

Agency Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	10,942,832	11,499,059	556,227	5.08 %
Operating Expenses	17,233,485	22,156,665	4,923,180	28.57 %
Equipment & Intangible Assets	22,126	22,126	0	0.00 %
Local Assistance	29,134,072	31,657,989	2,523,917	8.66 %
Grants	35,442,108	39,061,016	3,618,908	10.21 %
Transfers	498,120,420	520,732,244	22,611,824	4.54 %
Debt Service	489,068	528,796	39,728	8.12 %
Total Expenditures	\$591,384,111	\$625,657,895	\$34,273,784	5.80 %
General Fund	503,837,657	517,909,130	14,071,473	2.79 %
State/Other Special Rev. Funds	50,127,218	69,729,310	19,602,092	39.10 %
Federal Spec. Rev. Funds	36,198,128	36,572,525	374,397	1.03 %
Proprietary Funds	1,221,108	1,446,930	225,822	18.49 %
Total Funds	\$591,384,111	\$625,657,895	\$34,273,784	5.80 %
Total Ongoing	\$583,949,111	\$620,657,895	\$36,708,784	6.29 %
Total OTO	\$7,435,000	\$5,000,000	(\$2,435,000)	(32.75)%

Mission Statement

The mission of the Office of the Commissioner of Higher Education is to serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

Please refer to the agency profile at <https://leg.mt.gov/lfd/appropriation-subcommittee-section-e/agency-commissioner-higher-education/> for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

Agency Highlights

Office of the Commissioner of Higher Education Major Budget Highlights
<ul style="list-style-type: none"> • The Office of the Commissioner of Higher Education’s 2025 biennium requested appropriations are approximately \$34.3 million or 5.8% higher than the 2023 biennium. Significant proposals include: <ul style="list-style-type: none"> ◦ One-time-only general fund appropriations in the Administration Program of approximately \$1.5 million each fiscal year for a seamless system initiative and \$1.0 million each fiscal year for developing accelerated degree pathways ◦ Increasing general fund appropriations by \$1.5 million in FY 2024 and \$2.4 million in FY 2025 for the statutory calculation of the community college funding formula ◦ Increasing general fund appropriations by \$13.3 million in FY 2024 and \$14.6 million in FY 2025 for present law adjustments related to personal services, higher education fixed costs, and inflation in the Appropriation Distribution Program. This increase is partially offset by a decrease of \$8.9 million each fiscal year, which is due to the elimination of insurance payments to the Risk Management and Tort Defense Division in the 2025 biennium ◦ Decreasing general fund appropriations and increasing six-mill levy state special revenue appropriations by \$9.9 million in FY 2024 and \$10.0 million in FY 2025. The revenues in the state special revenue fund grow substantially in FY 2024 and FY 2025 due to high reappraisal growth estimates

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	50.22	50.22	50.22	50.22
Personal Services	5,061,933	5,408,399	5,534,433	5,735,507	5,763,552
Operating Expenses	5,211,408	8,357,904	8,875,581	11,087,438	11,069,227
Equipment & Intangible Assets	0	11,063	11,063	11,063	11,063
Local Assistance	15,017,699	15,020,699	14,113,373	15,488,681	16,169,308
Grants	15,404,612	17,418,418	18,023,690	19,044,462	20,016,554
Transfers	241,775,480	242,077,950	256,042,470	259,953,221	260,779,023
Debt Service	244,521	244,541	244,527	264,398	264,398
Total Expenditures	\$282,715,653	\$288,538,974	\$302,845,137	\$311,584,770	\$314,073,125
General Fund	243,776,321	244,912,809	258,924,848	257,783,963	260,125,167
State/Other Special Rev. Funds	24,598,673	24,949,790	25,177,428	34,812,245	34,917,065
Federal Spec. Rev. Funds	13,772,759	18,065,821	18,132,307	18,265,097	18,307,428
Proprietary Funds	567,900	610,554	610,554	723,465	723,465
Total Funds	\$282,715,653	\$288,538,974	\$302,845,137	\$311,584,770	\$314,073,125
Total Ongoing	\$279,116,269	\$284,908,974	\$299,040,137	\$309,084,770	\$311,573,125
Total OTO	\$3,599,384	\$3,630,000	\$3,805,000	\$2,500,000	\$2,500,000

Agency Discussion

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

Overall, the Office of the Commissioner of Higher Education expended 98.0% of its \$288.5 million HB 2 modified budget as of the end of FY 2022. General fund appropriations of \$244.9 million are 99.5% expended, and state special revenue appropriations of \$24.9 million are 98.6% expended, which is in line with anticipated expenditures at this point in the fiscal year. Federal special revenue appropriations of \$18.1 million are 76.2% expended.

Lower federal special revenue expenditures are in two programs: Education Outreach and Diversity Program and Guaranteed Student Loan Program. HB 2 federal special revenue of \$9.4 million in the Education Outreach and Diversity Program is 62.2% expended. Lower expenditures in these programs are due to the timing of grant activities. The Guaranteed Student Loan Program expended 70.8% 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.

FY 2022 Appropriations Compared to FY 2023 Appropriations

Overall, the FY 2023 appropriation is approximately \$14.3 million or 5.0% higher than the FY 2022 appropriation. There are several main reasons for the difference:

- A reduction in FY 2022 general fund appropriations of approximately \$9.0 million because the legislature approved the elimination of the state share contribution for health insurance for two months
- An increase in FY 2023 appropriations of \$2.3 million for the legislatively approved pay plan
- An increase of FY 2023 appropriations of \$1.2 million for the state share of future operating and maintenance costs for capital projects approved by the 2021 Legislature in HB 14

