 2008, the Office of the Commissioner of Higher Education shall report to the Education and Local Government interim committee success in achieving the measures contained above. If the measures contained above are achieved, then the education and local government interim committee shall recommend to the Office of Budget and Program Planning that the appropriation of \$225,000, contained in the university system appropriations bill of the 60th legislature may be treated as present law base and be part of the base budget for the 61st legislature."

DP 1054 - Improve OCHE IT Network and Security - This bill includes \$20,000 general fund for the 2009 biennium to fund information technology network maintenance and security services for OCHE, specifically for development of a network security plan and program that would be compatible with the state information technology infrastructure.

DP 1055 - Indirect Cost Recovery Plan for OCHE Admin (OTO) - This bill includes an indirect cost recovery plan for the administration of OCHE for the 2009 biennium that would reduce general fund by \$58,519 each year of the biennium by requiring that federal grant programs, state special revenue programs, and proprietary fund programs would provide funding for the centralized services administrative functions in OCHE. This is included as one-time-only with direction to LFD staff to monitor implementation of this new plan and report to the next legislature.

Language

This bill includes language that requires a report from OCHE on the indirect cost plan that is proposed as part of OCHE Administration. This plan is intended so that the new indirect cost program would need to be reviewed in detail by legislative staff prior to the subsequent biennial budget.

“Item OCHE – Administration (01) includes an appropriation for a new, indirect cost-recovery plan that includes funding for a report from the commissioner of higher education, by August 2008, to the education and local government interim committee on the status and funding for the indirect cost-recovery plan that includes a recommendation for funding that plan in the 2011 biennium.”

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	0.00	0.00	1.00	1.00	0.00	1.00	1.00	1.00
Personal Services	46,662	(15,762)	60,785	91,685	(14,662)	60,803	92,803	184,488
Operating Expenses	338	0	38,877	39,215	0	38,859	39,197	78,412
Local Assistance	108,000	8,000	0	116,000	12,000	0	120,000	236,000
Grants	9,073,420	287,020	1,530,000	10,890,440	468,465	2,510,000	12,051,885	22,942,325
Total Costs	\$9,228,420	\$279,258	\$1,629,662	\$11,137,340	\$465,803	\$2,609,662	\$12,303,885	\$23,441,225
General Fund	8,970,505	303,920	1,530,000	10,804,425	490,465	2,510,000	11,970,970	22,775,395
State/Other Special	25,000	(24,662)	99,662	100,000	(24,662)	99,662	100,000	200,000
Federal Special	232,915	0	0	232,915	0	0	232,915	465,830
Total Funds	\$9,228,420	\$279,258	\$1,629,662	\$11,137,340	\$465,803	\$2,609,662	\$12,303,885	\$23,441,225

Page Reference

Legislative Budget Analysis, E-115

Funding

The student assistance program is primarily general fund, with some federal matching funds, as well as some state special revenue to administer the college savings programs.

Federal funds are granted to the states as an incentive and are required to be matched by general fund dollars. In both the federal LEAP and SLEAP grants, state general fund appropriations (the MHEG and Baker programs) have historically far exceeded the match requirement, as federal appropriations have not kept pace with state appropriations for these two programs. The Governor’s Postsecondary Scholarship program includes no federal matching funds.

The figure below illustrates the funding levels for each of these student assistance grant programs for the 2007 biennium and the proposed funding level in this bill for the 2009 biennium.

Figure 2
Student Assistance - State/Federal Grant and Work Study Programs
Fiscal 2006 through 2009 - HB 820

Grant Program	Actual FY 2006	Op Plan FY 2007	HB 820 FY 2008	HB 820 FY 2009	Biennial % Change
Funded with State Funds:					
Baker Grants	\$2,018,775	\$2,034,869	\$2,018,775	\$2,018,775	-0.4%
MT Higher Education Grant (MHEG)**	491,913	494,627	21,913	21,913	-95.6%
SEOG *	516,005	497,196	516,005	516,005	1.9%
Perkins Loan *	149,873	149,873	149,873	149,873	0.0%
State Work Study	862,989	862,989	862,989	862,989	0.0%
Governor's Postsecondary Scholarships	476,834	1,023,166	2,006,834	2,986,834	232.9%
Subtotal State Funds	<u>\$4,516,388</u>	<u>\$5,062,720</u>	<u>\$5,576,389</u>	<u>\$6,556,389</u>	<u>26.7%</u>
Federal Matching Funds:					
SLEAP Grant Program (Baker Match)	143,694	139,566	\$143,694	\$143,694	
LEAP Grant Program (MHEG Match)	89,221	82,944	\$89,221	\$89,221	
Subtotal Federal Funds	<u>\$232,915</u>	<u>\$222,510</u>	<u>\$232,915</u>	<u>\$232,915</u>	<u>2.3%</u>
Total Funds	<u>\$4,749,303</u>	<u>\$5,285,230</u>	<u>\$5,809,304</u>	<u>\$6,789,304</u>	<u>25.6%</u>
Teacher Loan Forgive Contingent Approp. ^^	\$0	\$0	\$350,000	\$700,000	100.0%
^^ Student Assistance is appropriated \$1.05 million general fund contingent upon passage and approval of teach loan forgiveness program legislation					
* Represents the state match. The federal matching funds are distributed directly to university campuses.					
** Includes \$470,000 one-time-only MHEG appropriation in FY2006..but not restored in FY 2008 & FY 2009					

As the above figure indicates, this bill for the 2009 biennium reduces funding for the MT Higher Education Grant (MHEG) program by about \$470,000 general fund each fiscal year. The FY 2006 base year expenditures included a one-time-only appropriation of \$470,000. In order to accurately present the base year spending level, this OTO amount was removed from the base, as required by statute.

The MHEG program is used to provide the minimum of a one-to-one state match that is required by the federal LEAP grant program.

In order to preserve the federal funding that requires this state match, this bill includes contingency language (see Language section below) to DP 2064 so that if the Governor's Postsecondary Scholarship program is amended in statute, as proposed in SB 152, then that funding would be used to satisfy the state match requirement. In the event that the Governor's Postsecondary Scholarship program is not amended, then a portion of the funding approved for that program would be shifted to the MHEG program in order to meet the required state match. With this contingency, it is expected that there will be no change to federal funding levels for student financial aid.

Present Law Adjustments

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

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				(46,662)					(46,662)	
Total Statewide Present Law Adjustments				(\$46,662)					(\$46,662)	
DP 2001 - WWAMI/WICHE/MN Dental	0.00	295,020	0	0	295,020	0.00	480,465	0	0	480,465
DP 2053 - Reimb. GSL for Services Related to Student Assist.	0.00	30,900	0	0	30,900	0.00	32,000	0	0	32,000
Total Other Present Law Adjustments	0.00	\$325,920	\$0	\$0	\$325,920	0.00	\$512,465	\$0	\$0	\$512,465
Grand Total All Present Law Adjustments				\$279,258					\$465,803	

DP 2001 - WWAMI/WICHE/MN Dental - This bill includes a general fund increase of \$775,485 in the 2009 biennium to fund both first-year and continuing student slots at the projected tuition levels for the WICHE, WWAMI, and MN Dental professional student exchange programs, which are entirely general fund programs.

The figure below illustrates the total funding level for the WICHE/WWAMI/MN Dental program, including the present law adjustments for the 2009 biennium budget.

Figure 3
2009 Biennium Legislative Budget
WICHE/WWAMI/Minnesota Dental Programs
Administered by the Office/Commissioner of Higher Education

PROGRAM	Fiscal Year 2008						Fiscal Year 2009					
	Support Fee	New (1st Year) Students	Cost	Continuing Students	Cost	Total	Support Fee	New (1st Year) Students	Cost	Continuing Students	Cost	Total
WICHE												
Administrative Dues			\$116,000			\$116,000			\$120,000			\$120,000
Student Assistance:												
Medicine	\$26,500	6	\$159,000	18	\$477,000	\$636,000	\$27,400	6	\$164,400	18	\$493,200	\$657,600
Osteopathic Medicine	17,600	2	35,200	4	70,400	105,600	18,200	1	18,200	6	109,200	127,400
Dentistry	20,600	1	20,600	3	61,800	82,400	21,300	1	21,300	3	63,900	85,200
Veterinary Medicine	26,300	9	236,700	27	710,100	946,800	27,200	9	244,800	27	734,400	979,200
Podiatry	12,300	1	12,300	1	12,300	24,600	12,700	0	0	2	25,400	25,400
Optometry	14,100	1	14,100	3	42,300	56,400	14,600	1	14,600	3	43,800	58,400
Occupational Therapy	10,700	1	10,700	1	17,833	28,533	11,100	1	11,100	1	18,500	29,600
(Includes 1 @ clinical rate \$17,833 for FY 08 and \$18,500 for FY 09)												
Public Health	6,700	1	6,700	1	4,467	11,167	6,900	1	6,900	1	6,900	13,800
(Includes 1 extended degree @ \$4,467 for FY 08)												
Subtotal (WICHE Student Support)		22	\$495,300	58	\$1,396,200	\$1,891,500		20	\$481,300	61	\$1,495,300	\$1,976,600
Total WICHE (Including Dues)						\$2,007,500						\$2,096,600
Minnesota Dental	20,600	2	41,200	6	123,600	164,800	21,300	2	42,600	6	127,800	170,400
WWAMI	50,414	20	0	60	3,024,836	3,024,836	51,926	20	0	60	3,115,581	3,115,581
Total WICHE/WWAMI/MN		44	\$652,500	124	\$4,544,636	\$5,197,136		42	\$643,900	127	\$4,738,681	\$5,382,581
					Present Law Adjustment Increase	\$295,020					Present Law Adjustment Increase	\$480,465

Notes:

- 1) Rates for all continuing occupational therapy students are calculated at 1 2/3 the annual support fee to include support for two clinical rotations. (\$17,833 for FY 2008; \$18,500 for FY 2009)
- 2) The WWAMI support fee is calculated as an average per continuing student. Actual support varies by program year.

