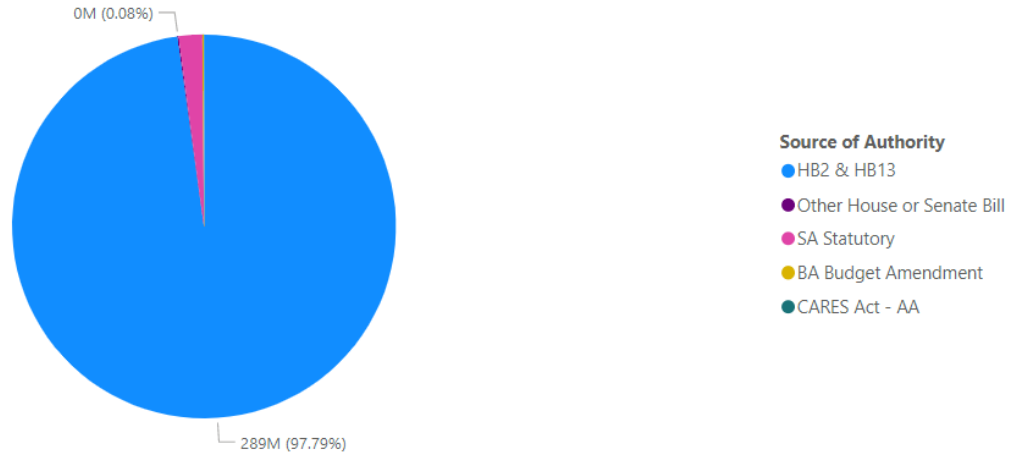


OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 97.8% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	288,538,974	187,996,339	65.2%
BA Budget Amendment	232,050	9,793	4.2%
Other House or Senate Bill	250,001	125,000	50.0%
SA Statutory	5,867,210	3,861,039	65.8%
CARES	179,482	179,482	100.0%
Total	295,067,717	192,171,652	65.1%

Statutory Appropriations

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

- The Montana University System (MUS) retirement plan general fund transfer is for a 1.0% employer contribution reimbursement to the MUS, which was authorized by HB 95 (2007 Legislature) and codified in 19-21-203, MCA. Appropriations of approximately \$1.9 million are 60.3% expended
- The Bureau of Mines and Geology groundwater investigation state special revenue fund receives a general fund transfer by statute (85-2-526, MCA). This program collects and compiles ground water and aquifer data and prepares a detailed hydrogeological assessment report for each subbasin. The statutory appropriation of \$257,500 is 0.0% expended as of March 2022. This transfer occurred in the last month of the fiscal year in FY 2021
- The accommodations tax state special revenue fund is for travel and visitor research at the University of Montana. It is funded through an allocation of the 4.0% lodging facility use tax (15-65-121, MCA). Appropriations total approximately \$1.0 million, and 100.0% of these appropriations have been transferred to the University of Montana. These transfers vary, and it is not unusual to have a high percentage expended at this point in the fiscal year

- The Montana rural physicians incentive program state special revenue fund (20-26-1501, MCA through 15-26-1503, MCA) provides a financial incentive for physicians to practice in rural areas or medically underserved areas by paying up to \$150,000 of student loan debt. Funding comes from fees paid by medical students in the professional student exchange programs and state general fund. Appropriations total approximately \$1.7 million in FY 2022 and are 48.4% expended as of March 2022. Expenditures vary in this program based on the number of individuals practicing in an area for the full five years
- The science, technology, engineering, and math (STEM) scholarships state special revenue fund is funded through lottery proceeds (20-26-614, MCA through 20-26-617, MCA). The STEM scholarship program is designed to provide an incentive for Montana high school students to prepare for, enter into, and complete degrees in postsecondary fields related to STEM. In the fall semester of 2020, 447 students received STEM scholarships totaling \$223,000. In the fall semester of 2021, 740 students received STEM scholarships totaling \$454,000 (the fall semester of 2020 and 2021 data excludes Flathead Valley Community College). Appropriations total approximately \$1.0 million in FY 2022 and are 86.6% expended as of March 2022. Expenditures include scholarships for the fall semester of 2021 and spring semester of 2022

Overall, OCHE expended \$3.9 million, or 65.8%, of its statutory appropriations, which is in line with anticipated expenditures at this point in the fiscal year.