Comparison of FY 2023 Legislative Budget to FY 2023 Base

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

Office of the Commissioner of Higher Education					
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget					
	Legislative Budget	Executive Modifications	Base Budget	% Change	
Administration Program					
Personal Services	\$ 3,279,437	\$ 51,897	\$ 3,331,334	1.6%	
Operating Expenses	1,078,368	(155,322)	923,046	-14.4%	
Equipment & Intangible Assets	11,063	-	11,063	0.0%	
Transfers	22,773	-	22,773	0.0%	
Debt Service	-	155,322	155,322	100.0%	
Total	4,391,641	51,897	4,443,538	1.2%	
Student Assistance Program					
Personal Services	289,098	-	289,098	0.0%	
Operating Expenses	308,102	-	308,102	0.0%	
Local Assistance	165,000	-	165,000	0.0%	
Grants	10,976,946	-	10,976,946	0.0%	
Total	11,739,146	-	11,739,146	0.0%	
Community College Assistance					
Local Assistance	13,967,148	(18,775)	13,948,373	-0.1%	
Total	13,967,148	(18,775)	13,948,373	-0.1%	
Education Outreach & Diversity					
Personal Services	1,303,105	-	1,303,105	0.0%	
Operating Expenses	3,373,676	1,442,672	4,816,348	42.8%	
Grants	3,377,000	-	3,377,000	0.0%	
Transfers	1,500,000	(1,500,000)	-	-100.0%	
Debt Service	-	57,328	57,328	100.0%	
Total	9,553,781	-	9,553,781	0.0%	
Work Force Development Program					
Personal Services	376,577	-	376,577	0.0%	
Operating Expenses	97,272	(23,490)	73,782	-24.1%	
Grants	2,431,869	-	2,431,869	0.0%	
Transfers	3,552,678	-	3,552,678	0.0%	
Debt Service	-	23,490	23,490	100.0%	
Total	6,458,396	-	6,458,396	0.0%	
Appropriation Distribution					
Operating Expenses	10,385	(10,385)	-	-100.0%	
Transfers	217,839,670	106,951	217,946,621	0.0%	
Total	217,850,055	96,566	217,946,621	0.0%	
Agency Funds					
Transfers	31,820,086	(129,688)	31,690,398	-0.4%	
Total	31,820,086	(129,688)	31,690,398	-0.4%	
Tribal College Assistance Program					
Grants	837,875	-	837,875	0.0%	
Total	837,875	-	837,875	0.0%	

Guaranteed Student Loan Program				
Personal Services	213,019	-	213,019	0.0%
Operating Expenses	2,141,640	(8,387)	2,133,253	-0.4%
Debt Service	-	8,387	8,387	100.0%
Total	2,354,659	-	2,354,659	0.0%
Board of Regents				
Personal Services	6,300	-	6,300	0.0%
Operating Expenses	61,050	-	61,050	0.0%
Total	67,350	-	67,350	0.0%
Agency Total	\$ 299,040,137	\$ -	\$ 299,040,137	0.0%

The Office of the Commissioner of Higher Education had several budget modifications to the FY 2023 base budget. These modifications include:

- Transferring \$1.5 million of GEAR UP federal special revenue funds from transfers to operating expenses in the Appropriation Distribution Program. For several years, 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
- The Administration, Educational Outreach and Diversity, Perkins, and Guaranteed Student Loan programs transferred approximately \$245,000 from operating expenses to debt services. This modification was necessary to follow new accounting standards for recording building leases
- The Office of the Commissioner of Higher Education moved \$148,000 of personal services funding from the Community College Assistance Program and Research and Development Agencies to the Administration Program and Appropriation Distribution Program to align the HB 13 pay plan allocations with the allocation approved by the Board of Regents
- The Appropriation Distribution Program transferred approximately \$10,000 general fund authority from operating expenses to transfers-out to correctly account for the expenditures budgeted for fixed costs

Executive Request

The executive is requesting an increase of approximately \$12.5 million in FY 2024 and \$15.0 million in FY 2025 above the FY 2023 base appropriations. State special revenues are proposed to increase by approximately \$20.0 million and general fund is proposed to increase by \$7.1 million over the 2025 biennium when compared to the base budget. Federal special revenue and internal service funds have smaller requested increases of \$308,000 and \$226,000 over the 2025 biennium, respectively.

The Administration Program includes two new proposals for one-time-only general fund appropriations of \$1.5 million each fiscal year for a seamless system initiative and \$1.0 million each fiscal year for the development of accelerated degree pathways. The seamless system initiative would allow students to access online courses across all of the campuses in the Montana University System regardless of which campus the student is attending. The accelerated degree pathways would allow students to complete 4-year degrees in six to seven semesters and 2-year degrees in three semesters for degree pathways that are in high-demand.

The Student Assistance Program requests an increase of \$1.3 million in FY 2024 and \$2.2 million in FY 2025. This increase is primarily for present law adjustments associated with support for first year and continuing student slots and anticipated increases in tuition levels for the WICHE, WWAMI, MN Dental, WIMU, and ICOM professional student exchange programs.

The Community College Assistance Program has a request of an increase of \$1.3 million in FY 2024 and \$2.1 million in FY 2025 above the FY 2023 base appropriations. The new community college funding formula is being used in the 2025 biennium to calculate the general fund appropriation for the community colleges. Additionally, the executive requests two new proposals that would reduce funding for Flathead Valley Community College, which was designated one-time-only in FY 2022, and eliminate funding for Bitterroot Valley Community College, because it is not anticipated to begin operations in the 2025 biennium.

The Appropriation Distribution Program requests a total increase of \$5.0 million in FY 2024 and \$5.7 million in FY 2025. This request includes an increase in general fund appropriations of approximately \$13.9 million in FY 2024 and \$14.6 million in FY 2025 for present law adjustments for personal services, higher education fixed costs, inflation and legislative audit costs. This increase is offset by a reduction of \$8.9 million in FY 2024 and \$8.9 million in FY 2025, primarily because of the elimination of insurance payments to the Risk Management and Tort Defense Division in the 2025 biennium. Additionally, the executive requests an increase in the six-mill levy state special revenue appropriations and an equivalent decrease of general fund appropriation of \$9.9 million in FY 2024 and \$10.0 million in FY 2025 because of increased revenues in the state special revenue fund.

The impact of the requested changes in the executive budget is illustrated in the table below. The table shows the funding levels for each of the major functional areas of the Office of the Commissioner of Higher Education and shows the percent change from the FY 2023 base budget.