DP 2053 - Reimb. GSL for Services Related to Student Assist. - This bill includes \$62,900 general fund for the 2009 biennium to provide a reimbursement of personal services costs in the GSL program where administrative support is provided for a number of student assistance programs, including the High School Honors Fee Waiver, the Governor's Postsecondary Scholarship Program, the Montana Higher Education Grant, and the Baker Grant.

New Proposals

Program	-----Fiscal 2008-----					-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 2060 - MT Family Ed Savings Prg Growth											
02	1.00		0	99,662	0	99,662	1.00	0	99,662	0	99,662
DP 2064 - Governor's Postsecondary Scholarship Program											
02	0.00	1,530,000		0	0	1,530,000	0.00	2,510,000	0	0	2,510,000
Total	1.00	\$1,530,000	\$99,662	\$0	\$1,629,662*	1.00	\$2,510,000	\$99,662	\$0	\$2,609,662*	

DP 2060 - MT Family Ed Savings Prg Growth - This bill includes \$200,000 state special revenue in the 2009 biennium for the administration of the Montana Family Education Savings Program, transferring 1.00 FTE from the GSL program for this function. The state special revenue funding comes from program fees paid by participants in the savings plan program. The savings plan has in excess of \$150 million in total assets.

DP 2064 - Governor's Postsecondary Scholarship Program - This bill includes a general fund appropriation of \$4.04 million in the 2009 biennium, including \$1.53 million in FY 2008 and \$2.51 million in FY 2009, to support the Governor's Postsecondary Scholarship Program, authorized at 20-26-601, MCA.

This appropriation includes contingency language (see Language section below) that requires that if the Governor's Postsecondary Scholarship Program is amended in statute to allow this full appropriation, which would exceed existing statutory authority. In the event that there is no change to the statute, a portion of the excess general fund authority is moved to support the Montana Higher Education Grant program (MHEG) in order to preserve federal maintenance of effort requirements that would preserve federal funding revenue for student financial aid.

This bill also includes specific accountability measures that are included in the code/text section of this bill. These accountability measures include the following:

The budget for the Montana University System includes funding for a report to the education and local government interim committee by August 2008 that includes:

- o The various components of student financial aid, both federal and state funded (e.g. Baker, MHEG, Pell, LEAP, SLEAP, Governor's Scholarship Program, MPACT, tuition waivers, MUS Honors Scholarship, work study, Perkins Loan, etc.), and includes findings and recommendations for how the components of the student financial aid program may best achieve the shared policy goals of affordability approved by the interim postsecondary education policy and budget subcommittee
- o The impact that all student assistance programs in this plan have on progress toward Board of Regents 2006-2010 Strategic Plan Goal I(2), to "make higher education more affordable by offering more need-based financial aid and scholarships" in the following measures:
 - Reduce the gap between expected family contribution and average cost of attendance
 - Increase the percentage of students who receive financial aid or scholarships
 - Increase the average aid/scholarship award amount

Language

This bill includes the following language to restrict the appropriation for the WICHE/WWAMI/MN Dental program:

"WICHE/WWAMI/MN Dental Program is restricted so that any surplus funding may be transferred only to other student financial aid programs in Program 02."

This bill includes the following contingency language related to the Governor's Postsecondary Scholarship Program:

"If the legislature does not amend the governor's postsecondary scholarship program to expand the number or size of the

scholarship awards authorized in Title 20, chapter 26, part 6, MCA, this item is reduced by \$250,000 in fiscal year 2008 and \$500,000 in fiscal year 2009, and OCHE - Student Assistance is increased by \$139,768 in general fund money in fiscal year 2008 and \$221,900 in general fund money in fiscal year 2009 to support the Montana higher education grant (MHEG) program."

This bill includes the following language in approving contingent funding for a teacher loan forgiveness program:

"Contingent upon passage and approval of a teacher loan forgiveness program by the 2007 legislature, the legislature approved \$1.05 million in general fund money in the 2009 biennium to fund that program."

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	12,686	(12,686)	0	0	(12,686)	0	0	0
Operating Expenses	5,056	1	0	5,057	1	0	5,057	10,114
Grants	344,809	0	35,134	379,943	0	45,134	389,943	769,886
Total Costs	\$362,551	(\$12,685)	\$35,134	\$385,000	(\$12,685)	\$45,134	\$395,000	\$780,000
Federal Special	362,551	(12,685)	35,134	385,000	(12,685)	45,134	395,000	780,000
Total Funds	\$362,551	(\$12,685)	\$35,134	\$385,000	(\$12,685)	\$45,134	\$395,000	\$780,000

Page Reference

Legislative Budget Analysis, E-128

Funding

Funding is entirely from federal revenue, Title II grant funds.

Present Law Adjustments

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

Present Law Adjustments										
	-----Fiscal 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(12,686)					(12,686)
Inflation/Deflation					1					1
Total Statewide Present Law Adjustments					(\$12,685)					(\$12,685)
Grand Total All Present Law Adjustments					(\$12,685)					(\$12,685)

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3001 - Incr. Improving Teacher Quality Grants - 03	0.00	0	0	35,134	35,134	0.00	0	0	45,134	45,134
Total	0.00	\$0	\$0	\$35,134	\$35,134*	0.00	\$0	\$0	\$45,134	\$45,134*

DP 3001 - Incr. Improving Teacher Quality Grants - - DP 3001 - Increase Federal Grant Authority – This bill includes \$80,268 of federal funding authority to the Improving Teacher Quality program for the 2009 biennium, in order to provide authority at the funding level anticipated each year for this federal grant.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	7,482,416	1,568,176	0	9,050,592	1,537,648	0	9,020,064	18,070,656
Total Costs	\$7,482,416	\$1,568,176	\$0	\$9,050,592	\$1,537,648	\$0	\$9,020,064	\$18,070,656
General Fund	7,482,416	1,568,176	0	9,050,592	1,537,648	0	9,020,064	18,070,656
Total Funds	\$7,482,416	\$1,568,176	\$0	\$9,050,592	\$1,537,648	\$0	\$9,020,064	\$18,070,656

Page Reference

Legislative Budget Analysis, E-130

Funding

The Community College Assistance program is funded entirely with general fund. The general fund appropriation level is determined, as defined by statute, by the three-factor funding formula that is a calculation of the cost of education, the resident student enrollment level, and the state percent share of funding that is determined by the legislature as a matter of public policy.

The community colleges use the higher education fund structure to account for revenues and expenditures, the same fund structure used by the educational units and higher education agencies.

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4000 - Community Colleges - Reversion Adjustment	0.00	(659,162)	0	0	(659,162)	0.00	(659,162)	0	0	(659,162)
DP 4004 - Community Colleges - Legislative Audit (Rst/Bien)	0.00	30,528	0	0	30,528	0.00	0	0	0	0
DP 4111 - Community College Assistance Funding	0.00	2,196,810	0	0	2,196,810	0.00	2,196,810	0	0	2,196,810
Total Other Present Law Adjustments	0.00	\$1,568,176	\$0	\$0	\$1,568,176	0.00	\$1,537,648	\$0	\$0	\$1,537,648
Grand Total All Present Law Adjustments					\$1,568,176					\$1,537,648

DP 4000 - Community Colleges - Reversion Adjustment - This bill includes a budget adjustment of FY 2006 expenditures downward by \$659,162 each year of the biennium in order to reflect the enrollment reversion that is required because community college student enrollment projections were not met during the base year, in accordance with 17-7-142, MCA. An amendment to statute is also made so that the statutory reversion calculation is not tied to a “general appropriations act” but rather to the budget bill appropriating funds to the Montana University System.

