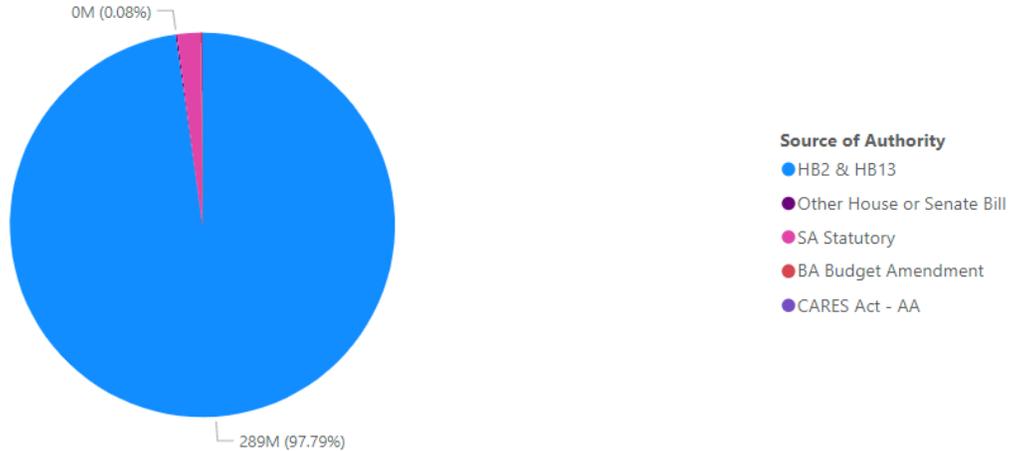


OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Commissioner of Higher Education is shown in the pie chart below. HB 2 and HB 13 provide 97.8% 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.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	288,538,974	250,726,953	86.9%
BA Budget Amendment	232,050	64,023	27.6%
Other House or Senate Bill	250,001	125,000	50.0%
SA Statutory	5,867,210	4,923,953	83.9%
CARES	179,482	179,482	100.0%
Total	295,067,717	256,019,410	86.8%

Statutory Appropriations

The Office of the Commissioner of Higher Education (OCHE) has several statutory appropriations, which total approximately \$5.9 million in FY 2022. Statutory appropriations for OCHE include:

- The Montana University System (MUS) retirement plan general fund transfer is for a 1.0% employer contribution reimbursement to the MUS, which was authorized by HB 95 (2007 Legislature) and codified in 19-21-203, MCA. Appropriations of approximately \$1.9 million are 86.9% expended
- The Bureau of Mines and Geology groundwater investigation state special revenue fund receives a general fund transfer by statute (85-2-526, MCA). This program collects and compiles ground water and aquifer data and prepares a detailed hydrogeological assessment report for each subbasin. The statutory appropriation of \$257,500 is 100.0% expended
- The accommodations tax state special revenue fund is for travel and visitor research at the University of Montana and is funded through an allocation of the 4.0% lodging facility use tax (15-65-121, MCA). Appropriations total approximately \$1.0 million, and 100.0% of these appropriations have been transferred to the University of Montana

- The Montana rural physicians incentive program state special revenue fund (20-26-1501, MCA through 15-26-1503, MCA) provides a financial incentive for physicians to practice in rural areas or medically underserved areas by paying up to \$150,000 of student loan debt. Funding comes from fees paid by medical students in the professional student exchange programs and state general fund. Appropriations total approximately \$1.7 million in FY 2022 and are 65.7% expended as of the end of May. Expenditures vary in this program based on the number of individuals practicing in an area for the full five years
- The science, technology, engineering, and math (STEM) scholarships state special revenue fund is funded through lottery proceeds (20-26-614, MCA through 20-26-617, MCA). The STEM scholarship program is designed to provide an incentive for Montana high school students to prepare for, enter into, and complete degrees in postsecondary fields related to STEM. Appropriations total approximately \$1.0 million in FY 2022 and are 88.2% expended as of the end of May

Overall, OCHE expended \$4.9 million, or 83.9%, of its statutory appropriations, which is in line with anticipated expenditures at this point in the fiscal year.

