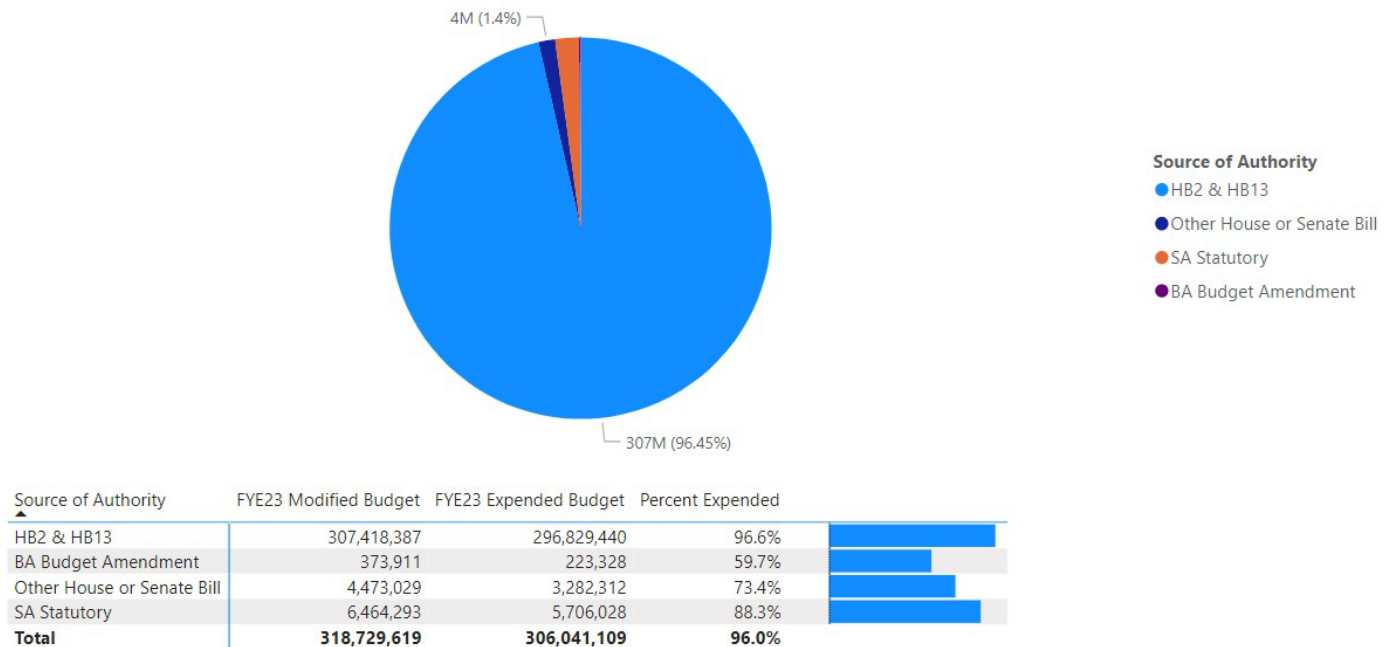


# OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Office of the Commissioner of Higher Education is shown in the pie chart below. HB 2 and HB 13 provide 96.5% 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



## Statutory Appropriations

The Office of the Commissioner of Higher Education (OCHE) has several statutory appropriations, which total approximately \$6.5 million in FY 2023. 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. The transfer was authorized by HB 95 (2007 Legislature) and codified in 19-21-203, MCA. At FYE, appropriations of approximately \$1.9 million are 97.0% 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. At FYE, the statutory appropriation of 257,500 is 100% 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 \$1.2 million, and at FYE 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 from the state general fund. Appropriations total approximately \$1.7 million in FY 2023 and are 58.4% expended. Expenditures vary in this program from year to year based on the number of individuals participating

- 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 \$1.4 million in FY 2023 and are 99.6% expended

Overall, OCHE expended \$5.7 million, or 88.3% of its FY 2023 statutory appropriations. This amount is in line with expenditures from the previous fiscal year.

### **Authority from Other Bills**

HB 13 (2023 Legislature) included a one-time, lump-sum payment to state employees. Full-time employees received a payment of \$1,040, which was prorated for employees that work less than full-time. This payment was effective in the first full pay period following HB 13 being enacted. The Office of the Commissioner of Higher Education expended approximately \$3.3 million in FY 2023 for these lump-sum payouts.

