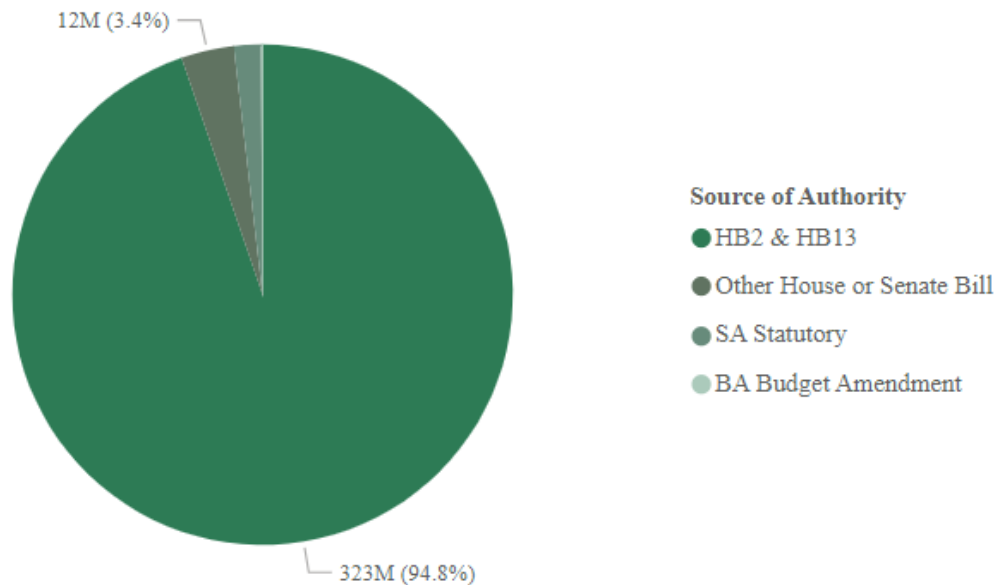


# OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Office of the Commissioner of Higher Education (OCHE) is shown in the pie chart below. HB 2 and HB 13 provide 94.8% 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	% Expended
HB2 & HB13	323,199,221	124,502,290	38.5%
BA Budget Amendment	313,805	48,181	15.4%
Other House or Senate Bill	11,633,463	4,408,678	37.9%
SA Statutory	5,951,926	3,308,631	55.6%
<b>Total</b>	<b>341,098,415</b>	<b>132,267,780</b>	<b>38.8%</b>

## Other Bills

The Office of the Commissioner of Higher Education has approximately \$11.6 million in spending authority from other house or senate bills. These include:

- HB 10, which appropriated approximately \$6.6 million for the CyberMontana cybersecurity initiative. As of November 30<sup>th</sup>, \$3.0 million, or 45.2% of appropriations are expended. These funds are being used for four distinct areas. Support and enhancement of cybersecurity education and outreach is taking

place under CyberMontana at the University of Montana (UM), further development and promotion of a Bachelor of Science degree in Cybersecurity at UM, the development of a Security Operations Center Analyst Training Facility at UM, and the development of the Rural Policy Academy, which provides a platform for public entities to prepare and respond to cybersecurity incidents

- HB 5 appropriated approximately \$3.6 million for operations and maintenance funding to be distributed upon the completion of new facilities authorized as part of the state's long-range building program. To date, no expenditures have been made as projects are still in progress. Appropriations include operations and maintenance funding for: MSU Supplemental Wool Lab, Helena College Airport Hangar, UMW Campus Storage/Warehouse Building, Mark and Robyn Jones MSU College of Nursing, MSU Gianforte Hall, The MT Tech Highlands College Indoor Pole Barn, the UM McGill Hall Expansion, and MSU-N Health and Recreation Complex. Less than \$200,000 is expected to be expended this fiscal year
- HB 749 appropriated \$950,000 to create a clearinghouse for the MT Digital Academy. MTDA allows for elective courses, catch-up courses, or Advanced Placement courses that may not normally be offered within a school district. Historically, all funding for MT Digital Academy (MTDA) has been appropriated to OPI. OCHE is being provided additional funding needed to create a clearinghouse interface to access to additional course providers, content, services, and formats. As of November 30<sup>th</sup>, 2023, 100.0% of appropriations have been transferred to the University of Montana for this project
- HB 185 appropriates \$352,000 for base funding and \$120,000 for a one time only appropriation to fund the fire services training school at the Montana state university extension service. As of November 30<sup>th</sup>, 2023, 100.0% of these appropriations have been have been expended