Budget Amendment

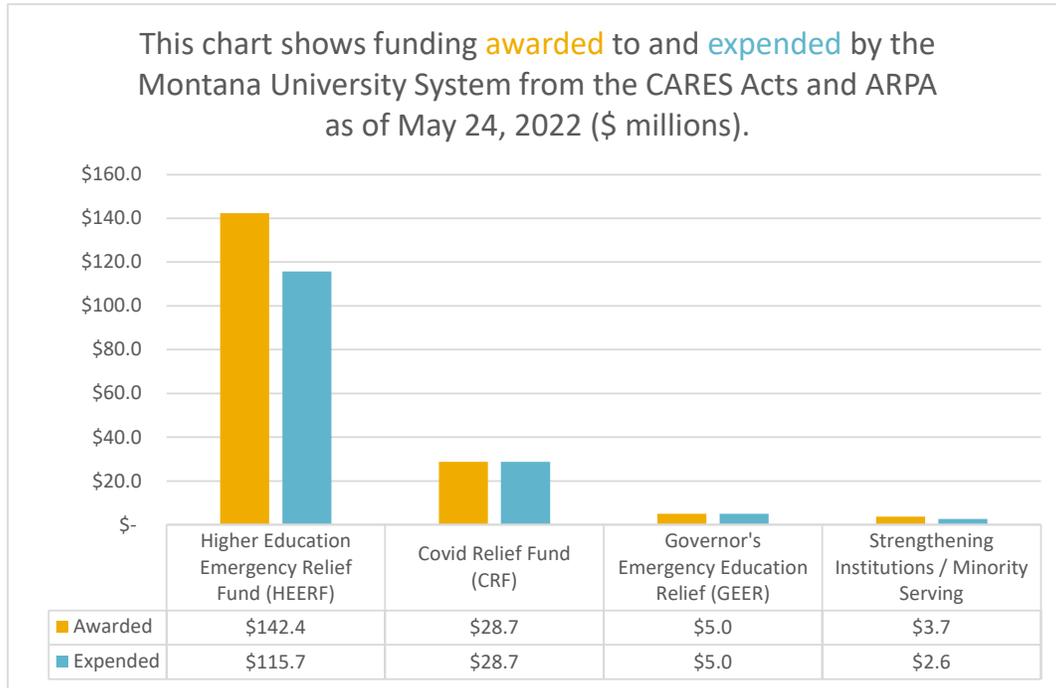
The Office of the Commissioner of Higher Education has authority for one budget amendment, which was included in the March report. This amendment increases federal special revenue authority by \$232,000 in FY 2022. This is a discretionary TRIO educational opportunity center grant and will be used to provide a series of new trainings, outreach, and associated staff for encouraging disadvantaged students, including low-income and first-generation college students, to attend postsecondary educational opportunities.

Other Bills

HB 648, passed by the 2021 Legislature, appropriated \$250,000 to the Montana Bureau of Mines and Geology (MBMG) to establish a hydrocarbon and geology investigation program to determine the existence of oil and gas deposits in the state. The purpose of the program is to determine if new methods of oil and gas production will improve production in existing oil and gas fields and to locate new fields containing oil and gas resources. This appropriation is 50.0% expended at this point in the fiscal year. The remaining \$125,000 of authority has been transferred to the Montana Bureau of Mines and Geology and will show as expended once accounting entries are completed by MBMG.

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.



Funding received by the Montana University System from CARES I, CARES II, and ARPA currently totals \$179.8 million. Approximately \$152.1 million, or 84.6%, has been expended as of May 24, 2022.

The majority of the funding received, \$142.4 million, is from the higher education emergency relief fund. Federal legislation has specific requirements for HEERF on the minimum amounts that higher education institutions must use for student assistance. The remainder of the funding is for institutions to offset, manage, and mitigate the impacts of the COVID-19 pandemic. The Montana University System has expended \$115.7 million of their HEERF through May 24, 2022, and \$26.7 million remains.