Office of the Commissioner of Higher Education					
Impact of the Requested Executive's 2025 Biennium Budget by Program					
	Base Budget FY 2023	Requested FY 2024	Requested FY 2025	2025 Biennium from FY 2023 Base	Change
Administration Program					
General Fund	\$ 3,832,984	\$ 6,391,761	\$ 6,348,440	\$ 5,074,233	66.2%
Internal Service	610,554	723,465	723,465	225,822	18.5%
Total	4,443,538	7,115,226	7,071,905	5,300,055	59.6%
Student Assistance Program					
General Fund	11,409,111	12,632,500	13,613,082	3,427,360	15.0%
State Special Revenue	330,035	364,852	369,672	74,454	11.3%
Total	11,739,146	12,997,352	13,982,754	3,501,814	14.9%
Community College Assistance					
General Fund	13,948,373	15,324,681	16,000,308	3,428,243	12.3%
Total	13,948,373	15,324,681	16,000,308	3,428,243	12.3%
Education Outreach & Diversity					
General Fund	141,712	144,349	146,430	7,355	2.6%
Federal Special Revenue	9,412,069	9,524,380	9,554,213	254,455	1.4%
Total	9,553,781	9,668,729	9,700,643	261,810	1.4%
Workforce Development Program					
General Fund	92,817	103,334	103,334	21,034	11.3%
Federal Special Revenue	6,365,579	6,348,537	6,348,205	(34,416)	-0.3%
Total	6,458,396	6,451,871	6,451,539	(13,382)	-0.1%
Appropriation Distribution Program					
General Fund	194,219,196	189,321,993	189,892,897	(9,223,502)	-2.4%
State Special Revenue	23,727,425	33,627,425	33,727,425	19,900,000	41.9%
Total	217,946,621	222,949,418	223,620,322	10,676,498	2.4%
Research and Development Agencies					
General Fund	30,870,430	32,608,384	32,763,282	3,630,806	5.9%
State Special Revenue	819,968	819,968	819,968	-	0.0%
Total	31,690,398	33,428,352	33,583,250	3,630,806	5.7%
Tribal College Assistance Program					
General Fund	837,875	1,187,875	1,187,875	700,000	41.8%
Total	837,875	1,187,875	1,187,875	700,000	41.8%
Guaranteed Student Loan Program					
Federal Special Revenue	2,354,659	2,392,180	2,405,010	87,872	1.9%
Total	2,354,659	2,392,180	2,405,010	87,872	1.9%
Board of Regents					
General Fund	67,350	69,086	69,519	3,905	2.9%
Total	67,350	69,086	69,519	3,905	2.9%
OCHE Summary					
General Fund	255,419,848	257,783,963	260,125,167	7,069,434	1.4%
State Special Revenue	24,877,428	34,812,245	34,917,065	19,974,454	40.1%
Federal Special Revenue	18,132,307	18,265,097	18,307,428	307,911	0.8%

Internal Service	610,554	723,465	723,465	225,822	18.5%
Grand Total	\$ 299,040,137	\$ 311,584,770	\$ 314,073,125	\$ 27,577,621	4.6%

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan, submitted by the agency, is in the budget analysis appendix.

The Commissioner of Higher Education submitted a 5.0% plan which would reduce general fund by \$12.0 million. The plan includes reduction in the:

- Appropriation Distributions Program of \$9.0 million. This would reduce the distribution to the educational units and would result in less funding available for the MUS to meet strategic goals and objectives
- Administration Program of approximately \$178,000. This reduction may impact the single application and MUS portal
- Student Assistance Program of \$509,000. This would result in less funding available for the professional student exchange programs and need-based student aid
- Community College Assistance Program of \$722,000
- Tribal College Assistance Program of \$38,000. This would reduce the funding available for nonbeneficiary student reimbursements
- Board of Regents of approximately \$3,000
- Research and Development Agencies of \$1.5 million.

Right to Know Requests

The Office of the Commissioner of Higher Education spends minimal time on ‘right-to-know’ requests and did not collect any revenues during the current biennium related to any requests for information.

Agency Goals and Objectives

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Statewide Present Law Adjustment for Personal Services				
FY 2024 Decision Package 1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Decision Package 1
Administration Program	\$ 37,023	\$ 117,399	\$ (51,897)	\$ 102,525
Student Assistance Program	14,504	43,060	-	57,564
Education Outreach and Diversity Program	(5,392)	20,317	-	14,925
Workforce Development Program	(17,996)	(2,857)	-	(20,853)
Guaranteed Student Loan Program	5,379	(3,352)	-	2,027
Total	\$ 33,518	\$ 174,567	\$ (51,897)	\$ 156,188

Personal services appropriations were \$5.5 million or 1.8% of total FY 2023 base appropriations (note: the FY 2023 base appropriations for personal services do not include the one-time-only appropriation of \$15,000 for the Grow Your Own Teacher Grant Program). The executive proposes an increase of \$216,000 in FY 2024 and \$244,000 in FY 2025 when compared to the FY 2023 base appropriations. This increase is primarily due to the statewide present law adjustment for personal services. Additional details of significant factors included in the statewide present law adjustment for personal services will be discussed at the program level.

Funding

The following table shows proposed agency funding for all sources of authority.

Total Commissioner of Higher Education Funding by Source of Authority 2025 Biennium Budget Request - Commissioner of Higher Education						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	512,909,130	5,000,000	0	3,765,356	521,674,486	52.76 %
State Special Total	69,729,310	0	0	8,775,033	78,504,343	7.94 %
Federal Special Total	36,572,525	0	0	0	36,572,525	3.70 %
Proprietary Total	1,446,930	0	350,631,927	0	352,078,857	35.61 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$620,657,895	\$5,000,000	\$350,631,927	\$12,540,389	\$988,830,211	
Percent - Total All Sources	62.77 %	0.51 %	35.46 %	1.27 %		

Approximately two-thirds of the funding proposed by the executive for the agency is appropriated in HB 2, approximately one-third of the proposed funding does not require an appropriation as the funds are enterprise funds, and the remaining one percent is statutory appropriation authority.

HB 2 Appropriations

HB 2 funds are primarily general fund. Also included is state special revenue, with the majority being from the six-mill levy. Federal funds are also appropriated in HB 2 and are from various federal education grant programs.