## Statutory Appropriations

The Office of the Commissioner of Higher Education has several statutory appropriations, which total approximately \$6.0 million through November 30<sup>th</sup>, 2023. These include:

- The Montana University System (MUS) retirement plan general fund transfer is for a 1.0% employer contribution reimbursement to the MUS. The transfer was authorized by HB 95 (2007 Legislature) and codified in 19-21-203, MCA. As of November 30, appropriations of approximately \$1.9 million are 30.8% 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 \$1.4 million, and 100.00% 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 the state general fund. General fund appropriations total approximately \$1.7 million in FY 2024 and are 23.1% expended
- 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 2024 and are 93.9% expended as of November 30. OCHE has previously submitted a

Budget Change Document to increase the statutory appropriation authority to cover the scholarships from this fund, and expects to do so again in FY 2024

Overall, OCHE has expended \$3.3 million, or 55.6% of its FY 2024 statutory appropriations. This is in line with typical expenditures at this point in the fiscal year.

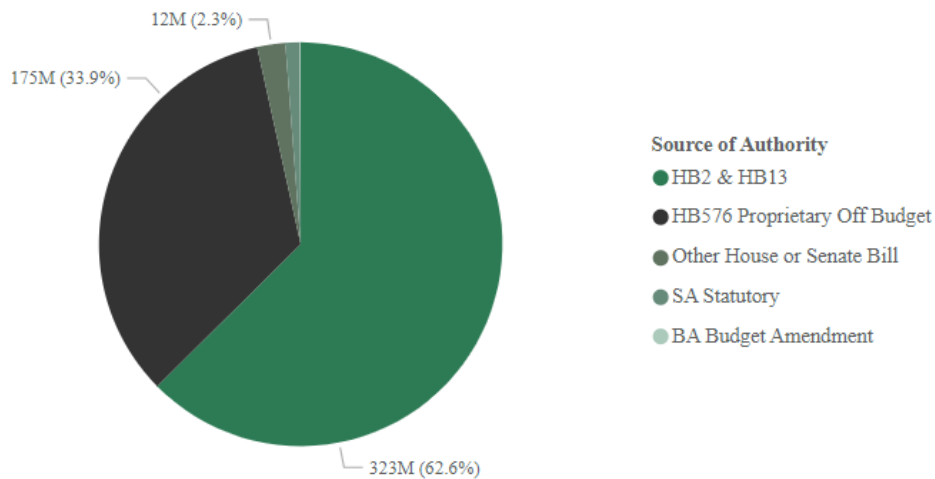
### Budget Amendments

The Office of the Commissioner of Higher Education had one budget amendment in FY 2024. This amendment increases federal special revenue authority by approximately \$314,000 in FY 2024 for a discretionary TRIO (Upward Bound, Talent Search, and Student Support Service programs) educational opportunity center grant. This grant is 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. Authority for this grant carried forward from FY 2023, and so far, OCHE has expended approximately \$48,000, or 15.4% of the total authority.

### 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 most transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

**Modified Budget & Expended Budget by Source of Authority**



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	323,199,221	124,502,290	38.5%
HB576 Proprietary Off Budget	175,260,110	50,821,276	29.0%
Other House or Senate Bill	11,633,463	4,408,678	37.9%
SA Statutory	5,951,926	3,308,631	55.6%
BA Budget Amendment	313,805	48,181	15.4%
<b>Total</b>	<b>516,358,525</b>	<b>183,089,057</b>	<b>35.5%</b>

## **Non-Budgeted Propriety Funding**

A significant portion, or 33.9% of the funding for OCHE comes from non-budgeted proprietary funds and totals \$175.3 million. This includes:

- The MUS Group Insurance Program is budgeted at approximately \$157.1 million and is approximately 28.9% expended
- The MUS flexible spending account is budgeted at \$13.4 million and is 13.8% expended
- The MUS Workers' Compensation Program is budgeted at \$4.7 million and is 33.8% expended

Overall, non-budgeted proprietary funds are 29.0% expended as of November 30, 2023. This spending amount is in line with expenditures in previous years.

## 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 from July 1, 2023, through November 30, 2023. 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.

