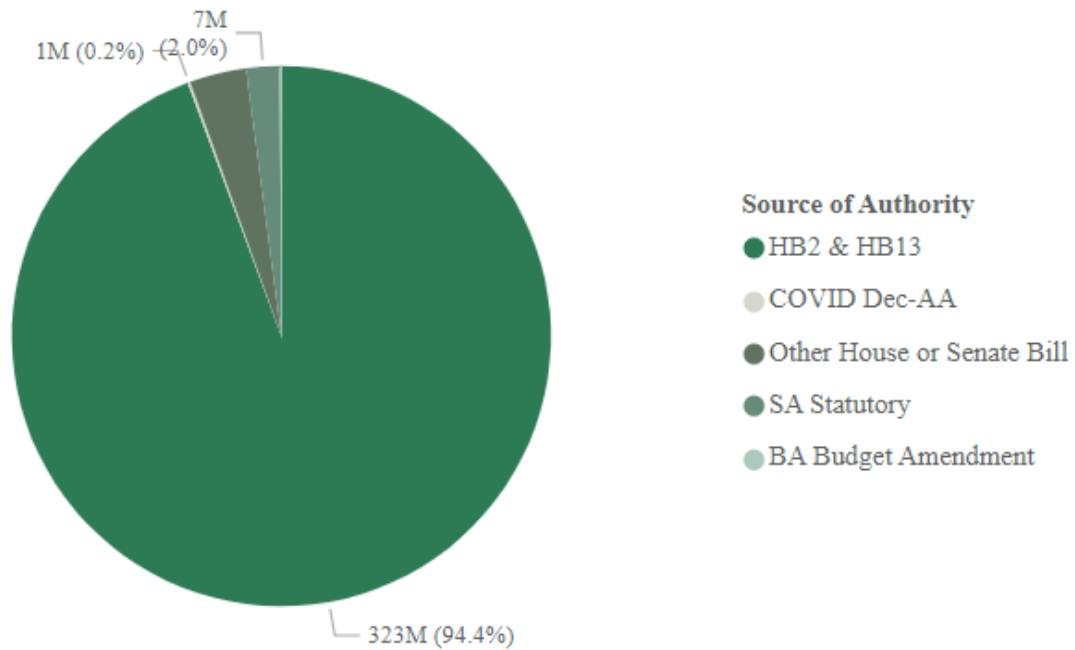


OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Office of the Commission of Higher Education is shown in the pie chart below. HB 2 and HB 13 provide 94.6% 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	208,579,079	64.5%
BA Budget Amendment	313,805	91,468	29.1%
Other House or Senate Bill	11,633,463	4,408,678	37.9%
SA Statutory	6,846,295	5,217,921	76.2%
CARES II	548,060		
Total	342,540,844	218,297,147	63.7%

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 February 29th, \$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 under construction. 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 additional course providers, content, services, and formats. As of February 29, 2024, 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 February 29, 2024, 100.0% of these appropriations have been expended

Statutory Appropriations

The Office of the Commissioner of Higher Education has several statutory appropriations, which total approximately \$6.8 million through February 29, 2024. 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 February 29, appropriations of approximately \$1.9 million are 66.6% 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. State special revenue fund appropriations total approximately \$1.7 million in FY 2024 and are 42.0% 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 \$1.9 million in FY 2024 and are 98.2% expended as of February 29. Appropriation authority increased in February when OCHE submitted a budget change document that increased the appropriation authority for STEM Scholarship distributions by approximately \$894,000

Overall, OCHE has expended \$5.2 million, or 76.2% of its FY 2024 statutory appropriations. This is in line with typical expenditures at this point in the fiscal year.

COVID-19 Authority

The Office of the Commissioner of Higher Education currently has \$548,000 of CARES fund authority. This funding is to support the operations, infrastructure, and technology related to distance learning and remote delivery across the MUS and to respond to COVID-19 by developing a single learning management system. All funds in this category are from the Governor's Emergency Education Relief (GEER) Fund. As of February 29th, 0.0% of this authority has been expended.