There are various expenditure deadlines for the funding received by the Office of the Commissioner of Higher Education and the MUS campuses, which include:

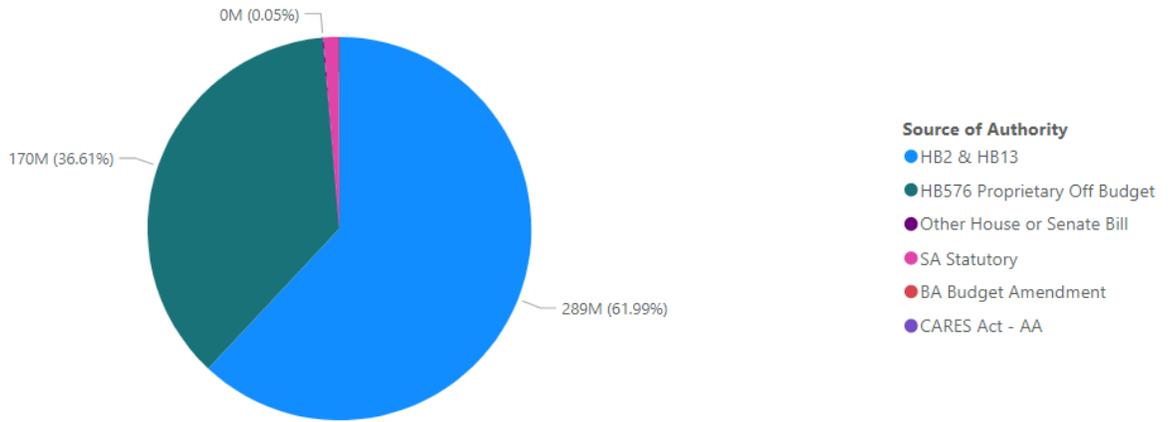
- The MUS campuses have until June 30, 2023 to expend all HEERF funding. This deadline was extended by the United States Department of Education in April
- The CRF funds were required to be expended by December 31, 2021, and the Office of the Commission of Higher Education has expended all of these funds
- The GEER funds had a September 30, 2021 deadline, and all of these funds are expended
- The strengthening institutions programs/minority serving institutions funds must be expended, to the greatest extent practicable, within a one-year period

Additional details on funding and expenditures by campus can be found in Appendix A.

TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget and Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	288,538,974	250,726,953	86.9%
BA Budget Amendment	232,050	64,023	27.6%
HB576 Proprietary Off Budget	170,407,348	115,364,877	67.7%
NB Non-Budgeted		468,132	Infinity
Other House or Senate Bill	250,001	125,000	50.0%
SA Statutory	5,867,210	4,923,953	83.9%
CARES	179,482	179,482	100.0%
Total	465,475,065	371,852,419	79.9%

Non-Budgeted Proprietary Funds

A significant portion, or 36.6%, of the funding for the Office of the Commissioner of Higher Education is from non-budgeted proprietary funds and totals \$170.4 million. This includes:

- The MUS Group Insurance Program that is budgeted at approximately \$152.4 million and is 71.9% expended
- The MUS flexible spending account that is budgeted at \$13.4 million and is 24.3% expended
- The MUS Workers' Compensation Program that is budgeted at \$4.7 million and is 54.3% expended

Overall, non-budgeted proprietary funds are 67.7% expended as of the end of May. This is in line with the 5-year average from FY 2016 through FY 2020 of 66.1% (FY 2021 is excluded in this comparison because of abnormal expenditures due to the COVID-19 pandemic).

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through the end of May. 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.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	March Modified Budget	June Modified Budget	Net Modifications
<input type="checkbox"/> Commissioner of Higher Ed	288,538,974	288,538,974	0
ADMINISTRATION PROGRAM	4,444,740	4,444,740	0
AGENCY FUNDS	31,110,632	31,110,632	
APPROPRIATION DISTRIBUTION	207,369,391	207,369,391	
BOARD OF REGENTS-ADMIN	67,350	67,350	0
COMMUNITY COLLEGE ASSISTANCE	14,858,699	14,858,699	
EDUCATION OUTREACH & DIVERSITY	9,488,901	9,488,901	0
GUARANTEED STUDENT LOAN PGM	2,354,425	2,354,425	0
STUDENT ASSISTANCE PROGRAM	11,370,546	11,370,546	
TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	1,012,875	
WORK FORCE DEVELOPMENT PROGRAM	6,461,415	6,461,415	0
Total	288,538,974	288,538,974	0