Non-Budgeted Proprietary Funds

The agency administers two programs funded by enterprise funds:

- MUS Self-Funded Workers' Compensation
- MUS Group Health Insurance

The legislature does not appropriate enterprise funds or approve rates for the programs. Instead, the legislature reviews the funds and identifies any concerns with the financial position of the funds. Revenues, expenditures, and fund balances for the enterprise funds for the current and projected biennia are detailed in the respective program.

Statutory Appropriations

The agency receives several statutory appropriations that are not included in HB 2. The MUS RP Retirement program is a general fund statutory appropriation. The majority of the agency's statutory appropriations are from state special revenue, including:

- Montana Rural Physicians Incentive Program
- STEM Scholarships
- UM Bed Tax

More detail about statutory appropriations is provided in the program analyses.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	255,419,848	255,419,848	510,839,696	98.64 %	299,040,137	299,040,137	598,080,274	95.59 %
SWPL Adjustments	99,007	61,699	160,706	0.03 %	266,614	276,457	543,071	0.09 %
PL Adjustments	10,036,466	12,546,353	22,582,819	4.36 %	10,149,377	12,659,264	22,808,641	3.65 %
New Proposals	(7,771,358)	(7,902,733)	(15,674,091)	(3.03)%	2,128,642	2,097,267	4,225,909	0.68 %
Total Budget	\$257,783,963	\$260,125,167	\$517,909,130		\$311,584,770	\$314,073,125	\$625,657,895	

HB 2 Language -

The following language is requested in HB 2:

Items designated as OCHE Administration Program (01), Student Assistance Program (02), Educational Outreach and Diversity (06), Workforce Development Program (08), Appropriation Distribution (09), Guaranteed Student Loan (12), and Board of Regents Administration (13) are designated as biennial appropriations.

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. All other public funds received by units of the Montana university system (other than plant funds appropriated in House Bill 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(15), according to board policy.

The Montana university system, except for 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 information system, except for information pertaining to individual students and 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 entering human resource data for the current unrestricted operating funds into the internet budgeting and reporting system. The salary and benefit data provided must reflect approved board of regents operating budgets.

The community college FTE decrease funding factor is \$3,000 for fiscal year 2024 and \$3,000 for fiscal year 2025. The community college FTE increase funding factor is \$6,000 for fiscal year 2024 and \$6,000 for fiscal year 2025. The community college weighting factors for the 2025 biennium are 1.00 for CTE FTE, 0.75 for general education FTE, 0.25 for early college FTE, and 0.25 for concurrent enrollment FTE.

The commissioner may adjust the funding distribution between community colleges based on actual enrollment.

The general fund appropriation for Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 1,865 resident FTE in fiscal year 2024 and 1,951 in fiscal year 2025. If total weighted resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges must receive a reimbursement for the underpayment from the community college FTE adjustment account. If actual resident FTE student enrollment is less than the estimated numbers for the biennium, the community colleges shall pay a fee equal to the overpayment amount to be deposited in the FTE adjustment account in accordance with 20-15-328.

Funding to be transferred to the state energy conservation program debt service account for energy improvements are as follows: Transferred funding for each year of the biennium to retire bonded projects are MSU Northern \$16,200 in fiscal year 2024 and \$16,200 in fiscal year 2025, MSU Billings \$45,519 in both fiscal year 2024 and fiscal year 2025, MSU Great Falls \$86,500 in fiscal year 2024 and \$80,000 for fiscal year 2025. Funding to be transferred for each year of the biennium for state energy revolving projects are MSU Billings \$55,323, MSU Northern \$69,099, and Miles Community College \$23,553. Montana State University transfers are \$254,753 in fiscal year 2024 and \$253,822 in fiscal year 2025.

Total audit costs are estimated to be \$178,000 for the community colleges for the biennium. Audit costs charged to the community colleges for the biennium may not exceed \$58,100 for Flathead Valley Community College, \$55,000 for Miles Community College, and \$65,000 for Dawson Community College. Total audit costs for the office of commissioner of higher education and the board of regents is \$71,655, UM - Missoula is \$313,489, and MSU - Bozeman is \$313,489.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	756,258	732,449	(23,809)	(3.15)%
Operating Expenses	124,994	154,887	29,893	23.92 %
Grants	4,863,738	4,863,738	0	0.00 %
Transfers	7,127,832	7,105,356	(22,476)	(0.32)%
Debt Service	46,989	46,980	(9)	(0.02)%
Total Expenditures	\$12,919,811	\$12,903,410	(\$16,401)	(0.13)%
General Fund	193,219	206,668	13,449	6.96 %
Federal Spec. Rev. Funds	12,726,592	12,696,742	(29,850)	(0.23)%
Total Funds	\$12,919,811	\$12,903,410	(\$16,401)	(0.13)%
Total Ongoing	\$12,919,811	\$12,903,410	(\$16,401)	(0.13)%
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Workforce Development Program is a coordinated effort between the Office of the Commissioner of Higher Education and the Office of Public Instruction to support vocational education at the secondary and post-secondary levels with primarily federal funds.

Program Highlights

Workforce Development Program Major Budget Highlights
<ul style="list-style-type: none"> • The Workforce Development Program’s 2025 biennium requested appropriations are approximately \$16,000 or 0.1% lower than the 2023 biennium • The executive proposes decreasing general fund by \$3,000 in FY 2024 and \$1,000 in FY 2025 and decreasing federal special revenue appropriations by \$18,000 each fiscal year in the statewide present law adjustment for personal services • The executive proposes an increase in general fund of approximately \$13,000 in FY 2024 and \$11,000 in FY 2025 for the minimum maintenance of effort requirements for the Perkins grant

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	4.20	4.20	4.20	4.20
Personal Services	297,543	379,681	376,577	366,303	366,146
Operating Expenses	36,507	51,212	73,782	77,531	77,356
Grants	2,412,606	2,431,869	2,431,869	2,431,869	2,431,869
Transfers	3,622,720	3,575,154	3,552,678	3,552,678	3,552,678
Debt Service	23,498	23,499	23,490	23,490	23,490
Total Expenditures	\$6,392,874	\$6,461,415	\$6,458,396	\$6,451,871	\$6,451,539
General Fund	100,401	100,402	92,817	103,334	103,334
Federal Spec. Rev. Funds	6,292,473	6,361,013	6,365,579	6,348,537	6,348,205
Total Funds	\$6,392,874	\$6,461,415	\$6,458,396	\$6,451,871	\$6,451,539
Total Ongoing	\$6,392,874	\$6,461,415	\$6,458,396	\$6,451,871	\$6,451,539
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Workforce Development Program is primarily funded with federal special revenue and includes a small proportion of general fund. HB 2 appropriations of \$6.5 million were 98.9% expended as of the end of FY 2022.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The FY 2023 appropriation is not significantly different from the FY 2022 appropriation.