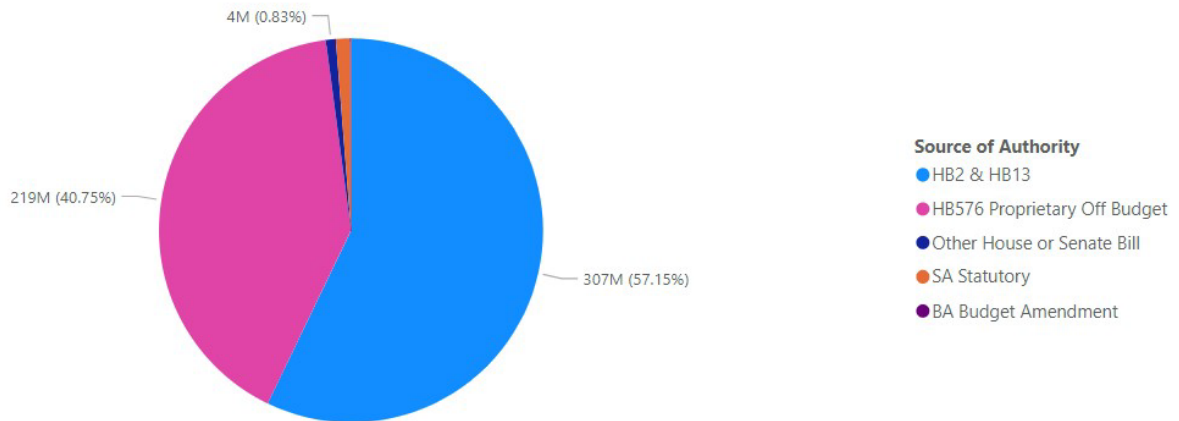
### **Budget Amendments**

The Office of the Commissioner of Higher Education had one budget amendment in FY 2023. This amendment increases federal special revenue authority by approximately \$374,000 in FY 2023 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. OCHE expended approximately \$223,000 or 59.7% in FY 2023. Authority for this grant will carry forward into FY 2024.

## 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	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended	
HB2 & HB13	307,418,387	296,829,440	96.6%	
BA Budget Amendment	373,911	223,328	59.7%	
HB576 Proprietary Off Budget	219,208,224	124,722,047	56.9%	
NB Non-Budgeted		798,319	Infinity	
Other House or Senate Bill	4,473,029	3,282,312	73.4%	
SA Statutory	6,464,293	5,706,028	88.3%	
<b>Total</b>	<b>537,937,843</b>	<b>431,561,475</b>	<b>80.2%</b>	

## Non-Budgeted Propriety Funding

A significant portion, or 40.8% of the funding for OCHE is from non-budgeted proprietary funds and total \$219.2 million. This includes:

- The MUS Group Insurance Program that is budgeted at approximately \$188.2 million and is approximately 62.9% expended
- The MUS flexible spending account that is budgeted at \$23.1 million and is 15.9% expended
- The MUS Workers' Compensation Program that is budgeted at \$7.9 million and is 32.8% expended

Overall, non-budgeted proprietary funds are 56.9% expended as of the end of FY 2023. Historically, the 5-year average for expenditures was 73.6% (the 5-year average excludes FY 2021 since COVID resulted in atypically low expenditures). FY 2023 expenditures were lower than the average due to FY 2022 authority continuing into the second year of the biennium. If continuing authority were excluded from the FY 2022 budget, OCHE would have expended 66.5% of its non-budgeted proprietary fund.

## 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 between July 1, 2022 and June 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.