Budget Amendment

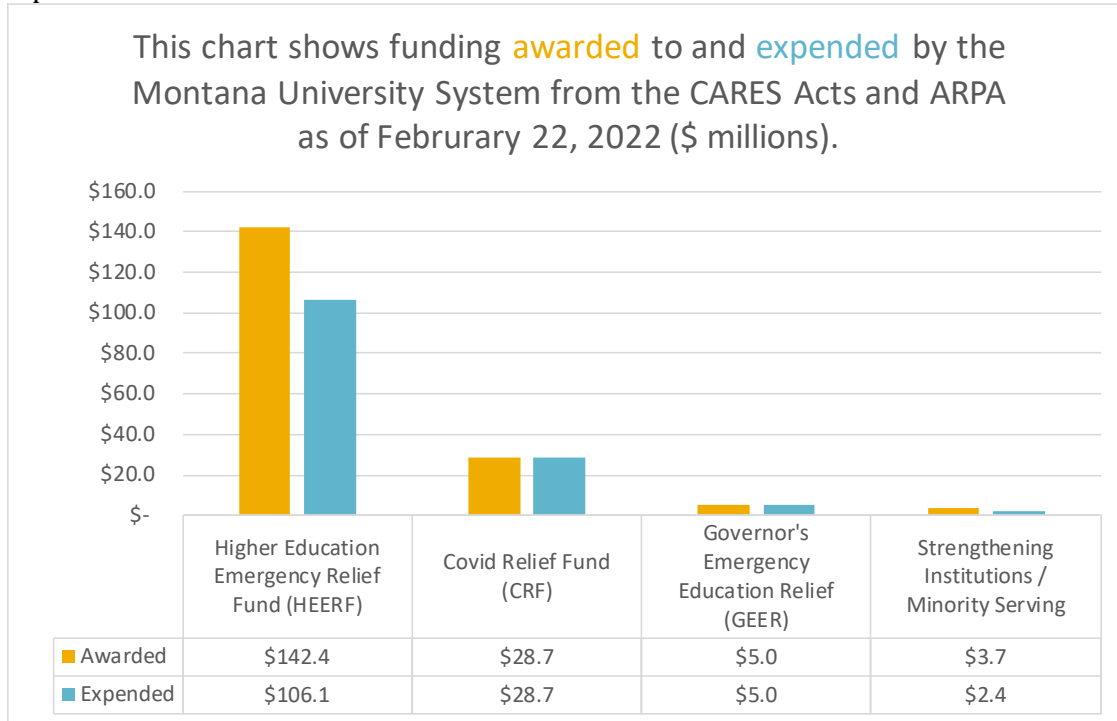
The Office of the Commissioner of Higher Education had one budget amendment as of March 2022. This amendment increases federal special revenue authority in personal services by approximately \$190,000 and operating expense by approximately \$42,000 in FY 2022. This amendment also includes an increase of 3.33 FTE in FY 2022. This is a new discretionary TRIO educational opportunity center grant and will be used to provide a series of new trainings, outreach and associated staff for encouraging disadvantaged students, including low-income and first-generation college students, to attend postsecondary educational opportunities.

Other Bills

HB 648, passed by the 2021 Legislature, appropriated \$250,000 to the Bureau of Mines and Geology to establish a hydrocarbon and geology investigation program to determine the existence of oil and gas deposits in the state. The purpose of the program is to determine if new methods of oil and gas production will improve production in existing oil and gas fields and to locate new fields containing oil and gas resources. This appropriation is 50.0% expended at this point in the fiscal year. It is a biennial appropriation that can be used in both fiscal years of the 2023 biennium.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.



Funding received by the Montana University System from CARES I, CARES II, and ARPA currently totals \$179.8 million. Approximately \$142.2 million, or 79.1%, has been expended as of February 22, 2022.

The majority of the funding received, \$142.4 million, is from the higher education emergency relief fund. Federal legislation has specific requirements for HEERF on the minimum amounts that higher education institutions must use for student assistance. The Montana University System is required to expend a minimum of \$63.3 million on student aid. Of this funding, \$55.8 million has been expended, and \$7.5 million remains. The remainder of the funding, or \$79.1 million, is for institutions to offset, manage, and mitigate the impacts of the COVID-19 pandemic. The Montana University System has expended \$50.3 million of their institutional funds through February 22, 2022, and \$28.8 million remains.