Executive Request

The executive is requesting a decrease of approximately \$6,500 in FY 2024 and \$6,800 in FY 2025 when compared to the FY 2023 base appropriations. This decrease is due to the statewide present law adjustment for personal services, which is discussed in more detail below. This decrease is partially offset by a present law proposal requesting additional general fund appropriations of approximately \$13,000 in FY 2024 and \$11,000 in FY 2025 for the minimum maintenance of effort requirements for the Perkins grant.

Program Personal Services

Personal service appropriations were \$377,000 or 5.8% of total FY 2023 base appropriations. The executive proposes a decrease of \$10,000 in FY 2024 and \$10,000 in FY 2025 when compared to the FY 2023 base appropriations. This decrease is due to the statewide present law adjustment for personal services, which is a proposed decrease of \$21,000 in FY 2024 and \$19,000 in FY 2025. The table below shows the total adjustments for each personal service category in the statewide present law adjustment.

Office of the Commissioner of Higher Education Workforce Development Program FY 2024 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ (17,996)
Management Changes	(2,857)
Total Budget Modifications	_____ -
Total	\$ (20,853)

The majority of the reduction in the statewide present law adjustment is categorized as legislative changes. The primary reason for the reduction in this category is a reallocation of FTE that resulted in the hours for one position being below the amount required for providing health insurance.

Funding

The following table shows proposed agency funding for all sources of authority.

Commissioner of Higher Education, 08-Work Force Development Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	206,668	0	0	0	206,668	1.60 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03215 Carl Perkins Federal Funds	12,696,742	0	0	0	12,696,742	100.00 %	
Federal Special Total	\$12,696,742	\$0	\$0	\$0	\$12,696,742	98.40 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$12,903,410	\$0	\$0	\$0	\$12,903,410		

The Workforce Development Program is primarily funded with federal special revenue. These federal funds:

- Are authorized by the federal Carl D. Perkins Career and Technical Education Improvement Act of 2006
- Are administered by the Office of the Commissioner of Higher Education and granted to postsecondary programs and transferred to the Office of Public Instruction for secondary programs
- Require a maintenance of effort on funds used for administration

The state general fund in this program is the minimum non-federal match for the postsecondary administration costs. The state match for administration related to secondary programs is accounted for in the Office of Public Instruction.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	92,817	92,817	185,634	89.82 %	6,458,396	6,458,396	12,916,792	100.10 %
SWPL Adjustments	(2,706)	(723)	(3,429)	(1.66)%	(19,748)	(18,097)	(37,845)	(0.29)%
PL Adjustments	13,223	11,240	24,463	11.84 %	13,223	11,240	24,463	0.19 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$103,334	\$103,334	\$206,668		\$6,451,871	\$6,451,539	\$12,903,410	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(3,200)	0	(17,653)	(20,853)	0.00	(1,359)	0	(18,064)	(19,423)
DP 3 - Inflation Deflation	0.00	494	0	611	1,105	0.00	636	0	690	1,326
DP 801 - Perkins MOE Increase	0.00	13,223	0	0	13,223	0.00	11,240	0	0	11,240
Grand Total All Present Law Adjustments	0.00	\$10,517	\$0	(\$17,042)	(\$6,525)	0.00	\$10,517	\$0	(\$17,374)	(\$6,857)

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 801 - Perkins MOE Increase -

The executive requests general fund appropriations for the minimum maintenance of effort requirement for the Perkins grant.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Transfers	427,691,012	446,569,740	18,878,728	4.41 %
Total Expenditures	\$427,691,012	\$446,569,740	\$18,878,728	4.41 %
General Fund	380,424,328	379,214,890	(1,209,438)	(0.32)%
State/Other Special Rev. Funds	47,266,684	67,354,850	20,088,166	42.50 %
Total Funds	\$427,691,012	\$446,569,740	\$18,878,728	4.41 %
Total Ongoing	\$422,941,012	\$446,569,740	\$23,628,728	5.59 %
Total OTO	\$4,750,000	\$0	(\$4,750,000)	(100.00)%

Program Description

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education is the conduit through which state funds flow to the university system units. This program includes state funding for the Montana University System educational units, the Family Practice Rural Residency programs located at MSU Billings and University of Montana in Missoula, and the Motorcycle Safety Program located at MSU Northern in Havre.

Program Highlights

Appropriation Distribution Program Major Budget Highlights
<ul style="list-style-type: none"> • The Appropriation Distribution Program’s 2025 biennium requested appropriations are approximately \$18.9 million or 4.4% higher than the 2023 biennium. Significant proposals include: <ul style="list-style-type: none"> ◦ Decreasing general fund and correspondingly increasing six-mill levy state special revenue appropriations by \$9.9 million in FY 2024 and \$10.0 million in FY 2025 ◦ Increasing general fund appropriations of approximately \$13.9 million in FY 2024 and \$14.6 million in FY 2025 for present law adjustments for personal services, higher education fixed costs, inflation, and legislative audit costs ◦ Decreasing general fund appropriations by approximately \$8.9 million each fiscal year. This reduction is primarily due to the elimination of insurance payments to the Risk Management and Tort Defense Division in the 2025 biennium

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
Transfers	207,042,129	207,369,391	220,321,621	222,949,418	223,620,322
Total Expenditures	\$207,042,129	\$207,369,391	\$220,321,621	\$222,949,418	\$223,620,322
General Fund	183,830,132	183,830,132	196,594,196	189,321,993	189,892,897
State/Other Special Rev. Funds	23,211,997	23,539,259	23,727,425	33,627,425	33,727,425
Total Funds	\$207,042,129	\$207,369,391	\$220,321,621	\$222,949,418	\$223,620,322
Total Ongoing	\$204,667,129	\$204,994,391	\$217,946,621	\$222,949,418	\$223,620,322
Total OTO	\$2,375,000	\$2,375,000	\$2,375,000	\$0	\$0

Program Discussion -

The legislature directly appropriates general fund and the six-mill levy to the Montana University System (MUS). The Montana University System receives additional funding that is not appropriated or approved by the legislature and is not reflected in the table above. This funding includes but is not limited to tuition, federal research grants, financial aid, campus building projects, debt service, and auxiliary funds. Total funding for the MUS is anticipated to be \$1.8 billion in FY 2023.