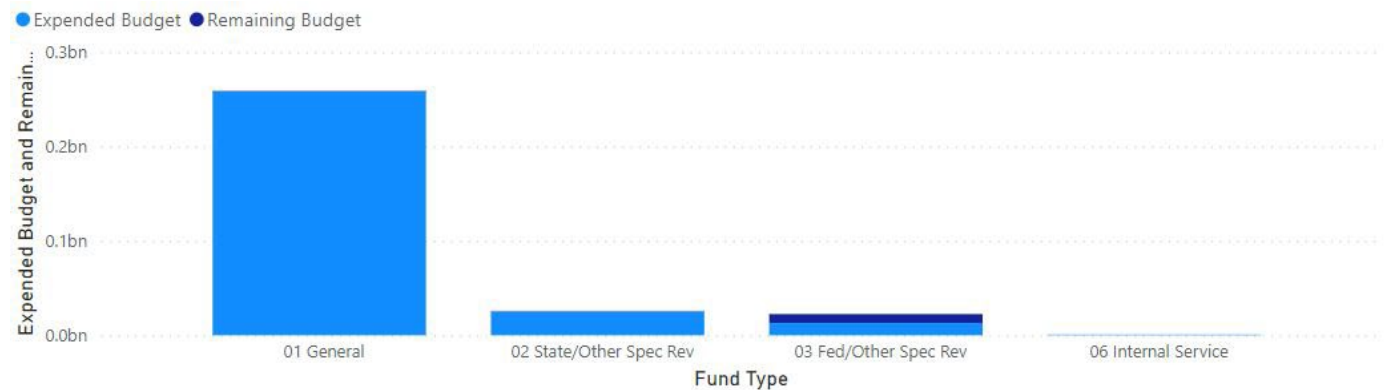
Legislative Budget Compared to Modified Budget - HB 2 Only			
Agency Name	HB 2 Budget	FYE23 Modified Budget	Net Modifications
<b>Commissioner of Higher Ed</b>	<b>301,657,076</b>	<b>307,418,387</b>	<b>5,761,311</b>
ADMINISTRATION PROGRAM	4,941,641	5,458,082	516,441
AGENCY FUNDS	31,885,684	31,755,996	-129,688
APPROPRIATION DISTRIBUTION	219,426,396	219,850,224	423,828
BOARD OF REGENTS-ADMIN	67,350	68,783	1,433
COMMUNITY COLLEGE ASSISTANCE	13,967,148	13,948,373	-18,775
EDUCATION OUTREACH & DIVERSITY	9,553,781	13,094,067	3,540,286
GUARANTEED STUDENT LOAN PGM	2,354,659	3,043,063	688,404
STUDENT ASSISTANCE PROGRAM	11,989,146	12,648,910	659,764
TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	1,012,875	
WORK FORCE DEVELOPMENT PROGRAM	6,458,396	6,538,014	79,618
<b>Total</b>	<b>301,657,076</b>	<b>307,418,387</b>	<b>5,761,311</b>
Acct & Lvl 1 DESC	HB 2 Budget	FYE23 Modified Budget	Net Modifications
61000 Personal Services	5,482,536	5,695,479	212,943
62000 Operating Expenses	7,630,493	11,898,611	4,268,118
63000 Equipment & Intangible Assets	11,063	0	-11,063
65000 Local Assistance	14,132,148	14,116,373	-15,775
66000 Grants	18,023,690	19,905,468	1,881,778
68000 Transfers-out	256,377,146	255,165,973	-1,211,173
69000 Debt Service		636,483	636,483
Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications
01 General	257,736,787	258,811,254	1,074,467
02 State/Other Spec Rev	25,177,428	25,528,545	351,117
03 Fed/Other Spec Rev	18,132,307	22,425,378	4,293,071
06 Internal Service	610,554	653,209	42,655

The Office of the Commissioner of Higher Education had several budget modifications in FY 2023. Nearly all the modifications were due to the continuation of appropriation authority from FY 2022 to FY 2023 related to biennial appropriations. There was approximately \$5.8 million dollars of continuing appropriation authority moved from FY 2022 to FY 2023. Federal special revenue funds account for \$4.3 million of the total. The majority of appropriation authority for these funds is in the Education Outreach and Diversity Program and Guaranteed Student Loan Program. It is typical for these programs to have remaining federal authority at the end of the fiscal year.

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.

## HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures as of the end of FY 2023.



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	5,695,479	5,050,981	88.7%
Operating Expenses	11,898,611	5,631,593	47.3%
Equipment & Intangible Assets	0		
Local Assistance	14,116,373	13,599,214	96.3%
Grants	19,905,468	17,129,486	86.1%
Transfers-out	255,165,973	254,781,722	99.8%
Debt Service	636,483	636,444	100.0%

Program Name	Modified Budget	Expended Budget	Percent Expended
ADMINISTRATION PROGRAM	5,458,082	5,396,347	98.9%
AGENCY FUNDS	31,755,996	31,755,995	100.0%
APPROPRIATION DISTRIBUTION	219,850,224	219,522,962	99.9%
BOARD OF REGENTS-ADMIN	68,783	59,098	85.9%
COMMUNITY COLLEGE ASSISTANCE	13,948,373	13,440,214	96.4%
EDUCATION OUTREACH & DIVERSITY	13,094,067	6,351,180	48.5%
GUARANTEED STUDENT LOAN PGM	3,043,063	486,742	16.0%
STUDENT ASSISTANCE PROGRAM	12,648,910	12,386,750	97.9%
TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	1,012,875	100.0%
WORK FORCE DEVELOPMENT PROGRAM	6,538,014	6,417,278	98.2%
<b>Total</b>	<b>307,418,387</b>	<b>296,829,440</b>	<b>96.6%</b>

The legislature directly appropriates general fund, the six-mill levy, and certain federal funds, which totaled approximately \$307.4 million in FY 2023. The Montana University System (MUS) receives additional funding that is not appropriated or approved by the legislature and is not reflected in the chart above. Total funding for the MUS was \$1.8 billion in FY 2023. This funding includes but is not limited to tuition, federal research grants, financial aid, campus building projects, debt service, and auxiliary funds.