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

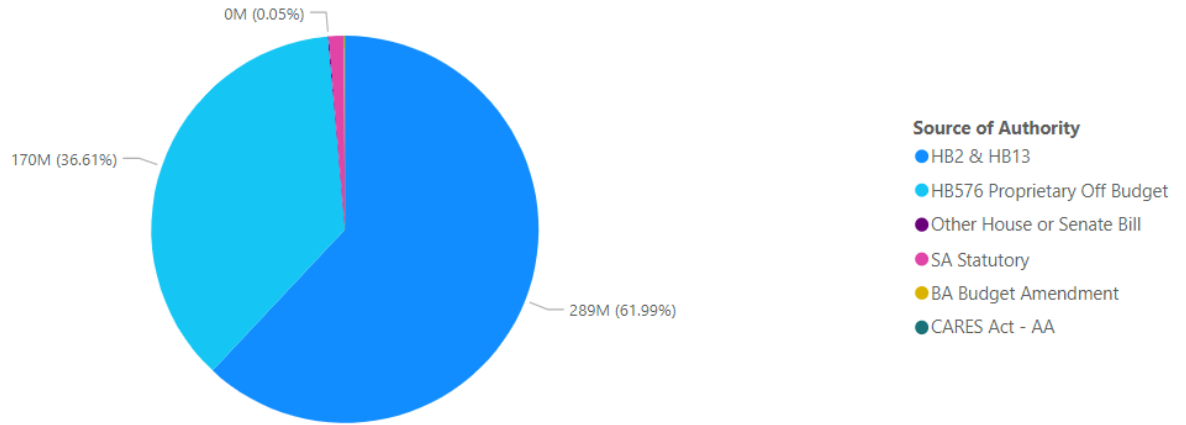
- The MUS campuses have one year from the time of the initial drawdown of the HEERF funding received in ARPA to expend all HEERF funding. This one-year period will vary by campus.
- The CRF funds were required to be expended by December 31, 2021, and the Office of the Commission of Higher Education has expended all of these funds
- The GEER funds had a September 30, 2021 deadline, and all of these funds are expended
- The strengthening institutions programs/minority serving institutions funds must be expended, to the greatest extent practicable, within a one-year period

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

TOTAL EXPENDITURE AUTHORITY

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

Modified Budget and Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	288,538,974	187,996,339	65.2%
BA Budget Amendment	232,050	9,793	4.2%
HB576 Proprietary Off Budget	170,407,348	84,386,908	49.5%
NB Non-Budgeted		397,620	Infinity
Other House or Senate Bill	250,001	125,000	50.0%
SA Statutory	5,867,210	3,861,039	65.8%
CARES	179,482	179,482	100.0%
Total	465,475,065	276,956,180	59.5%

Non-Budgeted Proprietary Funds

A significant portion, or 49.5%, of the funding for the Office of the Commissioner of Higher Education is from non-budgeted proprietary funds and totals \$170.4 million as of March 2022. These include:

- The MUS Group Insurance Program that is budgeted at approximately \$152.4 million and is 52.3% expended
- The MUS flexible spending account that is budgeted at \$13.4 million and is 18.4% expended
- The MUS Workers' Compensation Program that is budgeted at \$4.7 million and is 47.7% expended

Overall, non-budgeted proprietary funds are 49.5% expended as of March 2022. This is in line with the 5-year average from FY 2016 through FY 2020 of 47.1% (FY 2021 is excluded in this comparison because of abnormal expenditures due to the COVID-19 pandemic).

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through February 28, 2022. 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	December Modified Budget	March Modified Budget	Net Modifications
<input type="checkbox"/> Commissioner of Higher Ed	288,538,974	288,538,974	
ADMINISTRATION PROGRAM	4,444,740	4,444,740	
AGENCY FUNDS	31,110,632	31,110,632	
APPROPRIATION DISTRIBUTION	207,369,391	207,369,391	
BOARD OF REGENTS-ADMIN	67,350	67,350	
COMMUNITY COLLEGE ASSISTANCE	14,858,699	14,858,699	
EDUCATION OUTREACH & DIVERSITY	9,488,901	9,488,901	
GUARANTEED STUDENT LOAN PGM	2,354,425	2,354,425	
STUDENT ASSISTANCE PROGRAM	11,370,546	11,370,546	
TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	1,012,875	
WORK FORCE DEVELOPMENT PROGRAM	6,461,415	6,461,415	
Total	288,538,974	288,538,974	

Acct & Lvl 1 DESC	December Modified Budget	March Modified Budget	Net Modifications
<input type="checkbox"/> 61000 Personal Services	5,368,599	5,368,599	
<input type="checkbox"/> 62000 Operating Expenses	7,164,749	7,164,749	
<input type="checkbox"/> 63000 Equipment & Intangible Assets	11,063	11,063	
<input type="checkbox"/> 65000 Local Assistance	15,020,699	15,020,699	
<input type="checkbox"/> 66000 Grants	17,418,390	17,418,390	
<input type="checkbox"/> 68000 Transfers-out	243,555,474	243,555,474	