DP 4004 - Community Colleges - Legislative Audit (Rst/Bien) - This bill includes a restricted/biennial \$30,528 general fund appropriation for legislative audit costs, funding these expenditures at the 53 percent state share level.

DP 4111 - Community College Assistance Funding - This bill includes the community college assistance general fund appropriation at \$9.02 million in FY 2008 and \$9.02 million in FY 2009, based upon an annual student enrollment of 2,411 FTE, a fixed cost of education of \$12.6 million, a variable cost of education per FTE student of \$1,815, and a state percent share of 53 percent in FY 2008 and in FY 2009. This statutory formula calculation has been made in accordance with the formula amendments contained in SB12, which has been passed both the Senate and the House, but with a contingency voidness section related to HB 807.

At this funding level, the annual adjustment for the colleges is \$2.2 million in both FY 2008 and in FY 2009, after removing the statutory reversion from the base year. The table below illustrates each component of the legislative budget for the colleges and the total appropriation level.

Figure 4
2009 Biennium Proposed Legislative Budget (HB 820) Using SB 12 Proposed Formula

Includes a Fixed/Variable Cost Calculation at a 75/25 Ratio										
Budget Item Factors	Fiscal Year 2008				Fiscal Year 2009				Total Biennial Approp.	
	Dawson	Flathead Valley	Miles	Total	Dawson	Flathead Valley	Miles	Total		
Projected Resident Student FTE	445	1,475	491	2,411	445	1,475	491	2,411		
Fixed Cost of Education	\$2,226,476	\$7,135,977	\$3,280,161	\$12,642,614	\$2,226,476	\$7,135,977	\$3,280,161	\$12,642,614		
Variable Cost of Education per FTE	\$1,815	\$1,815	\$1,815	\$1,815	\$1,815	\$1,815	\$1,815	\$1,815		
State % Share of Cost of Education	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%		
Calculated Total Funding Budget	<u>\$1,608,140</u>	<u>\$5,201,077</u>	<u>\$2,210,847</u>	<u>\$9,020,064</u>	<u>\$1,608,140</u>	<u>\$5,201,077</u>	<u>\$2,210,847</u>	<u>\$9,020,064</u>	<u>\$18,040,128</u>	
DP 4004 - Legislative Audit	\$9,805	\$11,925	\$8,798	\$30,528					\$30,528	
Total General Fund Budget	<u>\$1,617,945</u>	<u>\$5,213,002</u>	<u>\$2,219,645</u>	<u>\$9,050,592</u>	<u>\$1,608,140</u>	<u>\$5,201,077</u>	<u>\$2,210,847</u>	<u>\$9,020,064</u>	<u>\$18,070,656</u>	

** Biennial appropriation

Language

State statute requires the legislature to determine the budget amount per full-time student for the community colleges and to declare in the appropriations bill the percent of budget per student FTE that the appropriation is intended to represent. This bill includes the following language to comply with statute:

“The variable cost of education for each full-time equivalent student at the community colleges, including Summitnet, is \$1,815 each year of the 2009 biennium. The general fund appropriation for OCHE -- Community College Assistance (04) provides 53% of the fixed cost of education plus 53% of the variable cost of education for each full-time equivalent student in fiscal year 2008 and in fiscal year 2009. The remaining percentage of the budget must be paid from funds other than those appropriated for OCHE -- Community College Assistance.”

General Fund Subject to Reversion

This bill includes the following language that makes the community college appropriation, which is based in part upon student enrollment projections, subject to reversion if actual enrollment does not reach the projected enrollment figures.

“The general fund appropriation for OCHE -- Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,411 resident FTE students in both fiscal year 2008 and fiscal year 2009. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated number for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142, MCA.”

Audit Costs Allocation

This bill includes the following language to provide for audit costs in the 2009 biennium.

“Total audit costs are estimated to be \$57,600 for the community colleges for the biennium. The general fund appropriation for each community college provides 53% of the total audit costs in the 2009 biennium. The remaining 47% of these costs must be paid from funds other than those appropriated for OCHE – Community College Assistance – Legislative Audit. Audit costs for the biennium may not exceed \$18,500 for Dawson, \$16,600 for Miles, and \$22,500 for Flathead Valley community college.”

Page Reference

Legislative Budget Analysis, E-143

Funding

This program is an enterprise fund in which the funding sources include:

- Employer-paid contribution toward insurance premiums
- Employee-paid contribution toward insurance premiums
- Employee payments to flexible spending accounts
- Interest earnings on the program fund

Program Expenditures

Expenditures include administration of the program (with a total of 3.65 FTE in FY 2006) and insurance claims payments. Program administration expenditures (personal services) are projected to increase at a rate of 1 percent each year from the base year FY 2006 through FY 2009. Insurance claims payments are projected to increase at a rate of more than 11 percent each year from the base year FY 2006 through FY 2009.

The primary drivers of these expenditure increases include the following:

- An erosion of discounted rates by health care providers to the insured population, which increases the cost of claims payments
- Increasing medical costs for the high cost population segment of the total insured population
- Additional 1.00 FTE for a quality assurance/internal auditor position

Proprietary Rate Explanation

The legislature has defined the rates and fees for the MUS employee benefits program to mean the state contribution and the employee contribution toward employee group benefits that is necessary to maintain the benefit plan on an actuarially sound basis. Starting in FY 2007, the annual state contribution available per employee is \$6,684, while the average insurance premium for an individual MUS employee is \$6,185, depending upon the various plan options selected. Insurance premiums for MUS employees with spouse and children average \$8,733 annually, again depending upon the various plans and options offered. This is \$2,049 more per year than the state contribution.

The health, dental and vision plan options for university system employees is equivalent to the plan options for other State of Montana employees, though the plans have different third-party administrators.

Employee premiums depend upon the plan selected and whether the contributor is a current employee, an employee dependent, or a retiree. Payments to a flexible spending account are at the discretion of the employee, subject to a \$10 monthly minimum for those who choose to enroll.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	19.95	(1.00)	0.00	18.95	(1.00)	0.00	18.95	18.95
Personal Services	755,774	163,127	0	918,901	165,676	0	921,450	1,840,351
Operating Expenses	652,091	5,806	52,412	710,309	7,529	52,412	712,032	1,422,341
Grants	603,613	0	1,407,242	2,010,855	0	1,407,242	2,010,855	4,021,710
Transfers	300,000	0	600,000	900,000	0	600,000	900,000	1,800,000
Total Costs	\$2,311,478	\$168,933	\$2,059,654	\$4,540,065	\$173,205	\$2,059,654	\$4,544,337	\$9,084,402
General Fund	82,687	(9,839)	0	72,848	(9,806)	0	72,881	145,729
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	2,228,791	178,772	2,059,654	4,467,217	183,011	2,059,654	4,471,456	8,938,673
Total Funds	\$2,311,478	\$168,933	\$2,059,654	\$4,540,065	\$173,205	\$2,059,654	\$4,544,337	\$9,084,402

Page Reference

Legislative Budget Analysis, E-146

Funding

The Montana Educational Talent Search (METS) program is funded 100 percent from federal funds and there is no match requirement. The American Indian/Minority Achievement program is funded 100 percent from state general fund. GEAR-UP is funded by a federal grant that requires a 50 percent non-federal fund match, which is provided through allowable in-kind services.

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					236,674					239,336
Vacancy Savings					(39,699)					(39,802)
Inflation/Deflation					4,356					6,016
Fixed Costs					1,551					1,618
Total Statewide Present Law Adjustments					\$202,882					\$207,168
DP 6015 - State Motor Pool Rate Change	0.00	(23)	0	(78)	(101)	0.00	(24)	0	(81)	(105)
DP 6053 - Move 1 FTE from Minority Achiev. to Administration	(1.00)	(33,848)	0	0	(33,848)	(1.00)	(33,858)	0	0	(33,858)
Total Other Present Law Adjustments	(1.00)	(\$33,871)	\$0	(\$78)	(\$33,949)	(1.00)	(\$33,882)	\$0	(\$81)	(\$33,963)
Grand Total All Present Law Adjustments					\$168,933					\$173,205

DP 6015 - State Motor Pool Rate Change - This bill includes reduced rates for the State Motor Pool from the rates requested by the Governor. This decision package adjusts the agency budget to correspond to the approved State Motor Pool rates.

DP 6053 - Move 1 FTE from Minority Achiev. to Administration - This bill includes moving \$67,706 general fund from the Talent Search program to the OCHE Administration Program to fund a 1.00 FTE administrative support staff position that was moved to improve administrative efficiency, decreasing the general fund budget for this program by \$67,706.