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
☐ Commissioner of Higher Ed	323,199,221	323,199,221	0
☐ 01 ADMINISTRATION PROGRAM	7,198,979	7,194,310	-4,669
☐ 02 STUDENT ASSISTANCE PROGRAM	13,059,100	13,059,100	
☐ 04 COMMUNITY COLLEGE ASSISTANCE	16,151,492	16,151,492	
☐ 06 EDUCATION OUTREACH & DIVERSITY	9,699,267	9,699,267	
☐ 08 WORK FORCE DEVELOPMENT PROGRAM	6,463,576	6,468,245	4,669
☐ 09 APPROPRIATION DISTRIBUTION	231,708,007	231,708,007	
☐ 10 AGENCY FUNDS	35,436,709	35,436,709	
☐ 11 TRIBAL COLLEGE ASSISTANCE PGM	1,018,400	1,018,400	
☐ 12 GUARANTEED STUDENT LOAN PGM	2,389,439	2,389,439	
☐ 13 BOARD OF REGENTS-ADMIN	74,252	74,252	
<b>Total</b>	<b>323,199,221</b>	<b>323,199,221</b>	<b>0</b>

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
☐ 61000 Personal Services	5,924,634	5,929,299	4,665
☐ 62000 Operating Expenses	11,032,348	9,994,854	-1,037,494
☐ 63000 Equipment & Intangible Assets	11,063	11,063	
☐ 65000 Local Assistance	15,703,511	15,703,511	
☐ 66000 Grants	18,874,987	18,874,987	
☐ 68000 Transfers-out	271,388,280	272,421,105	1,032,825
☐ 69000 Debt Service	264,398	264,402	4
<b>Total</b>	<b>323,199,221</b>	<b>323,199,221</b>	<b>0</b>

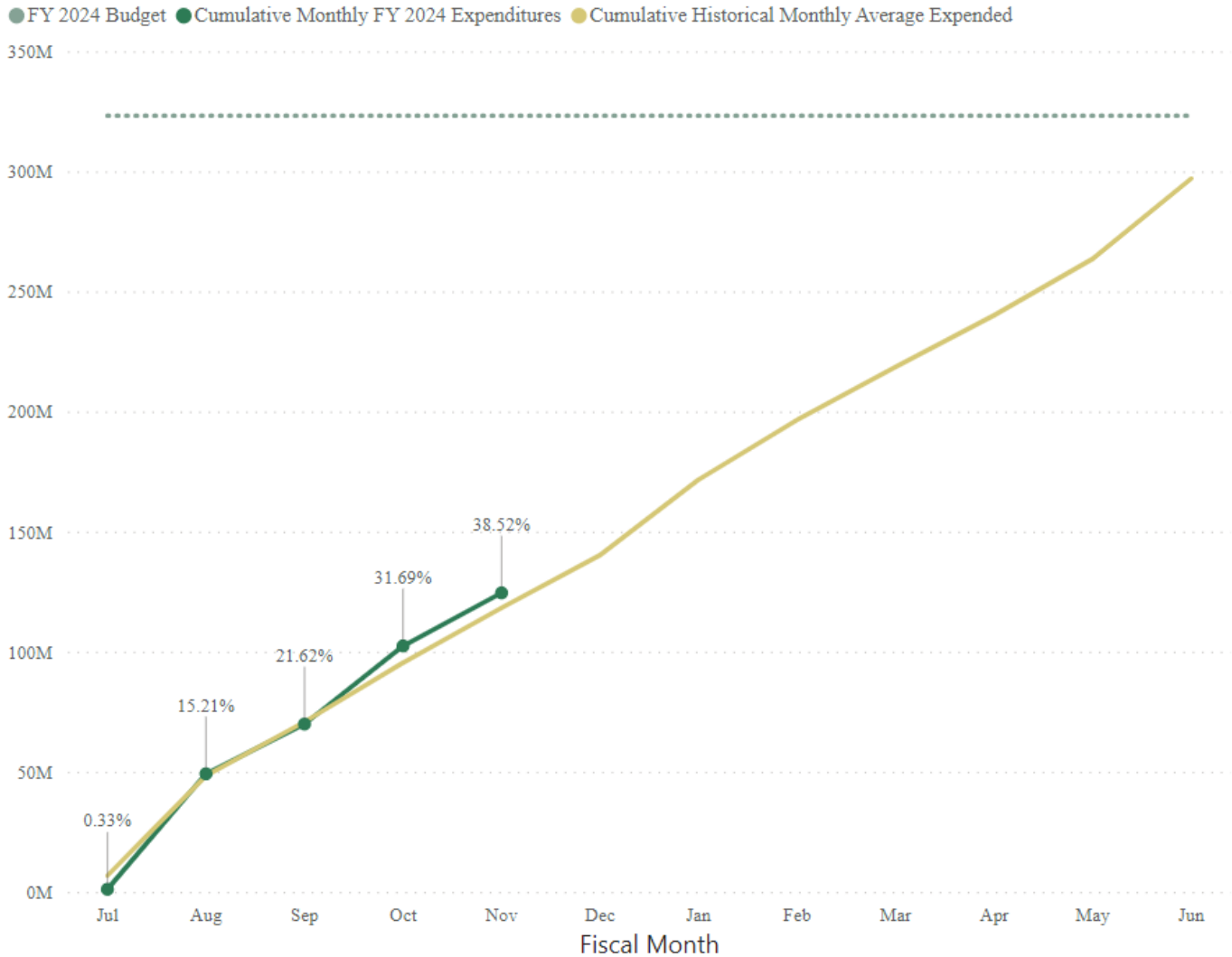
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
☐ 01 General	269,064,074	269,064,074	0
☐ 02 State/Other Spec Rev	35,110,764	35,110,764	
☐ 03 Fed/Other Spec Rev	18,300,918	18,300,918	
☐ 06 Internal Service	723,465	723,465	
<b>Total</b>	<b>323,199,221</b>	<b>323,199,221</b>	<b>0</b>