Similar to other state agencies, the MUS education units submitted their 2025 biennium budget request for education and general operating costs funded from the current unrestricted fund (the university equivalent to the state general fund) in September 2022. For the education units, the education and general operating costs are funded with state funds (general fund and the six-mill levy) and student tuition. The legislature establishes the state appropriations during the legislative session.

The Board of Regents (Regents) establishes the final budget, including tuition rates, after the legislature adjourns. The Board of Regents is the sole authority in setting the tuition rates for the MUS. Tuition is not controlled or appropriated by the legislature. Tuition fills the “gap” between the Regents' approved expenditure budget for education units and the state funds appropriated by the legislature.

While the Montana Constitution grants governance authority to the Regents, the power to appropriate state funds remains with the legislature. Appropriating funds provides the legislature the authority to attach policy decisions and accountability measures to the funding.

State funds are an important component of MUS funding because:

- State general fund is the second largest source of revenue for the current unrestricted fund (tuition is the largest source of revenue for the fund)
- General fund appropriations in HB 2 provide a vehicle for the legislature to have a public policy impact on the MUS

The legislature considers many factors to develop the MUS appropriation, which may include:

- FY 2022 appropriations, expenditures, and funding
- FY 2023 base appropriations
- State funds available
- Legislative priorities
- Executive recommendations
- Board of Regents' priorities
- Shared policy goals
- Projected student enrollment

Since the 1995 Legislative Session, the legislature has combined the appropriation for the six four-year campuses and the five two-year campuses into a single, biennial lump-sum appropriation.

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Appropriation Distribution Program is funded with general fund and state special revenue. The HB 2 budget of approximately \$207.4 million was 99.8% expended as of the end of FY 2022. This is in line with anticipated expenditures at the end of the fiscal year. Additionally, the appropriation is biennial, and any remaining authority can be used in FY 2023.

FY 2022 Appropriations Compared to FY 2023 Appropriations

Overall, the FY 2023 appropriation is approximately \$13.0 million or 6.2% higher than the FY 2022 appropriation. There are several reasons for the difference:

- A reduction in FY 2022 general fund appropriations of approximately \$9.0 million because the legislature approved the elimination of the state share contribution for health insurance for two months
- An increase in FY 2023 appropriations of \$2.0 million for the legislatively approved pay plan
- An increase in FY 2023 appropriations of \$1.9 million due to the legislature approving a higher present law adjustment in the second year of the biennium
- An increase of FY 2023 appropriations of \$800,000 for the state share of future operating and maintenance costs for capital projects approved by the 2021 Legislature in HB 14

Executive Request

The executive is requesting an increase of approximately \$5.0 million in FY 2024 and \$5.7 million in FY 2025 above the FY 2023 base appropriations. The increase is due to the requested present law adjustments of \$13.9 million in FY 2024 and \$14.6 million in FY 2025 for personal services, higher education fixed costs, and audit costs. The increases are partially offset by a reduction in statewide fixed costs, which is due to the elimination of insurance payments to the Risk Management and Tort Defense Division in the 2025 biennium.

The proposed budget does not include any changes for the Family Practice Rural Residency programs or the Motorcycle Safety Program.

The figure below provides more detail regarding the MUS budget request by educational unit and the executive's proposed budget for the MUS.

Commissioner of Higher Education Appropriation Distribution Program MUS Budget Request Compared to November Executive Budget Recommendation				
Unit Request	CUR FY 2022 ACTUAL	CUR FY 2023 OP PLAN	CUR FY 2024 REQUEST	CUR FY 2025 REQUEST
MSU	\$ 230,895,811	\$ 255,192,794	\$ 264,411,280	\$ 265,285,992
MSU-BILLINGS	36,729,592	41,118,681	43,242,982	43,433,550
MSU-NORTHERN	13,881,545	15,211,330	16,960,818	17,025,189
GREAT FALLS MSU	9,702,508	10,545,816	11,645,869	11,678,221
UM	133,286,240	137,239,382	143,956,463	144,542,128
MT TECH	27,897,366	28,736,368	30,184,986	30,249,092
UM-WESTERN	14,683,900	15,022,350	15,986,416	16,018,895
UM-HELENA	7,265,369	8,316,507	8,733,313	8,771,913
Less: one-time-only appropriations	(3,213,299)	(3,823,969)	-	-
TOTAL	471,129,032	507,559,259	535,122,127	537,004,980
State Funding Requested				
General Fund	183,321,457	195,173,666	207,015,636	208,278,261
State Special	22,959,100	23,147,266	23,147,266	23,147,266
Tuition/Other	268,061,774	293,062,296	304,959,225	305,579,453
Less: one-time-only appropriations	(3,213,299)	(3,823,969)	-	-
Total	471,129,032	507,559,259	535,122,127	537,004,980
Executive Budget Recommendation				
General Fund	N/A	N/A	188,407,224	188,978,128
State Special	N/A	N/A	33,047,266	33,147,266
Tuition/Other	N/A	N/A		
Total	-	-	221,454,490	222,125,394
Difference - Request to Recommendation				
General Fund	N/A	N/A	(18,608,412)	(19,300,133)
State Special	N/A	N/A	9,900,000	10,000,000
Tuition/Other	N/A	N/A	-	-
Total	\$ -	\$ -	\$ (8,708,412)	\$ (9,300,133)

The Office of the Commissioner of Higher Education has projected a total current unrestricted operating budget (CUR) for the educational units of \$535.1 million in FY 2024 and \$537.0 million in FY 2025. The requested state funds totaling \$230.2 million in FY 2024 and \$231.4 million in FY 2025 to support its current unrestricted operating budget in the 2025 biennium.