New Proposals

New Proposals											
Program	FTE	Fiscal 2008				Fiscal 2009					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6052 - Increase Federal Gear-Up Grants & Scholarships	06	0.00	0	0	2,059,654	2,059,654	0.00	0	0	2,059,654	2,059,654
Total	0.00	\$0	\$0	\$0	\$2,059,654	\$2,059,654*	0.00	\$0	\$0	\$2,059,654	\$2,059,654*

DP 6052 - Increase Federal Gear-Up Grants & Scholarships - This bill includes an increase of federal funding authority by \$4.1 million in the biennium for the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP), which is administered within the Office of the Commissioner of Higher Education. The program won reauthorization of this federal grant for another five years via competitive grant process from the U.S. Department of Education. The increased federal authority would be used to fund additional grants to Montana schools and scholarships for Montana students.

Page Reference

Legislative Budget Analysis, E-150

Funding

The self-funded workers compensation program is an enterprise fund in which the funding sources include:

- Employer-paid premiums
- Interest earnings on the invested program reserve funds

Program Expenditures

Expenditures include claims, reinsurance premiums, debt service, and administrative operating expenses.

Premiums (revenue) are estimated to increase at a rate of 3.7 percent per year from FY 2006 through FY 2009, while operating expenditures are estimated to increase at a rate of 5.3 percent during that same time period.

Proprietary Rate Explanation

Premium rates for the program are based upon commonly accepted actuarial principles developed by a qualified actuary and reviewed by an oversight committee comprised of university system representatives and the administrator of the State of Montana Risk Management and Tort Defense Division. Rates in the early years of this self-funded program are based on historical data (7 years) of MUS claims experience and reserving practices of the State Fund, which insured the MUS during that period.

The rates and fees for the workers compensation program are defined as those premiums charged to the employer units of the Montana University System that are necessary to fund the operations and the claims payment obligations.

Language

This bill includes the following HB 2 language associated with this program:

“The legislature defines rates for the Montana university system self-funded workers compensation program to mean the amount necessary to maintain the plan on an actuarially sound basis.”

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	5.01	0.00	0.00	5.01	0.00	0.00	5.01	5.01
Personal Services	263,822	43,597	0	307,419	44,953	0	308,775	616,194
Operating Expenses	184,570	464	0	185,034	574	0	185,144	370,178
Grants	2,729,576	(85,339)	0	2,644,237	(85,339)	0	2,644,237	5,288,474
Transfers	3,262,045	0	0	3,262,045	0	0	3,262,045	6,524,090
Total Costs	\$6,440,013	(\$41,278)	\$0	\$6,398,735	(\$39,812)	\$0	\$6,400,201	\$12,798,936
General Fund	91,092	0	0	91,092	0	0	91,092	182,184
Federal Special	6,348,921	(41,278)	0	6,307,643	(39,812)	0	6,309,109	12,616,752
Total Funds	\$6,440,013	(\$41,278)	\$0	\$6,398,735	(\$39,812)	\$0	\$6,400,201	\$12,798,936

Page Reference

Legislative Budget Analysis, E-153

Funding

This program is funded primarily from federal revenue from the Carl D. Perkins Vocational and Applied Technology Act, but this federal grant also requires a general fund match to demonstrate state support for administrative costs. The state administrative match rate for this grant is 5 percent of the total federal grant award, which is split between higher education and K-12 public education at a ratio of 38/62 percent. The general fund in this program, therefore, reflects the required state funding match for the higher education portion of the total federal grant award, which is approximately 1.6 percent state funding to federal funding.

This bill also includes a change to the funding allocation, as the legislature restricted \$480,000 each year of the 2009 biennium to be used to support grant for "Community-Based Organization Education Partnerships for Special Populations." This became necessary as a result of changes to the statewide workplan for the Perkins Grant program that were required by federal budget reauthorization.

Present Law Adjustments

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

	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					56,406					57,818
Vacancy Savings					(12,809)					(12,865)
Inflation/Deflation					570					661
Fixed Costs					(69)					(49)
Total Statewide Present Law Adjustments					\$44,098					\$45,565
DP 801 - Decrease Grant Funding	0.00	0	0	0	(85,339)	0.00	0	0	0	(85,339)
DP 6015 - State Motor Pool Rate Change	0.00	0	0	0	(37)	0.00	0	0	0	(38)
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	(\$85,376)	0.00	\$0	\$0	\$0	(\$85,377)
Grand Total All Present Law Adjustments					(\$41,278)					(\$39,812)

DP 801 - Decrease Grant Funding - This bill includes a reduction of federal funding authority of \$170,678 in the 2009 biennium as a two-year federal incentive grant for health care worker programs will end in FY 2007. This federal funding program was a pass-through grant from the Montana Department of Labor and Industry.

DP 6015 - State Motor Pool Rate Change - This bill includes reduced rates for the State Motor Pool from the rates requested by the Governor. This decision package aligns the agency budget to the State Motor Pool rates.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
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
Transfers	144,438,496	1,579,652	18,805,945	164,824,093	1,724,263	15,139,142	161,301,901	326,125,994
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$144,438,496	\$1,579,652	\$18,805,945	\$164,824,093	\$1,724,263	\$15,139,142	\$161,301,901	\$326,125,994
General Fund	130,167,495	(2,100,670)	16,305,945	144,372,770	(760,172)	14,639,142	144,046,465	288,419,235
State/Other Special	14,271,001	3,680,322	2,500,000	20,451,323	2,484,435	500,000	17,255,436	37,706,759
Total Funds	\$144,438,496	\$1,579,652	\$18,805,945	\$164,824,093	\$1,724,263	\$15,139,142	\$161,301,901	\$326,125,994

Page Reference

Legislative Budget Analysis, E-157

Funding

While funding for this program is primarily general fund, state special revenue from the 6-mill property tax levy funds the university educational units, Resource Indemnity Trust funds (RIT) support groundwater research programs at the Montana Bureau of Mines, and a state revenue surcharge from motorcycle licenses supports motorcycle safety programs at the MSU-Northern campus in Havre.

The figure below illustrates the total funding allocations proposed in this bill for the university educational units as well as the public service/research agencies. The allocations to each of the university unit campuses are recommendations only, as the Board of Regents retains authority to make the final general fund allocation to each of the campuses.

Figure 5
Appropriation Distribution Program (09) -- 2009 Biennium Proposed Legislative Budget (HB 820)

	FY 2006 Base Year	State Share Present Law FY 2008	New Proposals FY 2008	HB 820 Budget FY 2008	State Share Present Law FY 2009	New Proposals FY 2009	HB 820 Budget FY 2009	HB 820 2009 Bien. Total
Educational Units								
UM - Missoula	\$38,505,125		\$3,391,646	\$41,896,771		\$4,955,085	\$43,460,210	\$85,356,981
MSU - Bozeman	39,336,474		2,900,065	42,236,539		3,972,250	43,308,724	85,545,263
UM - MT Tech	10,422,931		588,047	11,010,978		1,009,689	11,432,620	22,443,598
MSU - Billings	15,573,142		1,616,930	17,190,072		1,980,849	17,553,991	34,744,063
MSU - Northern	7,373,359		293,483	7,666,842		550,796	7,924,155	15,590,997
UM - Western	5,270,936		629,780	5,900,716		674,519	5,945,455	11,846,171
Great Falls COT	4,084,065		478,285	4,562,350		651,065	4,735,130	9,297,480
Helena COT	3,013,662		393,726	3,407,388		465,889	3,479,551	6,886,939
Family Practice Residency	319,366			319,366			319,366	638,732
Dental Hygiene Program (GF-COT)	235,000			235,000			235,000	470,000
Motorcycle Safety Program	220,000			220,000			220,000	440,000
Yellow Bay Biological Institute	100,000		25,000	125,000		25,000	125,000	250,000
MUS High School Honors (OTO)			500,000	500,000		500,000	500,000	1,000,000
Program Equipment/Technology			4,000,000	4,000,000			-	4,000,000
Workforce Train - High Demand Fields			1,500,000	1,500,000			-	1,500,000
MSU Bozeman PBS Satellite Delivery			400,000	400,000			-	400,000
UM Missoula Speech Pathology Prog.			700,000	700,000			-	700,000
MT Tech Advanced Nursing Academy			40,000	40,000		40,000	40,000	80,000
MSU-Northern Science/Water Progs **			240,000	240,000		240,000	240,000	480,000
Subtotal	\$124,454,060	\$0	\$17,696,962	\$142,151,022	\$0	\$15,065,142	\$139,519,202	\$281,670,224
Research/Public Service Agencies								
Ag Experiment Station	\$10,675,387	\$1,090,986		\$11,766,373	\$1,135,332		\$11,810,719	\$23,577,092
Extension Services	5,195,593	372,120		5,567,713	395,231		5,590,824	11,158,537
Forestry Conservation ES	910,245	183,941		1,094,186	193,170		1,103,415	2,197,601
Bureau of Mines	2,404,919	81,141		2,486,060	149,799		2,554,718	5,040,778
Fire Service Training School	598,292	51,464	108,983	758,739	50,731	74,000	723,023	1,481,762
Research/Public Service Agens. - Equip.			1,000,000	1,000,000			-	1,000,000
Bio-Based Institute Base	200,000			200,000			200,000	400,000
Move Bio-based Institute To AES Base		(200,000)		(200,000)	(200,000)		(200,000)	(400,000)
Subtotal	\$19,984,436	\$1,579,652	\$1,108,983	\$22,673,071	\$1,724,263	\$74,000	\$21,782,699	\$44,455,770
Grand Total Program 09	\$144,438,496	\$1,579,652	\$18,805,945	164,824,093	\$1,724,263	\$15,139,142	\$161,301,901	\$326,125,994
Bureau of Mines Contingent Approp*			\$103,838			\$175,886		

* Bureau of Mines is appropriated additional State Special Revenue from the RIT/RIGWA fund contingent upon passage and approved of HB 116
 ** This appropriation to MSU-Northern is contingent upon passage and approval of HB 116, which would eliminate RIT funding for this program
 Source: SAHBRS data for Base Year Expenditures and the Proposed Higher Education Budget for the 2009 Biennium (HB 820)

Tuition Rates

Other than state funding, the only other significant revenue source for the university educational units to fund the cost of education is from student tuition.

