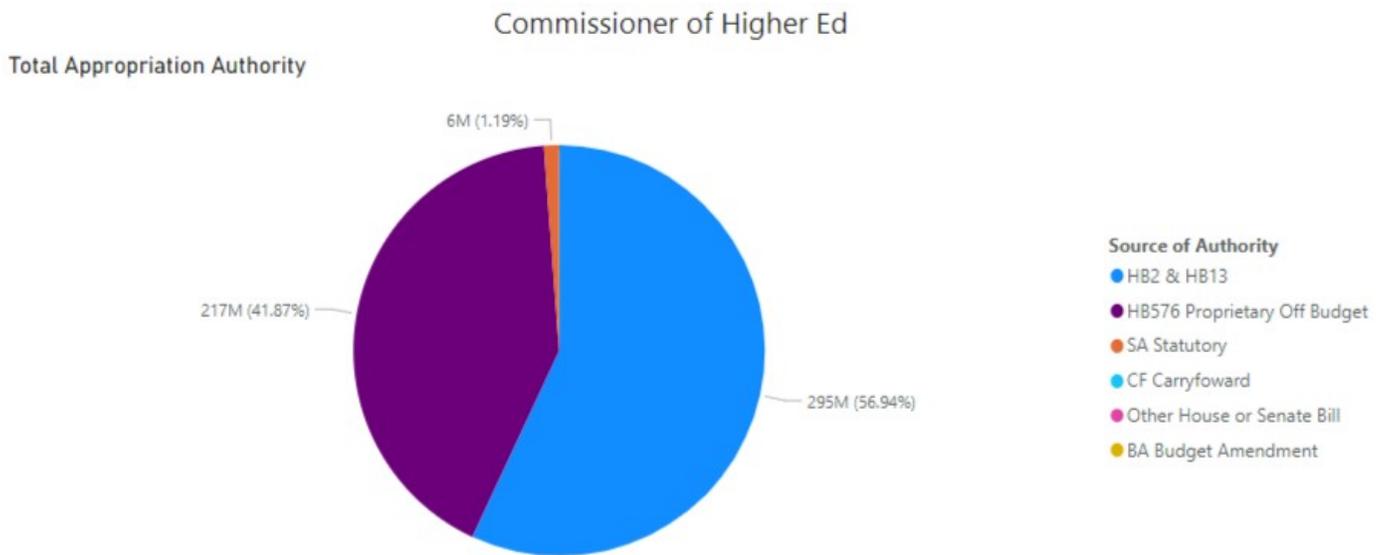


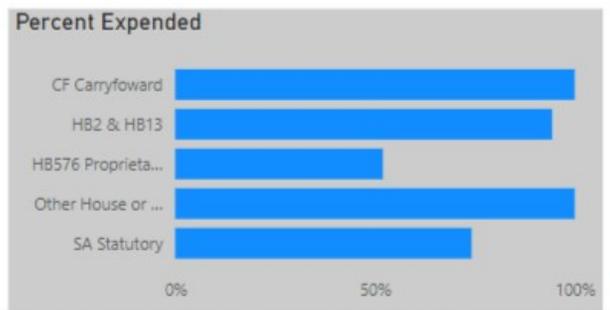
COMMISSIONER OF HIGHER EDUCATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 56.9% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.



Fiscal Year	2021		
LFD_src_auth_descr	Budget	FYE Expended	Percent Expended
BA Budget Amendment	0		
CF Carryforward	761	761	100.0%
HB2 & HB13	295,237,260	278,554,649	94.3%
HB576 Proprietary Off Budget	217,095,769	112,883,613	52.0%
Other House or Senate Bill	473	473	100.0%
SA Statutory	6,190,185	4,593,210	74.2%
Total	518,524,448	396,032,707	76.4%



Non-Budgeted Proprietary Funding

The Office of the Commissioner of Higher Education (OCHE) has non-budgeted proprietary funding totaling \$217.1 million, which is 41.9% of the total appropriation authority for the office. These include:

- The Montana University System (MUS) group insurance program propriety fund that was budgeted at \$185.2 million and was 57.3% expended
- The MUS flexible spending proprietary fund which was budgeted at \$22.6 million and was 15.0% expended

- The MUS self-funded workers' compensation proprietary fund which was budgeted at \$9.2 million and was 36.9% expended

Overall, the three proprietary funds were 52.0% expended at the end of FY 2021. The lower percentage expended is not unusual because the appropriations are established in order to ensure the MUS is able to cover any health insurance and workers' compensation claims. These claims vary from year-to-year, so it is not unusual that they are budgeted higher than expenditures.