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

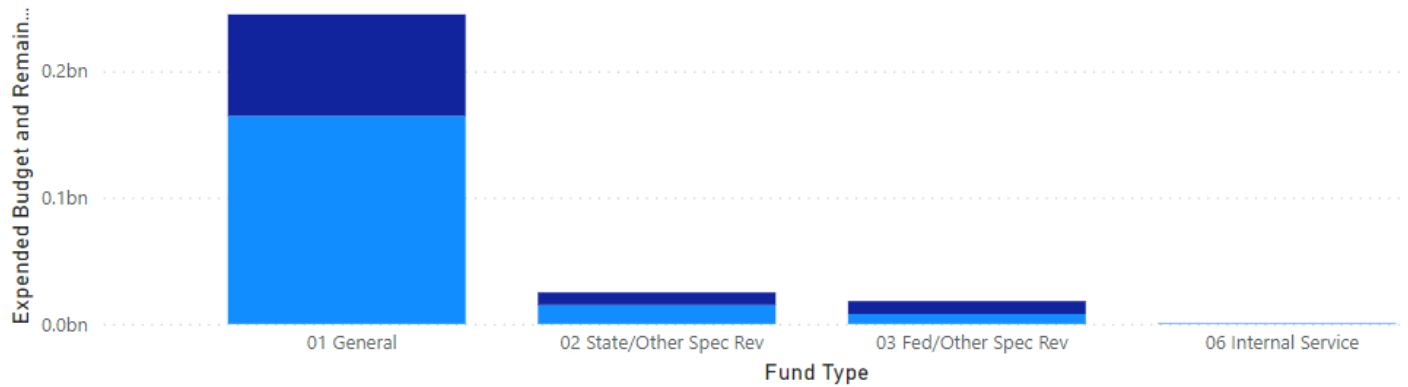
The Office of the Commissioner of Higher Education did not have any budget modification between November 30, 2021 and February 28, 2022.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures as of March 2022.

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

● Expended Budget ● Remaining Budget



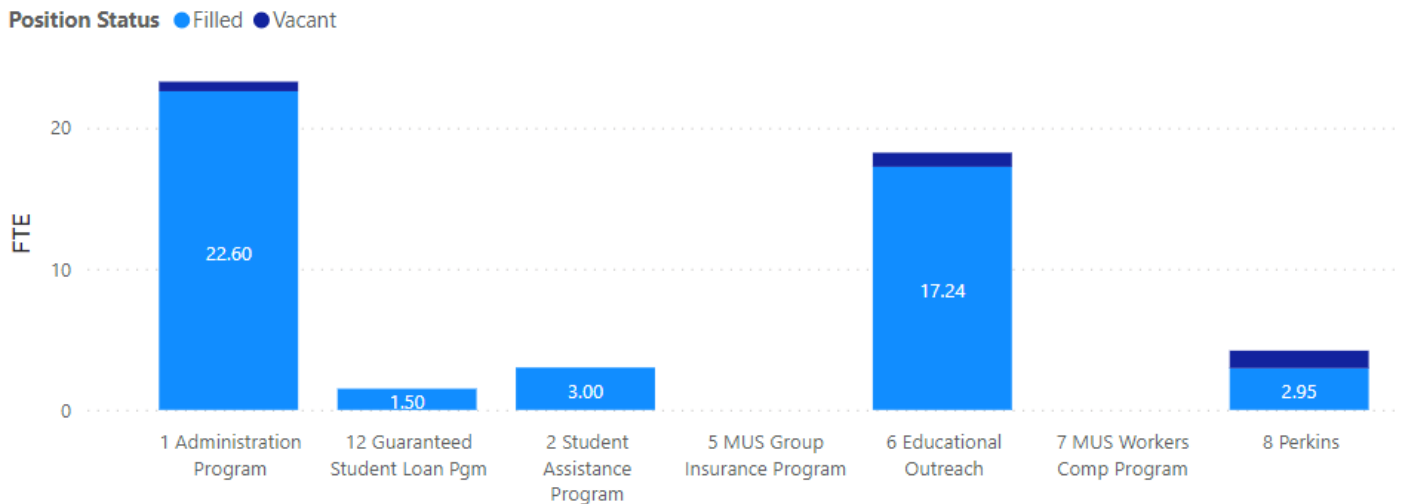
acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	5,368,599	3,110,125	57.9%
Operating Expenses	7,164,749	3,366,934	47.0%
Equipment & Intangible Assets	11,063		
Local Assistance	15,020,699	10,198,133	67.9%
Grants	17,418,390	12,081,195	69.4%
Transfers-out	243,555,474	159,239,953	65.4%
Program Name	Modified Budget	Expended Budget	Percent Expended
ADMINISTRATION PROGRAM	4,444,740	2,375,489	53.4%
AGENCY FUNDS	31,110,632	20,739,631	66.7%
APPROPRIATION DISTRIBUTION	207,369,391	136,880,429	66.0%
BOARD OF REGENTS-ADMIN	67,350	46,053	68.4%
COMMUNITY COLLEGE ASSISTANCE	14,858,699	10,039,133	67.6%
EDUCATION OUTREACH & DIVERSITY	9,488,901	4,096,754	43.2%
GUARANTEED STUDENT LOAN PGM	2,354,425	599,892	25.5%
STUDENT ASSISTANCE PROGRAM	11,370,546	8,999,561	79.1%
TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	950,851	93.9%
WORK FORCE DEVELOPMENT PROGRAM	6,461,415	3,268,547	50.6%
Total	288,538,974	187,996,339	65.2%