In the past twenty years the level of state percent share of funding support for the cost of education has declined in Montana from 74.6 percent in 1988 to 37.8 percent projected in FY 2007. Tuition, on the other hand, has increased from 23.1 percent of funding in 1988 to 61.6 percent projected in FY 2007. While some of this can be accounted for by enrollment growth, which has been about 7 percent overall in the last decade, most of this increase is related to the steady increase of student tuition rates.

The following figure illustrates the mandatory tuition and fee rates paid by Montana resident students since 1998:

Campus Type	1998	1999	2000	2001	2002	2003	2004	2005	2006	Annual Average Increase	Overall Increase
Four-year Campuses	\$2,629	\$2,834	\$2,952	\$3,062	\$3,428	\$3,956	\$4,124	\$4,500	\$4,942	8.2%	88.0%
Two-year Campuses	2,049	2,228	2,274	2,288	2,522	2,670	2,710	2,932	3,036	5.0%	48.2%
Community Colleges	1,423	1,473	1,605	1,619	1,797	1,891	2,122	2,318	2,502	7.3%	75.8%

Source: Montana University System - Inventory and Validation of Fees Report (1997-2006)
Four-year and Two-year campuses use weighted-average...Community Colleges use average rates

As this figure illustrates, tuition and fee rates have risen at a steady rate in all segments of the university system, at an annual rate of 8.2 percent for the four-year schools, 5.0 percent per year at the two-year schools, and 7.3 percent per year at the community colleges.

Therefore, tuition rates are directly correlated to the level of state funding that supports ongoing costs of educating Montana students, together with considerations for the efficiency of expenditures and the level of those costs.

College Affordability Plan (CAP)

What is now known as the College Affordability Plan started as the Board of Regents determined that their 2009 biennium budget priority would be adequate funding to support their base and present law budget, rather than significant new proposals. This priority culminated with a proposal to the interim legislative subcommittee on Postsecondary Education Policy and Budget (PEPB) and the executive for a present law increase to state funding of approximately \$10-15 million in the 2009 biennium in order to “limit tuition increases to 5 percent at four-year campuses and 0 percent at two-year campuses.”

In other words, the Board of Regents offered a proposal to the legislature that in return for a significant funding increase for the campuses the Regents would keep tuition rate increases at these levels. PEPB was supportive of this Board proposal and recommended that the executive consider this funding option for the 2009 executive budget.

At that point, the executive and OCHE engaged in extended budget discussions to make proposed tuition cap operational. In order to do this, however, there would need to be an agreement upon the present law budget and the level of adjustments that state government would fund. Historically, the differences in the definition of the present law budget and the adjustment factors has contributed to divergent budget perspectives between state government and the university system.

Ultimately, these negotiations resulted in an agreement between the executive and the university system, which is included in this bill. It is upon this agreement that the most significant component of the budget for the university system in the 2009 biennium is founded, the College Affordability Plan (CAP).

Purpose and Specifics of CAP

CAP has gone beyond the original proposal from the Regents to the legislature in that the goal of CAP is to “provide the university system funding for the 2009 biennium that results in a zero tuition increase for Montana resident students...for the 2009 biennium.”

The primary component of the tuition cap is contained in DP’s 9001 and 9002, where the cost adjustments for the university educational units are calculated, and this bill proposes an additional \$24.6 million general fund in the 2009 biennium. And the key component of the CAP budget is that the state percent share of funding these annual cost adjustments and the state pay plan would be 84.7 percent (compared to approximately 39 percent for the pay plan and

most annual cost adjustments in the 2007 biennium). This new level of 84.7 percent support for annual cost increases is the ratio of total FTE students at the university educational units who are Montana resident students or regional exchange students participating in the Western Regional Undergraduate Exchange (WUE) program. Therefore, CAP fundamentally changes the state percent share of funding for annual present law cost adjustments to this new formula and level.

In addition to this level of funding for present law adjustments, the CAP also assumes that the state pay plan funding for the university units will be at the same 84.7 percent state share level, as well as the actuarial funding for any PERS and TRS retirement funding proposals that are anticipated to be passed and approved during the 2007 legislative session.

In total, it is estimated that the CAP would provide approximately \$50 million additional general fund for the university system. And it is based upon this \$50 million, appropriated to the university system in this bill, in the state pay plan, and in a retirement funding bill, that the Regents have committed to keep tuition rates frozen at the FY 2007 level.

Of course, while the outcome goal of the tuition cap is that tuition rates at all university educational units would remain the same throughout the 2009 biennium, the Montana Board of Regents exercise sole authority over tuition rates so that state government, both the legislature and the executive, lacks the authority to enforce this goal related to tuition rates. CAP represents, therefore, a proposed agreement between the legislature and the Regents that has no binding legal authority.

Therefore, as the legislature continues to consider each of the components of the CAP and whether to pass and approve each of these, it will be important to understand that there is no legal mechanism to enforce the tuition cap concept. Rather, the CAP program would be a non-binding agreement with the Regents on the matter of resident student tuition rates.

Present Law Adjustments

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

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 66 - Increased Overhead Costs for Campus Support	0.00	110,448	0	0	110,448	0.00	158,505	0	0	158,505
DP 9020 - Present Law Adjustments - AES	0.00	762,373	0	0	762,373	0.00	769,954	0	0	769,954
DP 9030 - Present Law Adjustments -Extension Services	0.00	398,948	0	0	398,948	0.00	398,763	0	0	398,763
DP 9040 - Present Law Adjustments - Fire Services Training	0.00	45,004	0	0	45,004	0.00	42,544	0	0	42,544
DP 9050 - Present Law Adjustments - Forestry & Cons.	0.00	100,271	0	0	100,271	0.00	108,580	0	0	108,580
DP 9060 - Present Law Adjustments - Bureau of Mines	0.00	51,874	0	0	51,874	0.00	53,287	0	0	53,287
DP 9063 - BoM - New Space - Restricted	0.00	22,415	0	0	22,415	0.00	89,660	0	0	89,660
DP 9064 - BoM - Miscellaneous	0.00	6,852	0	0	6,852	0.00	6,852	0	0	6,852
DP 9065 - FSTS - Miscellaneous	0.00	6,010	0	0	6,010	0.00	6,955	0	0	6,955
DP 9066 - FCES - Miscellaneous	0.00	920	0	0	920	0.00	1,840	0	0	1,840
DP 9067 - AES - Miscellaneous	0.00	71,272	0	0	71,272	0.00	83,196	0	0	83,196
DP 9068 - Correction Between FCES and ES	0.00	0	0	0	0	0.00	0	0	0	0
DP 9069 - ES - Miscellaneous	0.00	3,265	0	0	3,265	0.00	4,127	0	0	4,127
DP 9075 - Consolidate BioBased with AES RL	0.00	0	0	0	0	0.00	0	0	0	0
DP 9999 - General Fund Replacement with Six Mill Levy Funds	0.00	(1,889,968)	1,889,968	0	0	0.00	(361,139)	361,139	0	0
Total Other Present Law Adjustments	0.00	(\$310,316)	\$1,889,968	\$0	\$1,579,652	0.00	\$1,363,124	\$361,139	\$0	\$1,724,263
Grand Total All Present Law Adjustments					\$1,579,652					\$1,724,263

DP 66 - Increased Overhead Costs for Campus Support - This bill includes a general fund increase of \$268,953 in the 2009 biennium to support the state percent share levels of overhead costs charged by MSU-Bozeman to the public service/research agencies as follows:

- o AES = \$139,523 (state share is 100 percent)
- o ES = \$127,748 (state share is 100 percent)
- o FSTS = \$1,682 (state share is 100 percent)

DP 9020 - Present Law Adjustments - AES - This bill includes statewide present law adjustments for the AES in the 2009 biennium, increasing general fund \$1.5 million, as the state percent share of all AES funding is calculated at 83 percent.