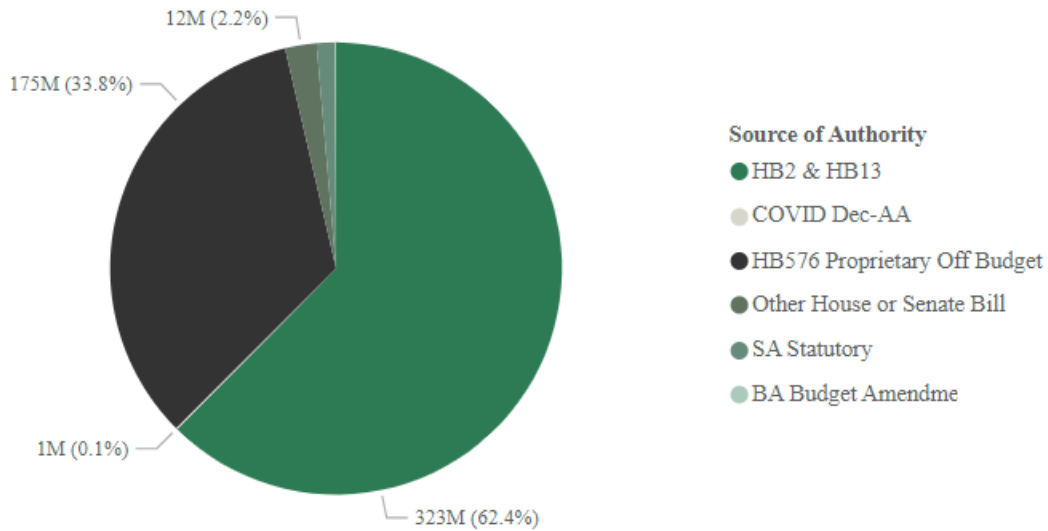
Budget Amendments

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 \$91,000, or 29.1% of the total authority.

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 & Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	323,199,221	208,579,079	64.5%
HB576 Proprietary Off Budget	175,260,110	82,384,461	47.0%
Other House or Senate Bill	11,633,463	4,408,678	37.9%
SA Statutory	6,846,295	5,217,921	76.2%
CARES II	548,060		
BA Budget Amendment	313,805	91,468	29.1%
Total	517,800,954	300,681,607	58.1%

Non-Budgeted Proprietary Funds

A significant portion, or 33.8%, of the funding for the Office of the Commissioner of Higher Education is from non-budgeted proprietary funds and totals \$175.3 million in FY 2024. These include:

- The MUS Group Insurance Program that is budgeted at approximately \$157.2 million and is 49.4% expended
- The MUS flexible spending account that is budgeted at \$13.4 million and is 18.3% expended
- The MUS Workers’ Compensation Program that is budgeted at \$4.7 million and is 47.6% expended

Overall, non-budgeted proprietary funds are 47.0% expended as of February 29, 2024. This is in line with typical spending levels 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 through February 29, 2024. 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	Modified Budget	Net Modifications
<input type="checkbox"/> Commissioner of Higher Ed	323,199,221	323,199,221	
<input type="checkbox"/> 01 ADMINISTRATION PROGRAM	7,194,310	7,194,310	
<input type="checkbox"/> 02 STUDENT ASSISTANCE PROGRAM	13,059,100	13,059,100	
<input type="checkbox"/> 04 COMMUNITY COLLEGE ASSISTANCE	16,151,492	16,151,492	
<input type="checkbox"/> 06 EDUCATION OUTREACH & DIVERSITY	9,699,267	9,699,267	
<input type="checkbox"/> 08 WORK FORCE DEVELOPMENT PROGRAM	6,468,245	6,468,245	
<input type="checkbox"/> 09 APPROPRIATION DISTRIBUTION	231,708,007	231,708,007	
<input type="checkbox"/> 10 AGENCY FUNDS	35,436,709	35,436,709	
<input type="checkbox"/> 11 TRIBAL COLLEGE ASSISTANCE PGM	1,018,400	1,018,400	
<input type="checkbox"/> 12 GUARANTEED STUDENT LOAN PGM	2,389,439	2,389,439	
<input type="checkbox"/> 13 BOARD OF REGENTS-ADMIN	74,252	74,252	
Total	323,199,221	323,199,221	