The executive is proposing state support of \$221.5 million in FY 2024 and \$222.1 million in FY 2025. The executive's general fund request is \$37.9 million less and six-mill levy state special revenue request is \$19.9 million more for the 2025 biennium than the Board of Regents' request, which results in approximately \$18.0 million less state funds in total. There are two primary reasons for the difference between the budget requested by the Board of Regents and the executive, which include:

- The executive is requesting a reduction of general fund appropriations because of the elimination of \$17.9 million in insurance payments to the Risk Management and Tort Defense Division in the 2025 biennium. This would be an expense that the Montana University System would not be required to pay, which is why it is causing a reduction in general fund appropriations
- The executive is requesting a fund shift from general fund to the six-mill levy of \$9.9 million in FY 2024 and \$10.0 million in FY 2025

**LFD
ISSUE**

The Montana University System receives funding from the state through appropriations from the general fund and six-mill levy. The six-mill levy state special revenue fund primarily receives revenue from property tax, but also receives a small amount of revenue from the oil and natural gas and bentonite taxes.

The executive is proposing to reduce general fund and increase six-mill levy appropriations by \$9.9 million in FY 2024 and \$10.0 million in FY 2025. The table below shows the projected fund balances in FY 2024 and FY 2025 using the HJ 2 revenue estimates as adopted by the Revenue Interim Committee and expenditures as proposed by the executive.

Office of the Commissioner of Higher Education Appropriation Distribution Program Six-Mill Levy 2025 Biennium Projections				
	Actual FY 2022	Appropriated FY 2023	Proposed FY 2024	Proposed FY 2025
Beginning Fund Balance	\$ 336,163	\$ 1,415,564	\$ 3,253,178	\$ 1,051,552
Revenue	24,038,501	24,984,880	30,845,640	31,396,027
Transfers-out	<u>(22,959,100)</u>	<u>(23,147,266)</u>	<u>(33,047,266)</u>	<u>(33,147,266)</u>
Ending Fund Balance	<u>\$ 1,415,564</u>	<u>\$ 3,253,178</u>	<u>\$ 1,051,552</u>	<u>\$ (699,687)</u>

The revenues in FY 2024 and FY 2025 grow substantially based upon reappraisal growth estimates from the Department of Revenue. It is projected that there is sufficient fund balance and revenues in FY 2024 to support the fund shift from general fund to the six-mill levy of \$9.9 million. In FY 2025, it is estimated that the fund will be negative by approximately \$700,000. Legislative options include:

- Lower the amount of the fund shift to \$9.3 million in FY 2025, so there is enough estimated revenues and fund balance to cover proposed expenditures
- Adopt the fund switch as requested by the executive

Funding

The following table shows proposed agency funding for all sources of authority.

Commissioner of Higher Education, 09-Appropriation Distribution Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	379,214,890	0	0	3,765,356	382,980,246	84.51 %	
02111 Accommodation Tax Account	0	0	0	2,830,578	2,830,578	4.03 %	
02443 University Millage	66,194,532	0	0	0	66,194,532	94.31 %	
02944 Motorcycle Safety Training	1,160,318	0	0	0	1,160,318	1.65 %	
State Special Total	\$67,354,850	\$0	\$0	\$2,830,578	\$70,185,428	15.49 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$446,569,740	\$0	\$0	\$6,595,934	\$453,165,674		

HB 2 Appropriations

Funding for the Appropriation Distribution Program is predominately general fund. Other HB 2 funding includes the motorcycle safety training state special revenue and the six-mill levy. Program fees and an allocation from drivers' license fees support the motorcycle safety program at MSU Northern in Havre.

The statewide six-mill levy, which supports the Montana University System, is authorized in statute (15-10-108, MCA). The levy is presented to voters statewide for approval every 10 years. The most recent vote was in 2018. The six-mill levy revenue is used to fund the education and general operating expenses of the Montana University System educational units and is the second largest state funding source for the MUS after general fund.