DP 9030 - Present Law Adjustments -Extension Services - This bill includes statewide present law adjustments for the Extension Services (ES) in the 2009 biennium, increasing general fund \$797,711, as the state percent share of all ES funding is calculated at 69 percent.

DP 9040 - Present Law Adjustments - Fire Services Training - This bill includes statewide present law adjustments for the FSTS in the 2009 biennium, increasing general fund \$87,548, as the state percent share of all FSTS funding is calculated at 100 percent.

DP 9050 - Present Law Adjustments - Forestry & Cons. - This bill includes statewide present law adjustments for the Forestry and Conservation Experiment Station (FCES) in the 2009 biennium, increasing general fund \$208,851, as the state percent share of all FCES funding is calculated at 100 percent.

DP 9060 - Present Law Adjustments - Bureau of Mines - This bill includes statewide present law adjustments for the bureau in the 2009 biennium, increasing general fund \$105,161, as the state percent share of all bureau funding is calculate at 98.5 percent.

DP 9063 - BoM - New Space - Restricted - This bill includes \$112,075 general fund to support new space for the bureau in the new Petroleum Building, approved by the legislature in HB 5 in the 2005 legislative session.

DP 9064 - BoM - Miscellaneous - This bill includes \$13,704 general fund to support the state percent share of base reductions due to increased gasoline costs.

DP 9065 - FSTS - Miscellaneous - This bill includes \$12,965 general fund to support the state percent share of present law cost increases for repair and maintenance, for a lease increase, as well as base reductions due to increased gasoline costs.

DP 9066 - FCES - Miscellaneous - This bill includes \$2,760 general fund to support the state percent share of present law cost increases for repair and maintenance costs.

DP 9067 - AES - Miscellaneous - This bill includes \$154,468 general fund to support the state percent share of present law cost increase for repair and maintenance, new space costs, as well as base reductions due to increased gasoline costs at the Agriculture Experiment Station.

DP 9068 - Correction Between FCES and ES - This bill includes this budget accounting correction required as a result of the agency budget submission recording base year expenditures on the wrong reporting level, thus overstating the expenditures for one agency and understating expenditures for the other. This DP has a net funding effect of zero as it simply corrects the budget statement of expenditures between the ES and the FCES. (This DP is repeated in the ES sub-program as well.)

DP 9069 - ES - Miscellaneous - This bill includes \$7,392 general fund to support the state percent share of present law cost increases for repair and maintenance as well as base reductions due to increased gasoline costs.

DP 9075 - Consolidate BioBased with AES RL - This bill includes consolidating the miscellaneous sub-program appropriation of \$200,000 general fund for the Bio-based Institute as part of the ongoing budget of the AES, where the institute resides. This DP has no net fiscal impact as it simply consolidates budget reporting levels.

DP 9999 - General Fund Replacement with Six Mill Levy Funds - This reconciles the budget with the Revenue and Transportation Committee revenue estimates regarding six mill levy revenue, funding the budget with all available six mill levy and reducing general fund by a like amount.

New Proposals

New Proposals											
Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 68 - Add One Fire Trainer at FSTS											
09	0.00	108,983		0	0	108,983	0.00	74,000	0	0	74,000
DP 9001 - Funding for Cost Increase Adjusts -Ed Units (Res.)											
09	0.00	9,767,959		0	0	9,767,959	0.00	13,507,974	0	0	13,507,974
DP 9002 - Funding for Cost Increase Adjusts -Ed Units (WUE)											
09	0.00	524,003		0	0	524,003	0.00	752,168	0	0	752,168
DP 9008 - Tuition Waivers - H.S. Honors Program OTO											
09	0.00	0	500,000		0	500,000	0.00	0	500,000	0	500,000
DP 9053 - Equip & Tech in High Demand Flds MUS/CC (Rest/OTO)											
09	0.00	2,000,000	2,000,000		0	4,000,000	0.00	0	0	0	0
DP 9054 - Wrkfce Train. in High Demand Fields MUS & CC -OTO											
09	0.00	1,500,000		0	0	1,500,000	0.00	0	0	0	0
DP 9055 - Research Agencies Equipment - OTO											
09	0.00	1,000,000		0	0	1,000,000	0.00	0	0	0	0
DP 9444 - MT - Tech Advanced Nursing Workfrce Prog (Rst/OTO)											
09	0.00	40,000		0	0	40,000	0.00	40,000	0	0	40,000
DP 9555 - UM - Missoula Speech Pathology Prog (Rst/Bien/OTO)											
09	0.00	700,000		0	0	700,000	0.00	0	0	0	0
DP 9666 - Whitefish Lake Study by Yellow Bay (Restricted)											
09	0.00	25,000		0	0	25,000	0.00	25,000	0	0	25,000
DP 9777 - MSU Bzemn - PBS TV Satellite System (Rst/Bien/OTO)											
09	0.00	400,000		0	0	400,000	0.00	0	0	0	0
DP 9888 - MSU-Northern Science and Water Programs											
09	0.00	240,000		0	0	240,000	0.00	240,000	0	0	240,000
Total	0.00	\$16,305,945	\$2,500,000		\$0	\$18,805,945*	0.00	\$14,639,142	\$500,000	\$0	\$15,139,142*

DP 68 - Add One Fire Trainer at FSTS - This bill includes \$182,983 general fund in the 2009 biennium budget in order to add an additional 1.0 FTE for a fire trainer at the Fire Services Training School.

DP 9001 - Funding for Cost Increase Adjusts -Ed Units (Res.) - This bill includes \$23.3 million general fund as a new proposal to support cost increase adjustments at the university educational units that are attributed to the cost of education for Montana resident students. This calculation is based upon a negotiated agreement with the university system on each present law cost factor and is funded at approximately 80 percent state share, which is the ratio of Montana resident student enrollment at the university educational units. This calculation represents a significant change in budget policy and significantly expands the scope of state government funding of the university system.

DP 9002 - Funding for Cost Increase Adjusts -Ed Units (WUE) - This bill includes \$1.3 million general fund, as a new proposal, to support cost increase adjustments at the university educational units that are attributed to the cost of education for students studying in Montana as part of the Western Regional Undergraduate Exchange (WUE) student program. This calculation is based upon a negotiated agreement with the university system on each present law cost factor and is funded at approximately an additional 4.7 percent state share, which is the ratio of WUE student enrollment at the university educational units. This calculation represents a significant change in budget policy as WUE students have never been included in the state percent share calculation.

The table below illustrates the formula and policy changes that drive the appropriations in DP 9001 and DP 9002, which represent the primary components of the tuition CAP program (College Affordability Plan) in this bill.

Figure 7 Montana University System				
Present Law Adjustment Factors and Rates				
Comparative between Montana University System and State Government Budgets				
2007 and 2009 Biennia				
Present Law Adjustment Factor (PL)	HB2 Funding Status (2007 Biennium)	Original PL Rates Projected by MUS (2009 Biennium)	Acutal Present Law Rates Used in HB 820 Budget (2009 Biennium)	
			FY 2008	FY 2009
State Pay Plan	Yes	3.0%	3.50%	3.50%
Health Insurance	Yes	10.0%	6.00%	6.00%
Other Benefits	Yes	1.5%	16.46%	16.54%
Emp. Merit/Mkt. Adjusts.	Not Funded	0.5%	Part of Pay Plan	Part of Pay Plan
Vacancy Savings	Yes	3.0%	4.0%	4.0%
Insurance (Tort Claims)	Yes	0.0%	0.0%	0.0%
Other State Fixed Costs	Yes	4.0%	4.0%	4.0%
IT Fixed Costs	Partial Funding	6.0%	6.0%	6.0%
Library Acquisitions	Partial Funding	7.0%	7.0%	7.0%
Utility Adjustments	Partial Funding	20.0%	\$14,056,216	\$14,494,969
Other Operating Costs	Not Funded	2.5%	2.5%	2.5%
Contingency Costs	Not Funded	2.5%	Part of Other Op Costs	Part of Other Op Costs
Fee Waivers	Not Funded	6.0%	\$5,435,441	\$6,100,022
Enrollment Growth	Yes	\$3,566,827	No Growth Budgeted	No Growth Budgeted
New Space O & M Costs	Yes	1,227,635	748,872	\$1,191,154
Faculty Promotion Pool	Not Funded	834,224	443,197	422,027
Faculty Termination Costs*	Not Funded	\$1,254,858	\$2,164,368	\$2,164,368
State Percent Share Model:				
For Present Law Adjusts	80%	80.6%**	84.7%	84.7%
For Pay Plan	39%	42.2%	Proposed @ 84.7%	Proposed @ 84.7%
For State Employee Retirement	n/a	n/a	Proposed @ 84.7%	Proposed @ 84.7%
* FY 2008 and 2009 levels represent the FY 2006 actual, and executive agrees to assist if costs exceed this in the 2009 biennium				
** Represents the percentage funding level for those PLA's that state government will fund. Overall, the percentage funding level for all PLA's is projected at 37.7%				
Sources: OCHE System Summary Document (May 2006) - MBARS for 2007 legislative session - PLA Assumptions Version 14 (2009 Biennium)				

DP 9008 - Tuition Waivers - H.S. Honors Program OTO - This bill includes one-time-only new funding for the cost of tuition waivers associated with the High School Honors Program, using \$1 million six mill levy revenue in the 2009 biennium.