Other Bills

The 2019 Legislature approved an appropriation for the 2021 biennium of \$1,000 in HB 716, of which, \$473 of the appropriation was allocated to FY 2021. This bill directed the Office of the Commissioner of Higher Education to negotiate the terms of a memorandum of understanding (MOU) between the Board of Regents and the Idaho College of Osteopathic Medicine (ICOM). In FY 2021 the office expended 100.0% of its \$473 appropriation. A MOU was established, and the 2021 Legislature approved funding for 10 slots at ICOM starting in FY 2023.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts. Administrative authority for CARES I appropriations was allocated to the agency by the Governor's Office. Administrative authority is not an appropriation and thus is not included in the total appropriation authority shown on the previous page. The appropriation authority for CARES I shown below remains with the Governor's Office.

Coronavirus Stimulus Appropriations Commissioner of Higher Ed

Stimulus Authority	Budget	FYE Expended	Percent Expended
CARES I	38,238,076	38,055,819	99.5%

The Office of the Commissioner of Higher Education received funding in FY 2021 of approximately \$31.1 million from the coronavirus relief fund (CRF) and \$7.1 million from the Governor's emergency education relief (GEER) fund. Significant allocations include:

- Approximately \$17.8 million from the CRF for COVID-19 mitigation
- Approximately \$10.4 million from the CRF for key card access, contact tracing, and a mental health app and training
- Approximately \$7.1 million from the GEER fund to support the operations, infrastructure, and technology related to distance learning and remote delivery across the Montana University System because of interruptions from COVID-19

The Montana University System also received CARES I, CARES II, and ARPA funding directly from the federal government, and the Office of the Commissioner of Higher Education will provide additional information on this funding.

Statutory Appropriations

The Office of the Commissioner of Higher Education has several statutory appropriations, which totaled approximately \$6.2 million in FY 2021. Overall, statutory appropriations were 74.2% expended. Appropriations for the MUS retirement plan, the Bureau of Mine groundwater investigation, and the accommodations tax for travel and visitor research at the University of Montana were 100.0% expended at the end of the fiscal year. Areas of lower expenditures include:

- The rural physicians state special revenue fund had appropriations of approximately \$1.7 million and was 67.8% expended. The appropriation is based on everyone in the pipeline claiming and being awarded the full reimbursement amount. The lower percentage expended was due to individuals not practicing in the area for the full five years
- The science, technology, engineering, and math (STEM) scholarships state special revenue fund had appropriations of approximately \$1.5 million and was 30.5% expended. When the new funding mechanism was established by the 2019 Legislature, there was a delay in awarding scholarships in order to allow for a fund balance to develop. Once a sufficient fund balance is developed, the expenditures will better align with appropriations. OCHE anticipates that this alignment will occur by the end of the 2023 biennium

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the ending FYE modified budget. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

HB 2 Modifications Commissioner of Higher Ed

Agency Program	HB2 Budget	FYE Modified Budget	Net Modifications
01 ADMINISTRATION PROGRAM	4,313,946	4,553,232	239,286
02 STUDENT ASSISTANCE PROGRAM	11,829,492	12,259,782	430,290
04 COMMUNITY COLLEGE ASSISTANCE	14,019,417	14,019,417	0
06 EDUCATION OUTREACH & DIVERSITY	9,544,088	14,579,957	5,035,869
08 WORK FORCE DEVELOPMENT PROGRAM	6,531,011	7,415,401	884,390
09 APPROPRIATION DISTRIBUTION	206,645,915	207,225,806	579,891
10 AGENCY FUNDS	30,049,402	30,049,402	0
11 TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	1,012,875	0
12 GUARANTEED STUDENT LOAN PGM	2,410,098	4,044,023	1,633,925
13 BOARD OF REGENTS-ADMIN	67,350	77,366	10,016
Total	286,423,594	295,237,260	8,813,666

Expenditure Account	HB2 Budget	FYE Modified Budget	Net Modifications
61000 Personal Services	5,435,039	6,465,529	1,030,490
62000 Operating Expenses	6,933,629	10,583,508	3,649,879
63000 Equipment & Intangible Assets	11,063	0	-11,063
65000 Local Assistance	14,178,417	14,178,417	0
66000 Grants	18,094,678	20,167,814	2,073,136
68000 Transfers-out	241,770,768	243,837,341	2,066,573
69000 Debt Service		4,651	4,651