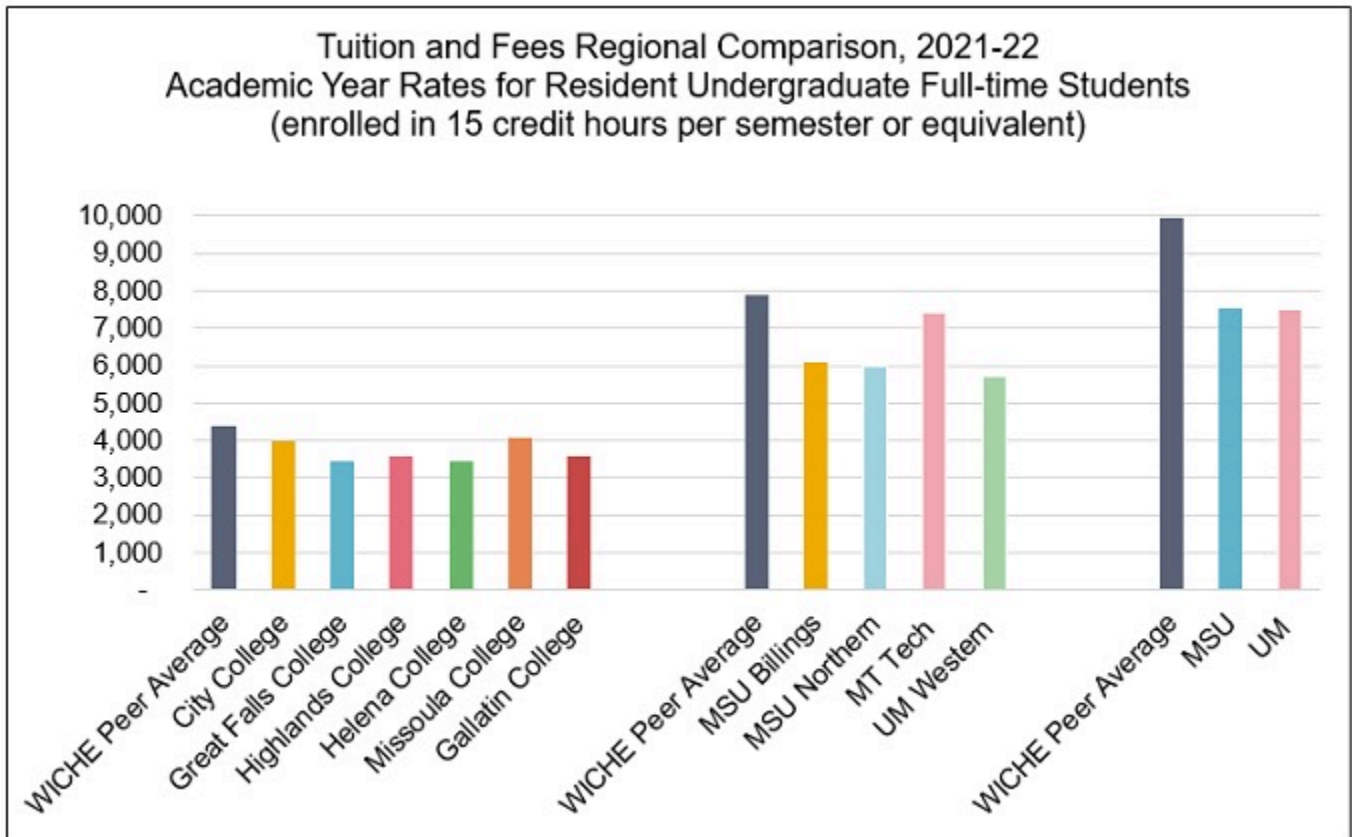
Statutory Appropriations

Statutory appropriations do not require reauthorization each biennium, and they do not appear in HB 2. There are two statutory appropriations in this program:

- An allocation of the 4.0% lodging facility use tax is transferred to the University of Montana for travel research
- General fund is statutorily appropriated for a 1.0% employer contribution reimbursement to the MUS defined contribution retirement plan authorized in HB 95 (2007 Legislature)

Tuition

The Board of Regents is the sole authority in setting tuition rates for the MUS. Tuition is not controlled or appropriated by the legislature. However, the Regents, legislature, and executive have worked together to create affordable postsecondary educational opportunities for the residents of Montana.



Performance Funding

The 2015 Legislature designated funds for the MUS based upon performance metrics. The Board of Regents has continued this commitment to include a performance funding component in the allocation model used to distribute state funds to the education units. For the 2023 biennium, \$30.0 million was designated for performance funding and distributed upon progress toward increasing college completions, retention, success of under-represented student populations, and other metrics. The table below shows the impact of performance funding since FY 2020 by campus.

Montana University System Impact of Performance Funding				
Campus	FY 2020	FY 2021	FY 2022	FY 2023
MSU Bozeman	\$ 5,322,089	\$ 5,322,089	\$ 5,561,800	\$ 5,556,481
Gallatin College	248,010	248,010	274,021	270,986
MSU Billings	-	929,981	1,244,023	867,552
City College	390,394	390,394	385,980	192,342
MSU Northern	541,227	541,227	533,197	531,788
Great Falls College	645,019	645,019	228,194	531,780
UM Missoula	3,684,142	3,684,142	3,089,196	3,474,282
Missoula College	590,346	590,346	588,411	138,337
MT Tech	860,558	860,558	476,761	192,980
Highlands College	181,113	138,890	160,317	138,744
UM Western	646,875	646,875	581,500	315,897
Helena College	424,145	484,791	347,884	349,706
Total Funding	\$ 13,533,918	\$ 14,482,322	\$ 13,471,284	\$ 12,560,875

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	194,219,196	194,219,196	388,438,392	102.43 %	217,946,621	217,946,621	435,893,242	97.61 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	5,002,797	5,673,701	10,676,498	2.82 %	5,002,797	5,673,701	10,676,498	2.39 %
New Proposals	(9,900,000)	(10,000,000)	(19,900,000)	(5.25)%	0	0	0	0.00 %
Total Budget	\$189,321,993	\$189,892,897	\$379,214,890		\$222,949,418	\$223,620,322	\$446,569,740	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2024-----				-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 901 - MUS LAD Audit Costs	0.00	626,978	0	0	626,978	0.00	0	0	0	0
DP 902 - MUS Fixed Cost Increases from State	0.00	(8,879,218)	0	0	(8,879,218)	0.00	(8,911,377)	0	0	(8,911,377)
DP 903 - Montana University System PLA	0.00	13,255,037	0	0	13,255,037	0.00	14,585,078	0	0	14,585,078
Grand Total All Present Law Adjustments	0.00	\$5,002,797	\$0	\$0	\$5,002,797	0.00	\$5,673,701	\$0	\$0	\$5,673,701

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

DP 901 - MUS LAD Audit Costs -

The executive requests general fund appropriations for legislative audit costs for the Montana University System in FY 2024.

DP 902 - MUS Fixed Cost Increases from State -

The executive requests general fund decreases for statewide present law adjustment for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 903 - Montana University System PLA -

The executive requests an increase in general fund appropriations for statewide present law adjustments. This includes adjustments to annualize various personal services costs, MUS fixed cost, and inflationary costs for all Montana University System (MUS) units at the state share rate. This change package is similar to the statewide present law adjustments for personal services, fixed costs, and inflation for other agencies.

LFD COMMENT This present law adjustment does not include an allocation to the six-mill levy state special revenue fund. The executive is requesting a fund shift, which would reduce general fund appropriations and increase the six-mill levy state special revenue appropriations. If the legislature does not approve the fund switch, they may want to consider adjusting the present law adjustment to include an allocation to the state special revenue fund.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 904 - University Millage Fund Switch	0.00	(9,900,000)	9,900,000	0	0	0.00	(10,000,000)	10,000,000	0	0
Total	0.00	(\$9,900,000)	\$9,900,000	\$0	\$0	0.00	(\$10,000,000)	\$10,000,000	\$0	\$0

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

DP 904 - University Millage Fund Switch -

The executive requests a decrease in general fund appropriations and an increase in state special revenue appropriations to adjust funding because of a significant increase in revenue in the six-mill levy state special revenue fund.