DP 9053 - Equip & Tech in High Demand Flds MUS/CC (Rest/OTO) - This bill includes a one-time-only appropriation of \$4.0 million in the 2009 biennium, including \$2.0 million general fund and \$2.0 million six-mill levy revenue, to support equipment and technology acquisition by the university educational units and community colleges. The funding would be targeted to support healthcare, skilled industries, and high demand programs; as well as to support classroom equipment and technology. A nonstate funding match is required for this appropriation, a total of \$1.75 million. The appropriation is restricted such that community colleges would not receive any six-mill levy funding, in accordance with 15-10-107, MCA, and 20-25-423, MCA.

DP 9054 - Wrkfce Train. in High Demand Fields MUS & CC -OTO - This bill includes a one-time-only general fund increase of \$1.5 million to support new workforce development initiatives, specifically for capital and operational costs that expand program capacity at the university educational units. This appropriation requires a nonstate funding match of \$700,000.

DP 9055 - Research Agencies Equipment - OTO - This bill includes a one-time-only general fund appropriation of \$1.0 million for new equipment acquisitions by the five research/public service agencies. These funds would be disbursed through a competitive grant process administered by OCHE that must give scoring priority to projects that include non-state matching funds.

DP 9444 - MT - Tech Advanced Nursing Workfrce Prog (Rst/OTO) - This bill includes a one-time-only, restricted general fund appropriation of \$40,000 each year of the 2009 biennium to support the costs to Montana Tech at Butte in hosting the Academy for Advanced Nursing Workforce Solutions.

DP 9555 - UM - Missoula Speech Pathology Prog (Rst/Bien/OTO) - This bill includes a \$700,000 restricted, one-time-only general fund appropriation to support the start-up costs of the speech pathology program at the University of Montana at Missoula.

DP 9666 - Whitefish Lake Study by Yellow Bay (Restricted) - This bill includes a restricted general fund appropriation of \$25,000 each year of the 2009 biennium to fund the Yellow Bay Biological Station work on limnological studies of Whitefish Lake.

DP 9777 - MSU Bzemn - PBS TV Satellite System (Rst/Bien/OTO) - This bill includes a restricted, biennial, one-time-only general fund appropriation of \$400,000 to support the satellite delivery system for PBS Television at MSU Bozeman. The Board of Regents hold the license for PBS.

DP 9888 - MSU-Northern Science and Water Programs - This bill includes a contingent appropriation of \$240,000 general fund each year of the 2009 biennium to support the science and water programs at MSU-Northern in Havre. This program has been funded from the proceeds of the Resource Indemnity Trust (RIT), but HB 116, if it is passed and approved, would eliminate that RIT funding. So this decision package would backfill that appropriation with general fund should HB 116 be passed and approved.

Language

Appropriation of Other Revenue to the University Educational Units

This bill includes the following language to establish investment earnings revenue projections for the university educational units:

“Revenue anticipated to be received by the Montana university system units and colleges of technology include interest earnings and other revenue of \$2,136,468 each year of the 2009 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 OCHE.”

Revenue Projections for Research/Public Service Agencies

This bill includes the following language that includes revenue projections for various revenue sources for the research/public service agencies:

“Revenue anticipated to be received by the agricultural experiment station includes:

- (1) interest earnings and other revenue of \$60,308 each year of the 2009 biennium; and
- (2) federal revenue of \$2,098,417 in fiscal year 2008 and \$2,109,926 in fiscal year 2009.”

“Revenue anticipated to be received by the extension service includes:

- (1) interest earnings of \$20,133 each year of the 2009 biennium; and
- (2) federal revenue of \$2,429,908 in fiscal year 2008 and \$2,437,119 in fiscal year 2009.”

“Anticipated interest revenue of \$692 in each year of the 2009 biennium is appropriated to the forestry and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.”

“Anticipated sales revenue of \$36,828 in fiscal year 2008 and \$37,983 in fiscal year 2009 is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.”

“Anticipated interest revenue of \$943 each year of the 2009 biennium is appropriated to the fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.”

Miscellaneous Language Recommendations

This bill includes the following language to require a transfer to the energy conservation program:

“OCHE -- Appropriation Distribution Transfers includes \$932,200 for the 2009 biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$104,000 in fiscal year 2008 and \$95,000 in fiscal year 2009; Montana tech of the university of Montana, \$31,800 in fiscal year 2008 and \$31,800 in fiscal year 2009; Montana state university-northern, \$69,200 in fiscal year 2008 and \$60,200 in fiscal year 2009; Montana state university-Bozeman, \$58,000 in fiscal year 2008; Montana state university-Billings, \$105,500 in fiscal year 2008 and \$105,500 in fiscal year 2009; and western Montana college of the university of Montana, \$108,650 in fiscal year 2008 and \$108,150 in fiscal year 2009.”

This bill includes the following language to allocate funds for the Montana natural resource information system:

“The Montana university system shall pay \$88,506 for the 2009 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.”

"Yellow Bay Biological Station is restricted; \$100,000 each fiscal year is restricted to laboratory work associated with Flathead basin water quality monitoring, and \$25,000 each fiscal year is restricted to limnological investigations on Whitefish Lake in partnership with the Whitefish Lake institute."

This bill includes the following contingency language that would appropriate funding to the Bureau of Mines and Geology, contingent upon passage and approval of HB 116:

“Upon passage and approval of House Bill No. 116, and subject to available funds, the following decision packages are approved and the amounts will be appropriated in the line item for the bureau from the natural resources operations state special revenue account:

- DP 1 - Maintain program funding: The legislature approved \$174,114 in state special revenue in the 2009 biennium to restore one-time program funding increases approved in the 2007 biennium.
- DP 2 - Support proposed pay plans: The legislature approved \$97,540 in state special revenue in the 2009 biennium to support personal services present law increases.
- DP 3 - Operations support: The legislature approved \$8,070 in state special revenue in the 2009 biennium to support a 2% annual increase in gasoline and other operations costs.”

This bill includes the following language with DP 9053 and DP 9054 to require nonstate matching funds for these equipment and program development grant programs:

“Of the \$2 million 6-mill levy and \$2.0 million general fund appropriation for equipment and technology in Equipment and Technology, \$1.75 million must be matched on a one-to-one basis from nonstate funds identified by the board of regents. The grant process for distributing these funds, administered by the office of the commissioner of higher education, must require this one-to-one funding match by applicants and give scoring priority to grants that include matching funds. Matching funds may include federal revenue, private revenue, and other nonstate university funds. The funding match may include in-kind revenue only if that revenue is equipment itself, cost reductions offered for purchased

equipment, or space to house equipment. The office of the commissioner of higher education shall certify to the office of budget and program planning that an allowable funding match has been committed from an eligible revenue source, as evidenced by a commitment letter from that funding source. This appropriation is restricted so that 6-mill levy revenue may not be awarded to the community colleges.”

“Of the \$1.5 million general fund appropriation for high demand programs in Workforce Training--Program Development, \$700,000 must be matched by no less than one-half the appropriation amount with nonstate funds identified by the board of regents. The grant process for distributing these funds, administered by the office of the commissioner of higher education, must require this funding match ratio and give scoring priority to grants that include matching funds. Matching funds may include federal revenue, private revenue, and other nonstate university funds. The funding match may include in-kind revenue only if that revenue is equipment itself, cost reductions offered for purchased equipment, or space to house equipment. The office of the commissioner of higher education shall certify to the office of budget and program planning that an allowable funding match has been committed from an eligible revenue source, as evidenced by a commitment letter from that funding source.”

This bill includes contingency language for the restricted appropriation approved by the legislature to MSU-Northern for the science and water program, so that if House Bill No. 116 is passed and approved by the legislature, then the resulting reduction of \$240,000 each year from RIT funding would be back-filled by \$240,000 general fund each year of the 2009 biennium. That language reads as follows:

"MSU-Northern Science and Water Programs is contingent upon passage and approval of House Bill No. 116."