The Office of the Commissioner of Higher Education had a few HB 2 budget modifications between July 1, 2023, and November 30, 2023. For the largest two, approximately \$1.0 million was transferred between accounts so that funds for Sprint Degrees and Seamless System Initiative could be transferred to the MUS campuses. The account transfer was made to comply with state accounting standards. Approximately \$5,000 of authority was transferred from the Administration Program to the Work Force Development Program to meet the minimum level of effort requirements for the Perkins grant administration.

## HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2023.

### Monthly Expenditures Compared to Historical Average



Fund Type	Modified Budget	Expended Budget	% Expended
⊕ 01 General	269,064,074	115,002,969	42.7%
⊕ 02 State/Other Spec Rev	35,110,764	6,210,746	17.7%
⊕ 03 Fed/Other Spec Rev	18,300,918	3,137,189	17.1%
⊕ 06 Internal Service	723,465	151,386	20.9%
<b>Total</b>	<b>323,199,221</b>	<b>124,502,290</b>	<b>38.5%</b>

Expenditure Type	Modified Budget	Expended Budget	% Expended
⊕ Personal Services	5,929,299	2,007,785	33.9%
⊕ Operating Expenses	9,994,854	2,240,692	22.4%
⊕ Equipment & Intangible Assets	11,063	0	0.0%
⊕ Local Assistance	15,703,511	6,893,788	43.9%
⊕ Grants	18,874,987	9,236,314	48.9%
⊕ Transfers-out	272,421,105	103,629,904	38.0%
⊕ Debt Service	264,402	493,807	186.8%
<b>Total</b>	<b>323,199,221</b>	<b>124,502,290</b>	<b>38.5%</b>

Program Name	Modified Budget	Expended Budget	% Expended
⊕ 01 ADMINISTRATION PROGRAM	7,194,310	2,690,363	37.4%
⊕ 02 STUDENT ASSISTANCE PROGRAM	13,059,100	8,210,969	62.9%
⊕ 04 COMMUNITY COLLEGE ASSISTANCE	16,151,492	6,729,788	41.7%
⊕ 06 EDUCATION OUTREACH & DIVERSITY	9,699,267	1,739,528	17.9%
⊕ 08 WORK FORCE DEVELOPMENT PROGRAM	6,468,245	1,036,297	16.0%
⊕ 09 APPROPRIATION DISTRIBUTION	231,708,007	87,133,998	37.6%
⊕ 10 AGENCY FUNDS	35,436,709	15,503,942	43.8%
⊕ 11 TRIBAL COLLEGE ASSISTANCE PGM	1,018,400	994,451	97.6%
⊕ 12 GUARANTEED STUDENT LOAN PGM	2,389,439	449,710	18.8%
⊕ 13 BOARD OF REGENTS-ADMIN	74,252	13,243	17.8%
<b>Total</b>	<b>323,199,221</b>	<b>124,502,290</b>	<b>38.5%</b>

The Office of the Commissioner of Higher Education expended \$124.5 million, or 38.5% of its \$323.2 million HB 2 modified budget through November 30, 2023. This spending is similar to the 5-year Olympic average of 36.6% (the Olympic average is the average of the percent expended for the most recently completed seven years with the exclusion of the highest and lowest numbers during this time period). The Montana University System (MUS) also receives additional funding that is not appropriated or approved by the legislature and is not reflected in the chart above. This funding includes but is not limited to tuition, federal research grants, financial aid, campus building projects, debt service, and auxiliary funds.