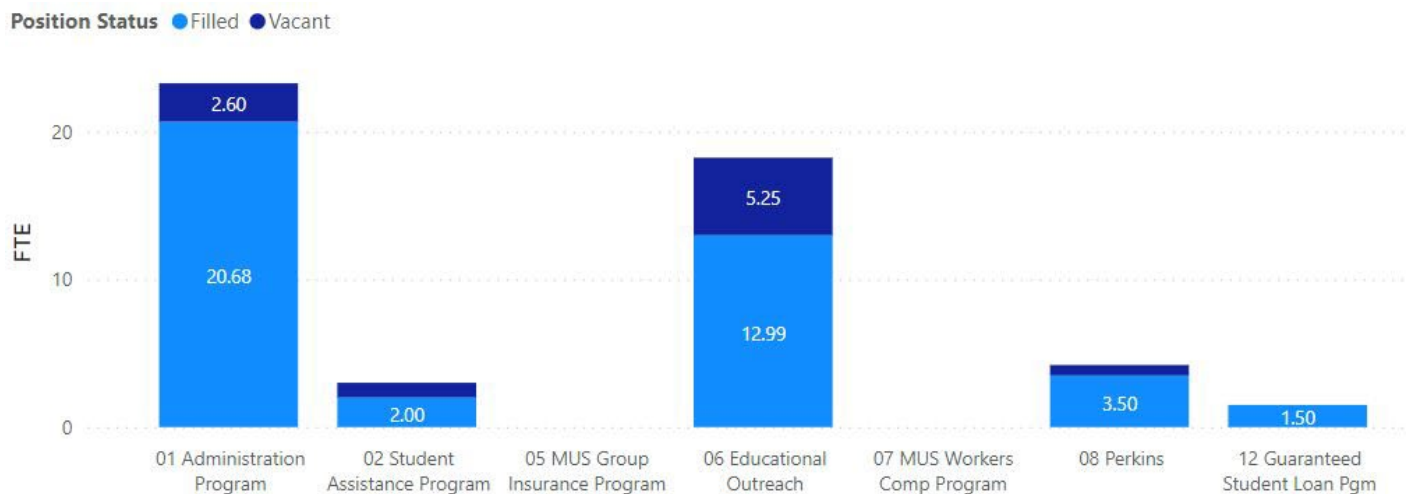
Overall, the Office of the Commissioner of Higher Education expended 96.6% of its \$307.4 million HB 2 modified budget as of the end of FY 2023. General fund appropriations provide the greatest amount of the modified budget at \$258.8 million and are 99.7% expended. State special revenue fund appropriations of \$25.5 million are 98.4% expended. Federal special revenue appropriations of \$22.4 million are 58.0% expended. Overall spending levels are in line with expenditures at the end of last fiscal year.

Lower expenditures of federal special revenue occurred in two programs: Education Outreach and Diversity Program and Guaranteed Student Loan Program. The funding for the Education Outreach and Diversity program comes from federal grants that span several years, and lower expenditures in this program are due to

the timing of grant activities. The Office of the Commissioner of Higher Education still receives federal funding for the Guaranteed Student Loan Program but no longer manages actual student loans, so spending is lower than is budgeted. Most of the grant money for the Guaranteed Student Loan Program funds financial literacy education and student financial assistance navigation.

## PERSONAL SERVICES

Appropriations for personal services in the Office of the Commissioner of Higher Education total approximately \$5.7 million and are 88.7% expended. OCHE has 50.22 HB 2 FTE, and approximately 81.0% of these positions were filled as of June 1, 2023. Of the 9.55 FTE that were vacant, 6.00 FTE were vacant for six months or less (since January 2023). The following chart shows the filled and vacant FTE within the agency as of June 1, 2023.



According to the department, Education Talent Search (ETS) currently has 5.00 FTE vacant for positions that work directly at schools with pre advisors, and the Administration Program has active recruitments ongoing and are far along in the process. More recently, there was a large turnover in federal grant programs and several failed searches, which is not uncommon with grant funded programs.

## OTHER ISSUES

### Required Reports

The Office of the commissioner of Higher Education provided two required reports, which provide information on inter-entity loans and negative cash balances.

Loans were made to restricted funds for sponsored activity, where expenditures are generally made in advance of the cost reimbursement. An inter-entity loan bridges the timing of the expenditures and the receipt of cash from the sponsoring agency to maintain a positive cash balance.

The Montana University System did not have any negative cash balances for two consecutive fiscal years in any fund at fiscal year-end 2023.