Acct & Lvl 1 DESC	March Modified Budget	June Modified Budget	Net Modifications
<input type="checkbox"/> 61000 Personal Services	5,368,599	5,364,399	-4,200
<input type="checkbox"/> 62000 Operating Expenses	7,164,749	8,424,422	1,259,673
<input type="checkbox"/> 63000 Equipment & Intangible Assets	11,063	11,063	
<input type="checkbox"/> 65000 Local Assistance	15,020,699	15,020,699	
<input type="checkbox"/> 66000 Grants	17,418,390	17,418,390	
<input type="checkbox"/> 68000 Transfers-out	243,555,474	242,055,474	-1,500,000
<input type="checkbox"/> 69000 Debt Service		244,527	244,527

Fund Type	March Modified Budget	June Modified Budget	Net Modifications
<input type="checkbox"/> 01 General	244,912,809	244,912,809	0
<input type="checkbox"/> 02 State/Other Spec Rev	24,949,790	24,949,790	
<input type="checkbox"/> 03 Fed/Other Spec Rev	18,065,821	18,065,821	0
<input type="checkbox"/> 06 Internal Service	610,554	610,554	0

The Office of the Commissioner of Higher Education had a few budget modifications between February 28, 2022 and May 31, 2022. These modifications include:

- Transferring \$1.5 million of GEAR UP federal special revenue funds from transfers to operating expenses. For several years, the OCHE and Office of Public Instruction (OPI) had an agreement to provide the ACT to all juniors in high school, and OCHE transferred funding to OPI. While OCHE will still provide this opportunity, rather than transferring this funding to OPI, OCHE will pay this expense directly. This budget modification is considered significant as defined in state law (17-7-138, MCA)

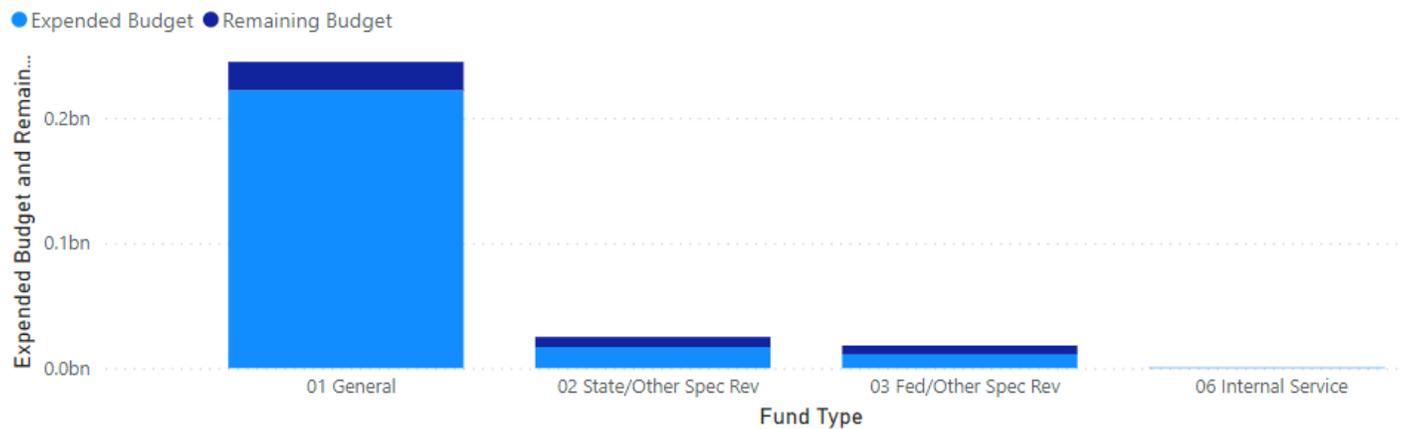
because it is greater than the \$1.0 million threshold included in statute. Both Office of Budget and Program Planning and Legislative Fiscal Division staff have reviewed this change and do not have concerns. The Legislative Finance Committee also receives a report on this change and will have an opportunity to comment