The Tribal College Assistance Program expended 97.6% of its approximately \$1.0 million HB 2 appropriation. HB 2 included an appropriation of \$100,000 for high school equivalency test (HiSET) preparation at the tribal colleges, which were 100.0% expended. HB 2 also included general fund appropriations of approximately \$918,000 for tribal colleges to support a portion of the costs of educating nonbeneficiary Montana students (non-tribal members) attending the seven tribal community colleges. Expenditures from this appropriation happen at the beginning of the fiscal year and were 97.4% expended.

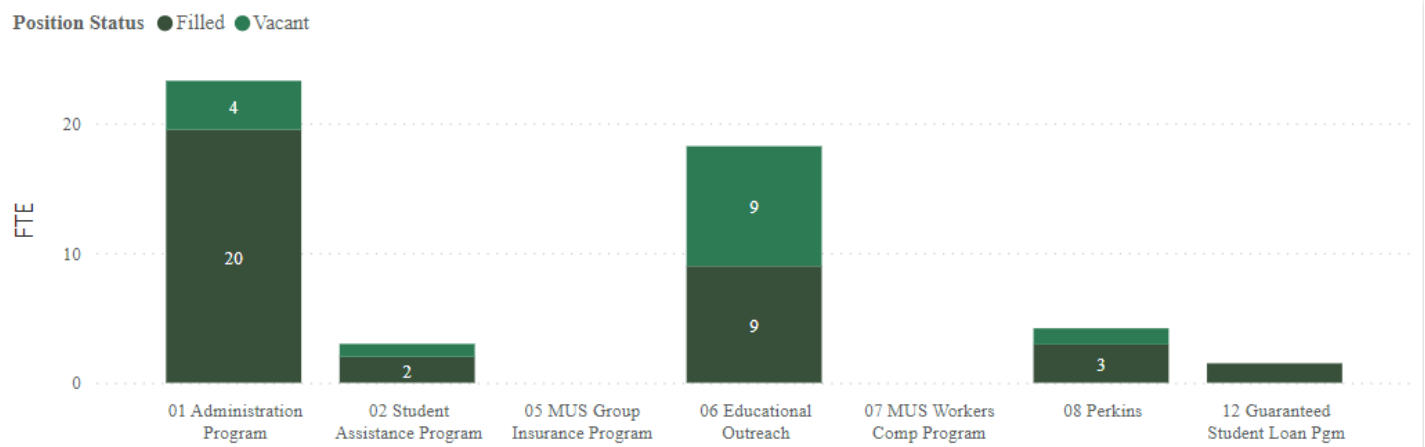
The Guaranteed Student Loan Program expended 18.8% of its approximately \$2.4 million appropriation. A low percentage expended is typical in this program since it no longer manages actual student loans and has transitioned into administering financial literacy and education outreach activities. The Education Outreach and Diversity Program expended approximately 17.9% of its approximately \$9.7 million appropriation. The Work Force Development Program expended approximately 16.0% of its approximately \$6.5 million appropriation. The funding for the Education Outreach and Diversity program and the Work Force

Development program comes from federal grants that span several years, and lower expenditures in these programs are due to the timing of grant activities.

Higher spending in debt services is related to changes in accounting practices related to software subscriptions (SBITA's). Long term software agreements that are over \$100,000 in total contract value are now considered a debt service rather than an operating expense. A budget change document will be processed to make a first level change from operating budget to debt service once all SBITA's are entered.