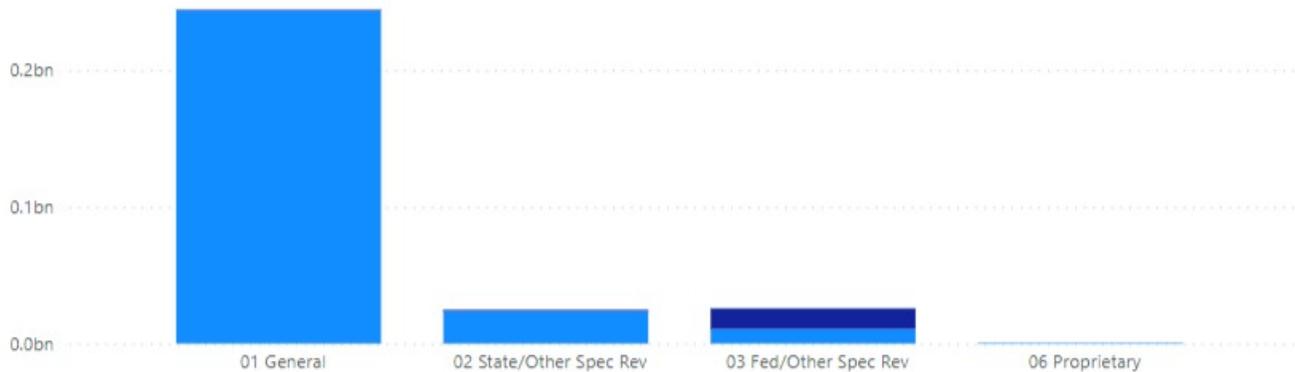
Fund Type	HB2 Budget	FYE Modified Budget	Net Modifications
01 General	243,175,038	244,157,464	982,426
02 State/Other Spec Rev	24,384,252	24,731,836	347,584
03 Fed/Other Spec Rev	18,253,750	25,711,577	7,457,827
06 Proprietary	610,554	636,382	25,828

The Office of the Commissioner of Higher Education had several budget modifications in FY 2021. Nearly all of the modifications were due to the continuation of appropriation authority from FY 2020 to FY 2021 related to biennial appropriations. There was \$8.8 million dollars of continuing appropriation authority moved from FY 2020 to FY 2021. Federal special revenue funds account for \$7.5 million of the total and the appropriation authority is in the Education Outreach and Diversity Program, Work Force Development Program, and Guaranteed Student Loan Program. It is typical for these programs to have remaining federal authority at the end of the fiscal year.

HB 2 APPROPRIATION AUTHORITY

HB 2 Expenditures

● FYE Expended ● Remaining Budget



Expenditure Account	FYE Modified Budget	FYE Expended	Percent Expended
61000 Personal Services	6,465,529	4,677,973	72.4%
62000 Operating Expenses	10,583,508	3,871,954	36.6%
63000 Equipment & Intangible Assets	0	0	NaN
65000 Local Assistance	14,178,417	13,935,022	98.3%
66000 Grants	20,167,814	15,940,580	79.0%
68000 Transfers-out	243,837,341	240,124,469	98.5%
69000 Debt Service	4,651	4,651	100.0%

Agency Program	FYE Modified Budget	FYE Expended	Percent Expended
01 ADMINISTRATION PROGRAM	4,553,232	4,475,502	98.3%
02 STUDENT ASSISTANCE PROGRAM	12,259,782	12,024,894	98.1%
04 COMMUNITY COLLEGE ASSISTANCE	14,019,417	13,776,022	98.3%
06 EDUCATION OUTREACH & DIVERSITY	14,579,957	4,979,628	34.2%
08 WORK FORCE DEVELOPMENT PROGRAM	7,415,401	5,715,108	77.1%
09 APPROPRIATION DISTRIBUTION	207,225,806	206,525,882	99.7%
10 AGENCY FUNDS	30,049,402	29,972,242	99.7%
11 TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	877,047	86.6%
12 GUARANTEED STUDENT LOAN PGM	4,044,023	160,398	4.0%
13 BOARD OF REGENTS-ADMIN	77,366	47,926	61.9%
Total	295,237,260	278,554,649	94.3%

The legislature directly appropriates general fund, the six-mill levy, and certain federal funds, which totaled \$295.2 million in FY 2021. The Montana University System (MUS) receives additional funding that is not appropriated or approved by the legislature and is not reflected in the chart above. Total funding for the MUS was \$1.5 billion in FY 2021. This funding includes but is not limited to tuition, federal research grants, financial aid, campus building projects, debt service, and auxiliary funds.

General fund provides the greatest amount of the HB 2 modified budget for the Office of the Commissioner of Higher Education, at 82.7%, followed by federal special revenue at 8.7% and state special revenue funds at 8.4%. Internal service funds provide the remaining funding of the HB 2 budget at less than 1.0%.

Overall, the Office of the Commissioner of Higher Education expended 94.3% of its FY 2021 HB 2 modified budget. Federal special revenues of \$25.7 million were 41.3% expended as of fiscal year end and is the main cause of slightly lower expenditures.

Lower federal special revenue expenditures were in three programs: Education Outreach and Diversity Program, Workforce Development Program, and Guaranteed Student Loan Program. HB 2 federal special revenue of \$14.4 million in the Education Outreach and Diversity Program was approximately 33.5% expended, and HB 2 federal special revenue of \$7.2 million in the Work Force Development Program was 77.7% expended. Lower expenditures in these programs were due to the timing of grant activities. The Guaranteed Student Loan Program expended 4.0% of its \$4.0 million HB 2 federal special revenue appropriation. According to OCHE, lower expenditures are due to the program transitioning to administering financial literacy and education programs and outreach activities.

OTHER ISSUES

Required Reports

The Office of the Commissioner of Higher Education provided two required reports, which provide information on interentity loans and negative cash balances.