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
<input type="checkbox"/> 61000 Personal Services	5,929,299	5,929,299	
<input type="checkbox"/> 62000 Operating Expenses	9,994,854	9,994,854	
<input type="checkbox"/> 63000 Equipment & Intangible Assets	11,063	11,063	
<input type="checkbox"/> 65000 Local Assistance	15,703,511	15,703,511	
<input type="checkbox"/> 66000 Grants	18,874,987	18,874,987	
<input type="checkbox"/> 68000 Transfers-out	272,421,105	272,421,105	
<input type="checkbox"/> 69000 Debt Service	264,402	264,402	
Total	323,199,221	323,199,221	

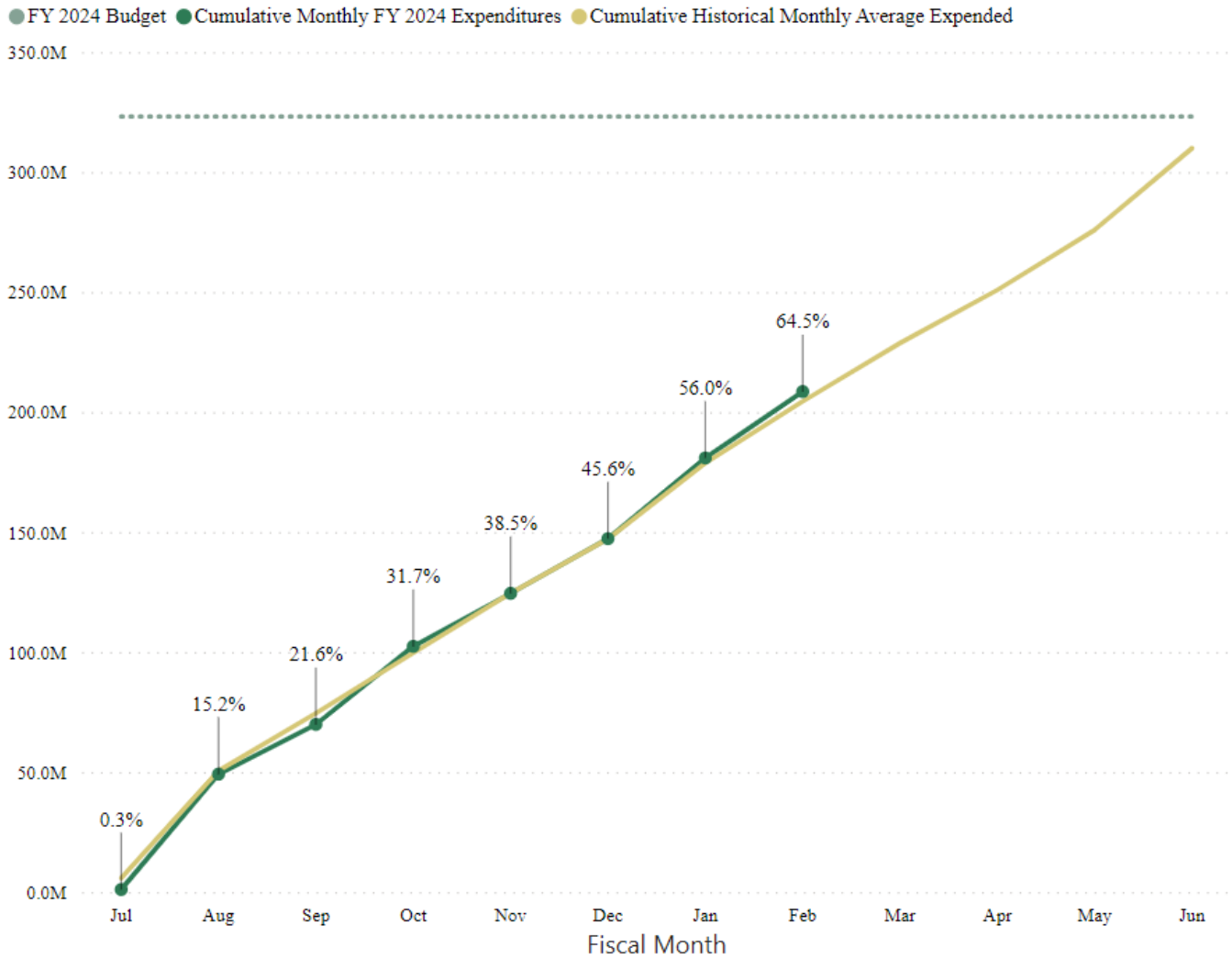
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
<input type="checkbox"/> 01 General	269,064,074	269,064,074	
<input type="checkbox"/> 02 State/Other Spec Rev	35,110,764	35,110,764	
<input type="checkbox"/> 03 Fed/Other Spec Rev	18,300,918	18,300,918	
<input type="checkbox"/> 06 Internal Service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