- Transferring approximately \$245,000 from operating expenses to debt services. This modification was necessary to follow new accounting standards for recording building leases
- Transferring \$4,200 general fund from personal services to operating expenses. Additional contracts for streaming the Board of Regents meeting have caused higher operating costs than anticipated

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures as of the end of May.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	5,364,399	4,467,741	83.3%
Operating Expenses	8,424,422	4,450,068	52.8%
Equipment & Intangible Assets	11,063		
Local Assistance	15,020,699	13,812,807	92.0%
Grants	17,418,390	13,894,412	79.8%
Transfers-out	242,055,474	213,857,402	88.4%
Debt Service	244,527	244,521	100.0%

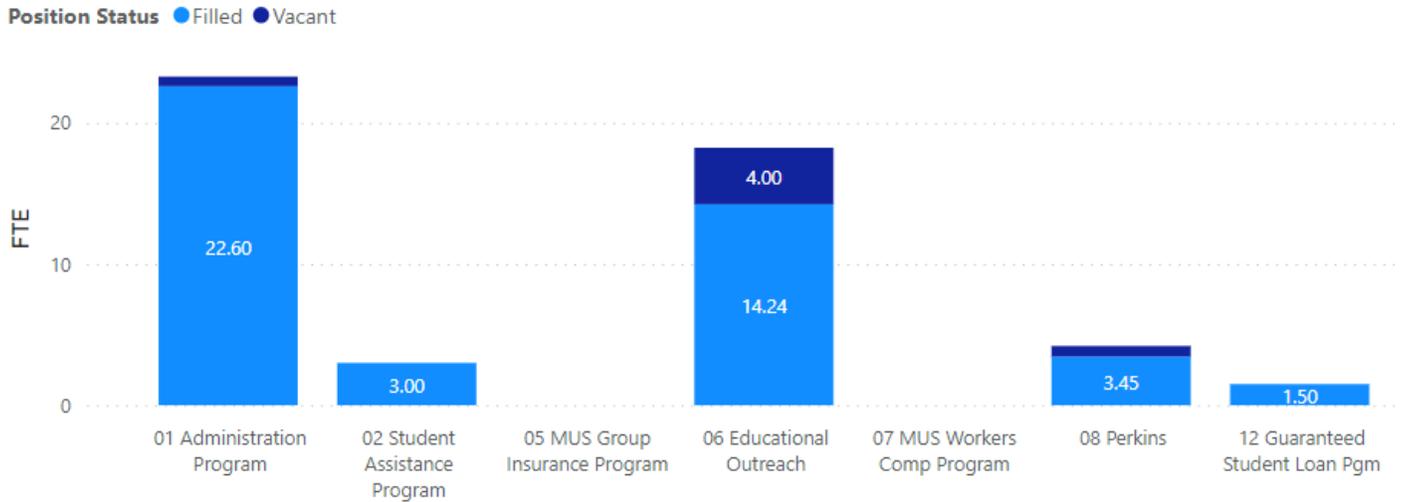
Program Name	Modified Budget	Expended Budget	Percent Expended
ADMINISTRATION PROGRAM	4,444,740	3,387,566	76.2%
AGENCY FUNDS	31,110,632	28,621,073	92.0%
APPROPRIATION DISTRIBUTION	207,369,391	182,678,157	88.1%
BOARD OF REGENTS-ADMIN	67,350	57,866	85.9%
COMMUNITY COLLEGE ASSISTANCE	14,858,699	13,653,807	91.9%
EDUCATION OUTREACH & DIVERSITY	9,488,901	5,317,677	56.0%
GUARANTEED STUDENT LOAN PGM	2,354,425	1,312,691	55.8%
STUDENT ASSISTANCE PROGRAM	11,370,546	10,072,138	88.6%
TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	950,851	93.9%
WORK FORCE DEVELOPMENT PROGRAM	6,461,415	4,675,127	72.4%
Total	288,538,974	250,726,953	86.9%

Overall, the Office of the Commissioner of Higher Education expended 86.9% of its \$288.5 million HB 2 modified budget as of the end of May. General fund appropriations of \$244.9 million are 90.8% expended which is in line with anticipated expenditures at this point in the fiscal year. State special revenue appropriations of \$24.9 million are 67.5% expended. The majority of state special revenue funds are from the six-mill levy, and the percent expended aligns with the timing of tax payments. Federal special revenue appropriations of \$18.1 million are 61.3% expended. Additional details on federal special revenue expenditures are included below.