This bill includes language that restricts the funding to Montana Tech at Butte to support the costs of the nursing academy:

"Montana Tech Advanced Nursing Workforce Program is restricted to funding the costs to the university system associated with courses at Montana tech for advanced nursing students' transition to the workforce in partnership with the St. James healthcare foundation."

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	400,000	50,000	507,200	957,200	50,000	507,200	957,200	1,914,400
Total Costs	\$400,000	\$50,000	\$507,200	\$957,200	\$50,000	\$507,200	\$957,200	\$1,914,400
General Fund	400,000	50,000	507,200	957,200	50,000	507,200	957,200	1,914,400
Total Funds	\$400,000	\$50,000	\$507,200	\$957,200	\$50,000	\$507,200	\$957,200	\$1,914,400

Page Reference

Legislative Budget Analysis, E-186

Funding

Funding is entirely from general fund.

Present Law Adjustments

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

	-----Fiscal 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1101 - Biennial Appropriation Adjustment	0.00	(200,000)	0	0	(200,000)	0.00	(200,000)	0	0	(200,000)
DP 1102 - Increase Non-beneficiary Student Assistance	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
Total Other Present Law Adjustments	0.00	\$50,000	\$0	\$0	\$50,000	0.00	\$50,000	\$0	\$0	\$50,000
Grand Total All Present Law Adjustments					\$50,000					\$50,000

DP 1101 - Biennial Appropriation Adjustment - This bill includes a \$200,000 general fund expenditure reduction each year of the biennium in order to make the required adjustment to this biennial appropriation of \$400,000, which was fully expended in the base year. This accurately establishes the base year expenditures at \$200,000.

DP 1102 - Increase Non-beneficiary Student Assistance - This bill includes an increase of the general fund appropriation for resident non-beneficiary student assistance a total of \$500,000 in the 2009 biennium budget, in accordance with 20-25-428, MCA.

New Proposals

New Proposals											
Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1111 - Contingent Increase of Non-Beneficiary Assistance											
11	0.00	507,200		0	0	507,200	0.00	507,200	0	0	507,200
Total	0.00	\$507,200		\$0	\$0	\$507,200*	0.00	\$507,200	\$0	\$0	\$507,200*

DP 1111 - Contingent Increase of Non-Beneficiary Assistance - This bill increases non-beneficiary student assistance to the tribal college program by \$507,200 general fund each year of the 2009 biennium, contingent upon the passage and approval of HB 283 that would amend 20-25-428, MCA.

Language

This bill includes contingency language associated with DP 1111:

"If House Bill No. 283 is not passed and approved, Tribal College Assistance Program is reduced to \$450,000 in general fund money in fiscal year 2008 and in fiscal year 2009."

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	57.20	0.00	(1.00)	56.20	0.00	(1.00)	56.20	56.20
Personal Services	1,994,402	564,960	(42,894)	2,516,468	571,159	(42,907)	2,522,654	5,039,122
Operating Expenses	5,216,892	24,209	382,813	5,623,914	6,332	150,000	5,373,224	10,997,138
Equipment	7,499	0	0	7,499	0	0	7,499	14,998
Benefits & Claims	21,967,240	0	18,700,000	40,667,240	0	21,800,000	43,767,240	84,434,480
Transfers	36,600	0	0	36,600	0	0	36,600	73,200
Total Costs	\$29,222,633	\$589,169	\$19,039,919	\$48,851,721	\$577,491	\$21,907,093	\$51,707,217	\$100,558,938
Federal Special	29,222,633	589,169	19,039,919	48,851,721	577,491	21,907,093	51,707,217	100,558,938
Total Funds	\$29,222,633	\$589,169	\$19,039,919	\$48,851,721	\$577,491	\$21,907,093	\$51,707,217	\$100,558,938

Page Reference

Legislative Budget Analysis, E-190

Funding

The Montana Guaranteed Student Loan Program (GSL) is funded entirely with federal special revenue.

Present Law Adjustments

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

	-----Fiscal 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					671,600					678,055
Vacancy Savings					(106,640)					(106,896)
Inflation/Deflation					15,468					16,336
Fixed Costs					9,055					(9,680)
Total Statewide Present Law Adjustments					\$589,483					\$577,815
DP 6015 - State Motor Pool Rate Change	0.00	0	0	(314)	(314)	0.00	0	0	(324)	(324)
Total Other Present Law Adjustments	0.00	\$0	\$0	(\$314)	(\$314)	0.00	\$0	\$0	(\$324)	(\$324)
Grand Total All Present Law Adjustments					\$589,169					\$577,491

DP 6015 - State Motor Pool Rate Change - This bill includes reduced rates for the State Motor Pool from the rates requested by the Governor. This decision package aligns the agency budget to the State Motor Pool rates.

New Proposals

New Proposals Program	-----Fiscal 2008-----					-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1251 - GSL Increased Claims Payments	12	0.00	0	0	13,000,000	13,000,000	0.00	0	0	15,000,000	15,000,000
DP 1252 - GSL Increased Collection Costs	12	0.00	0	0	5,700,000	5,700,000	0.00	0	0	6,800,000	6,800,000
DP 1253 - GSL Federal Fund Reserve Recall	12	0.00	0	0	382,813	382,813	0.00	0	0	0	0
DP 1254 - GSL Guarantee Servicing System	12	0.00	0	0	0	0	0.00	0	0	150,000	150,000
DP 1255 - Transfer 1 FTE from MGSLP to Stud. Assist.	12	(1.00)	0	0	(42,894)	(42,894)	(1.00)	0	0	(42,907)	(42,907)
Total	(1.00)	\$0	\$0	\$0	\$19,039,919	\$19,039,919*	(1.00)	\$0	\$0	\$21,907,093	\$21,907,093*

DP 1251 - GSL Increased Claims Payments – This bill includes an increase in federal spending authority by \$28 million over the 2009 biennium in order to meet projected increases in claim payments that would be made to private lenders in order to purchase defaulted student loans, as required by the program’s role as “guarantor.”

DP 1252 - GSL Increased Collection Costs - This bill includes an increase of federal spending authority by \$12.5 million over the 2009 biennium in order to meet projected increases in collection costs that are expected to be driven by the increase in claim payments from the larger outstanding loan portfolio, by changes to the federal higher education act that requires higher repayment levels to the federal government by the GSL program, and by a projected increase in default collections resulting from changing federal regulations of collections processes.

DP 1253 - GSL Federal Fund Reserve Recall - This bill increases federal spending authority by \$382,813 in FY 2008 in order to meet federal requirements for a reserve recall payment by the GSL program in September 2007.

DP 1254 - GSL Guarantee Servicing System - This bill increases federal spending authority by \$150,000 for FY 2009 due to an anticipated increase in operating costs related to the contract for loan guarantee servicing. The existing contract with the Great Lakes Higher Education Corporation will expire in FY 2008 and the GSL projects that a new contract for these services will be as much as 20 percent higher than the current contract.

DP 1255 - Transfer 1 FTE from MGSLP to Stud. Assist. - This bill includes moving 1.00 FTE, a vacant position, and \$85,801 federal funding to the Student Assistance program, where this staff position will manage the Montana Family Education Savings Program.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	2,900	(2,900)	6,300	6,300	(2,900)	6,300	6,300	12,600
Operating Expenses	25,501	0	0	25,501	0	0	25,501	51,002
Total Costs	\$28,401	(\$2,900)	\$6,300	\$31,801	(\$2,900)	\$6,300	\$31,801	\$63,602
General Fund	28,401	(2,900)	6,300	31,801	(2,900)	6,300	31,801	63,602
Total Funds	\$28,401	(\$2,900)	\$6,300	\$31,801	(\$2,900)	\$6,300	\$31,801	\$63,602

Page Reference

Legislative Budget Analysis, E-195

Funding

Funding is entirely from general fund.

Present Law Adjustments

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

Present Law Adjustments										
FTE	Fiscal 2008					Fiscal 2009				
	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				(2,900)						(2,900)
Total Statewide Present Law Adjustments				(\$2,900)						(\$2,900)
Grand Total All Present Law Adjustments				(\$2,900)						(\$2,900)

New Proposals

New Proposals											
Program	FTE	Fiscal 2008				Fiscal 2009					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1301 - Restore Base -Per Diem	13	0.00	6,300	0	0	6,300	0.00	6,300	0	0	6,300
Total	0.00	\$6,300	\$0	\$0	\$6,300*	0.00	\$6,300	\$0	\$0	\$6,300*	

DP 1301 - Restore Base -Per Diem - This bill includes funding per diem payments for the Board of Regents at the statutory rate of \$50 per day. For the biennium the total general fund is \$12,600 to support 7 Regents to attend 12 meetings that run for 3 days at a rate of \$50/day (7 x 12 x 3 x \$50 = \$12,600).