The Office of the Commissioner of Higher Education had no budget modifications between November 30, 2023, and February 29, 2024.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 29, 2024.

Monthly Expenditures Compared to Historical Average



The Office of the Commissioner of Higher Education expended \$208.6 million, or 64.5% of its \$323.2 million HB 2 modified budget through February 29, 2024. This spending is similar to the 5-year Olympic average of 63.3% (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.

Program Name	Modified Budget	Expended Budget	% Expended
⊕ 01 ADMINISTRATION PROGRAM	7,194,310	4,166,391	57.9%
⊕ 02 STUDENT ASSISTANCE PROGRAM	13,059,100	10,680,938	81.8%
⊕ 04 COMMUNITY COLLEGE ASSISTANCE	16,151,492	9,421,704	58.3%
⊕ 06 EDUCATION OUTREACH & DIVERSITY	9,699,267	2,307,101	23.8%
⊕ 08 WORK FORCE DEVELOPMENT PROGRAM	6,468,245	3,241,411	50.1%
⊕ 09 APPROPRIATION DISTRIBUTION	231,708,007	153,322,732	66.2%
⊕ 10 AGENCY FUNDS	35,436,709	23,954,776	67.6%
⊕ 11 TRIBAL COLLEGE ASSISTANCE PGM	1,018,400	994,451	97.6%
⊕ 12 GUARANTEED STUDENT LOAN PGM	2,389,439	464,467	19.4%
⊕ 13 BOARD OF REGENTS-ADMIN	74,252	25,109	33.8%
Total	323,199,221	208,579,079	64.5%
Fund Type	Modified Budget	Expended Budget	% Expended
⊕ 01 General	269,064,074	180,129,911	66.9%
⊕ 02 State/Other Spec Rev	35,110,764	22,385,652	63.8%
⊕ 03 Fed/Other Spec Rev	18,300,918	5,845,375	31.9%
⊕ 06 Internal Service	723,465	218,141	30.2%
Total	323,199,221	208,579,079	64.5%
Expenditure Type	Modified Budget	Expended Budget	% Expended
⊕ Personal Services	5,929,299	3,155,398	53.2%
⊕ Operating Expenses	9,994,854	3,211,003	32.1%
⊕ Equipment & Intangible Assets	11,063		
⊕ Local Assistance	15,703,511	9,585,704	61.0%
⊕ Grants	18,874,987	12,402,689	65.7%
⊕ Transfers-out	272,421,105	179,730,479	66.0%
⊕ Debt Service	264,402	493,807	186.8%
Total	323,199,221	208,579,079	64.5%