Lower federal special revenue expenditures are in three programs: Education Outreach and Diversity Program, Workforce Development Program, and Guaranteed Student Loan Program. HB 2 federal special revenue of \$9.4 million in the Education Outreach and Diversity Program is 55.5% expended, and HB 2 federal special revenue of \$6.4 million in the Work Force Development Program is 72.0% expended. Lower expenditures in these programs were due to the timing of grant activities. The Guaranteed Student Loan Program expended 55.8% of its \$2.4 million HB 2 federal special revenue appropriation. A low percentage expended is typical in this program since it has transitioned to administering financial literacy and education programs and outreach activities.

Personal Services

Appropriations for personal services in the Office of the Commissioner of Higher Education total approximately \$5.4 million and are 83.3% expended as of the end of May. OCHE has 50.22 HB 2 FTE and approximately 89.2% of these positions are filled as of May 1, 2022. Of the 5.43 FTE that are vacant, 3.50 FTE have been vacant for 3 months or less (beginning at the end of February). The Office of the Commissioner of Higher Education is currently in the process of recruiting a CTE Data and Reporting Analyst position and rewriting position descriptions for two other positions. Overall, OCHE has been experiencing smaller applicant pools during recruitment but has still been successful in filling positions.



APPENDIX A

MUS COVID Relief Funding - CARES, CRRSA, and ARP Acts

As of 5.24.22

	MSU Bozeman	MSU Billings	MSU Northern	Great Falls College MSU	UM Missoula	MT Tech	UM Western	Helena College UM	MUS System Total
Higher Education Emergency Relief (HEERF)									
Awarded	56,048,434	13,596,045	5,264,249	5,422,007	41,832,333	9,319,456	6,372,008	4,547,349	142,401,881
Expenditures	44,904,863	12,805,181	4,816,195	5,270,791	28,864,286	8,853,101	6,034,720	4,147,586	115,696,723
Balance	11,143,571	790,864	448,054	151,216	12,968,047	466,355	337,288	399,763	26,705,158
Strengthening Institutions / Minority Serving									
Awarded	-	597,834	538,851	-	1,880,386	201,894	281,892	205,409	3,706,266
Expenditures	-	233,920	35,628	-	1,880,386	193,414	178,314	118,035	2,639,697
Balance	-	363,914	503,223	-	-	8,480	103,578	87,374	1,066,569
Gov's Emergency Education Relief (GEER)									
Awarded	880,499	555,980	413,469	365,545	1,357,944	216,722	498,995	710,223	4,999,377
Expenditures	880,499	555,980	413,469	365,545	1,357,944	216,722	498,995	710,223	4,999,377
Balance	-	-	-	-	-	-	-	-	-
Covid Relief Fund (CRF)									
Awarded	10,551,997	3,148,275	2,315,276	224,960	7,738,351	2,490,579	1,947,001	317,298	28,733,737
Expenditures	10,551,997	3,148,275	2,315,276	224,960	7,738,351	2,490,579	1,947,001	317,298	28,733,737
Balance	-	-	-	-	-	-	-	-	-
Total COVID Relief Funding	67,480,930	17,898,134	8,531,845	6,012,512	52,809,014	12,228,651	9,099,896	5,780,279	179,841,261
Total Expenditures	56,337,359	16,743,356	7,580,568	5,861,296	39,840,967	11,753,816	8,659,030	5,293,142	152,069,534
Campus Balance	11,143,571	1,154,778	951,277	151,216	12,968,047	474,835	440,866	487,137	27,771,727

There may be some residual fund balances due to encumbrances

*Provided by the Office of the Commissioner of Higher Education