## PERSONAL SERVICES

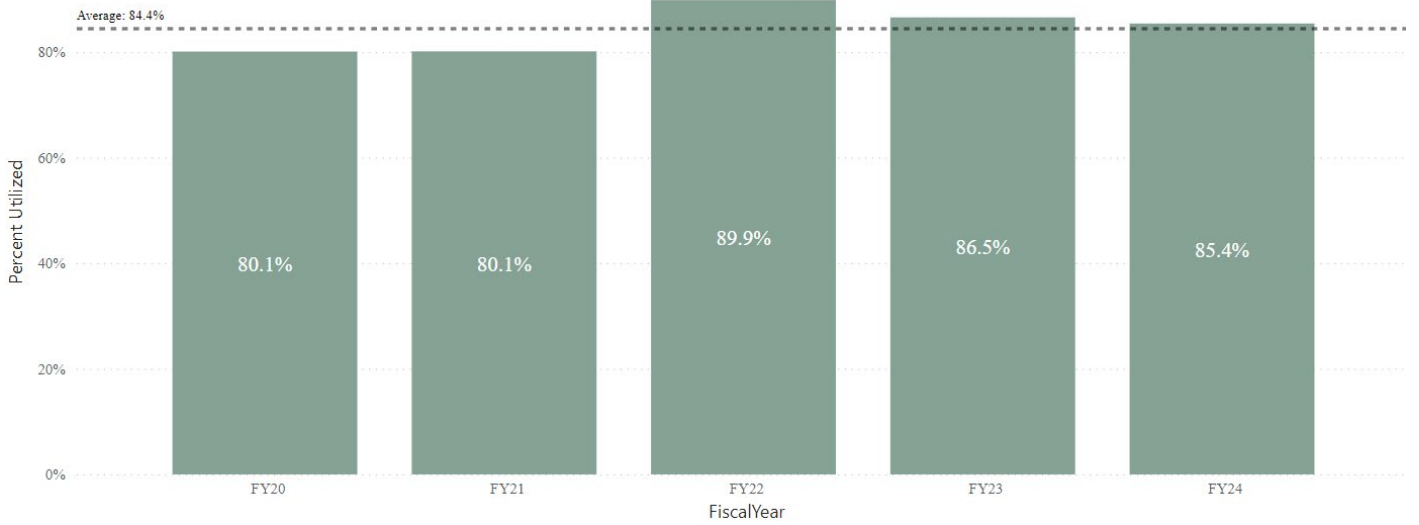
Appropriations for personal services in the Office of the Commissioner of Higher Education total \$5.9 million and are 33.9% expended through November 30, 2023. The department has 50.22 HB 2 FTE and 71.6% of these positions were filled as of November 1, 2023. The following chart shows the filled and vacant FTE within the agency as of November 1, 2023.



There was recently some turnover in the Administration Program, but according to the agency most open positions have since been filled or are being recruited. The Educational Outreach Center (EOC) and Educational Talent Search (ETS) positions have been difficult to recruit for and to retain employees in. The EOC is funded with the grant in the budget amendment, and all positions are modified positions. It is difficult to keep people in grant positions when the future of the grant is unknown. Of the 6.00 vacant FTE in ETS, two are currently posted with other position descriptions in the works. OCHE has received feedback that the positions offer low pay and are in the process of coordinating to increase wages within the budget that was approved by the Department of Education.

The chart below shows the hourly utilization percentage for OCHE between July 1 and November 1 for each fiscal year. Overall, the department has utilized 85.4% of the hours budgeted for FY 2024, as shown in the chart below, which is typical for this point in the year.





The chart below shows the vacant FTE in each division, the median number of months each position has been vacant and the midpoint hourly pay rate. Of the 14.28 FTE that are vacant, 6.5 FTE have been vacant for four months or less (since July 2023).

	FTE	Median Months Vacant	Market Midpoint (Hourly)
<b>51020 COMMISSIONER OF HIGHER ED</b>	<b>14.28</b>	<b>4.95</b>	
<b>01 Administration Program</b>	<b>3.78</b>	<b>4.03</b>	
Commissioner/Higher Education	3.78	4.03	
<b>02 Student Assistance Program</b>	<b>1.00</b>	<b>10.00</b>	
Board of Regents - Prof	1.00	10.00	
<b>06 Educational Outreach</b>	<b>9.25</b>	<b>5.36</b>	
Commissioner/Higher Education	9.25	5.36	
<b>08 Perkins</b>	<b>0.25</b>	<b>60.49</b>	
Commissioner/Higher Education	0.25	60.49	
<b>Total</b>	<b>14.28</b>	<b>4.95</b>	

The Office of the Commissioner of Higher Education paid approximately \$97,000 to contractors between July 1, 2023, and October 31, 2023. None of the payments made to contractors are due to vacant positions, rather contractors provide content expertise services. No overtime has been paid during FY 2024.