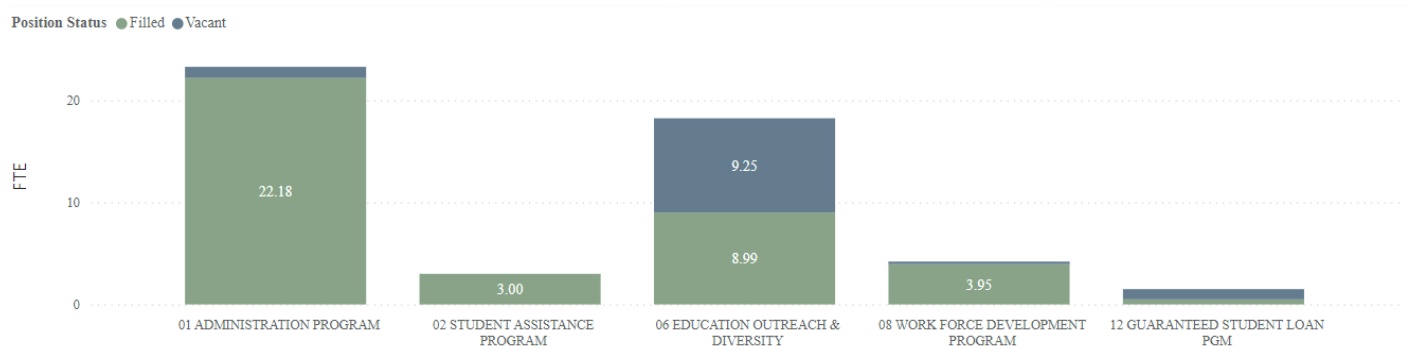
The Tribal College Assistance Program expended 97.6% of its approximately \$1.0 million HB 2 appropriation. HB 2 included an appropriation of \$100,000 for high school equivalency test (HiSET) preparation at the tribal colleges, which were 100.0% expended. HB 2 also included general fund appropriations 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 19.4% 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 23.8% of its approximately \$9.7 million appropriation. The Work Force Development Program expended approximately 50.1% 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 during this fiscal year.

PERSONAL SERVICES

Appropriations for personal services in the Office of the Commissioner of Higher Education total approximately \$5.9 million and are 53.2% expended through February 29, 2024. OCHE has 50.22 HB 2 regular FTE and approximately 76.9% of these positions are filled as of February 1, 2024. This is an increase from 71.6% of positions being filled on November 1, 2023. The following chart shows the filled and vacant FTE within the agency as of February 1, 2024.



Several positions have been filled in the Administration program, the Work Force Development Program, and the Guaranteed Student Loan Program. As per the agency, of the 9.25 vacant FTE in the Education Outreach & Diversity Program, 3.25 FTE are in GEAR UP and 6.00 FTE are in Educational Talent Search (ETS). ETS had 3 positions actively being recruited with interviews that were held in early February. The other 3 vacant positions were going through the position description review process. GEAR UP was in the process of posting 1 position for recruitment, while the other 2 were going through a position review process.

The chart on the following page shows the hourly utilization percentage for the Office of the Commissioner of Higher Education between July 1 and February 1 for each fiscal year. Overall, the department has utilized 80.8% of the available hours for FY 2024, as shown in the chart below. This is lower than the historic average utilization rate of 88.6%.



The chart below shows the vacant FTE in each division and the number of months each position has been vacant. All full-time vacant positions have been vacant for less than 12 months.

DEPT NUM/NAME	FTE	Median Months Vacant	Market Midpoint (Hourly)
51020 COMMISSIONER OF HIGHER ED	11.60	8.38	
01 ADMINISTRATION PROGRAM	1.10	11.48	
Commissioner/Higher Education	1.10	11.48	
06 EDUCATION OUTREACH & DIVERSITY	9.25	8.38	
Commissioner/Higher Education	9.25	8.38	
08 WORK FORCE DEVELOPMENT PROGRAM	0.25	63.51	
Commissioner/Higher Education	0.25	63.51	
12 GUARANTEED STUDENT LOAN PGM	1.00	2.46	
Commissioner/Higher Education	1.00	2.46	
Total	11.60	8.38	