Overall, the Office of the Commissioner of Higher Education expended 65.2% of its \$288.5 million HB 2 modified budget as of March 2022. General fund appropriations of \$244.9 million are 67.2% expended which is in line with anticipated expenditures at this point in the fiscal year. State special revenue appropriations of \$24.9 million are 60.4% expended. The majority of state special revenue funds are from the six-mill levy, and the percent expended aligns with the timing of tax payments. Federal special revenue appropriations of \$18.1 million are 43.3% expended. Additional details on federal special revenue expenditures are included below.

Lower federal special revenue expenditures are in three programs: Education Outreach and Diversity Program, Workforce Development Program, and Guaranteed Student Loan Program. HB 2 federal special revenue of \$9.4 million in the Education Outreach and Diversity Program is 42.9% expended, and HB 2 federal special revenue of \$6.4 million in the Work Force Development Program is 50.6% expended. Lower expenditures in these programs were due to the timing of grant activities. The Guaranteed Student Loan Program expended 25.5% of its \$2.4 million HB 2 federal special revenue appropriation. A low percentage expended is typical in this program since it has transitioned to administering financial literacy and education programs and outreach activities.

Personal Services

Appropriations for personal services in the Office of the Commissioner of Higher Education total approximately \$5.4 million and are 57.9% expended as of March 2022. OCHE has 50.22 HB 2 FTE and approximately 94.2% of these positions are filled as of February 1, 2022. This is an increase from 89.0% of positions being filled as of November 1, 2021. The following chart shows the filled and vacant FTE within the agency as of February 1, 2022.



From July 1, 2021 through February 1, 2022, the Office of the Commissioner of Higher Education made pay adjustments for several positions. Total annual pay rate changes are approximately \$94,000. A significant proportion of the change was due to a retention adjustment that was approved by the Board of Regents in its November 2021 meeting. Other adjustments include career ladder adjustments, reclassification, performance adjustment, promotion, and longevity.

Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019. This story map was created with the Story Map Cascade application in ArcGIS Online.

APPENDIX A

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

As of 2.22.22

	MSU Bozeman	MSU Billings	MSU Northern	Great Falls College MSU	UM Missoula	MT Tech	UM Western	Helena College UM	MUS System Total
Higher Education Emergency Relief (HEERF)									
Awarded	56,048,434	13,596,045	5,264,249	5,422,007	41,832,333	9,319,456	6,372,008	4,547,349	142,401,881
Expenditures	44,766,676	12,200,697	4,187,577	4,059,354	24,293,398	7,234,220	5,544,006	3,780,334	106,066,262
Balance	11,281,758	1,395,348	1,076,672	1,362,653	17,538,935	2,085,236	828,002	767,015	36,335,619
Strengthening Institutions / Minority Serving									
Awarded	-	597,834	538,851	-	1,880,386	201,894	281,892	205,409	3,706,266
Expenditures	-	147,427	35,628	-	1,880,386	76,385	102,649	129,408	2,371,883
Balance	-	450,407	503,223	-	-	125,509	179,243	76,001	1,334,383
Gov's Emergency Education Relief (GEER)									
Awarded	880,499	555,980	413,469	365,545	1,357,944	216,722	498,995	710,223	4,999,377
Expenditures	880,499	555,980	413,469	365,545	1,357,944	216,722	498,995	710,223	4,999,377
Balance	-	-	-	-	-	-	-	-	-
Covid Relief Fund (CRF)									
Awarded	10,551,997	3,148,275	2,315,276	224,960	7,738,351	2,490,579	1,947,001	317,298	28,733,737
Expenditures	10,551,997	3,148,275	2,315,276	224,960	7,738,351	2,490,579	1,947,001	317,298	28,733,737
Balance	-	-	-	-	-	-	-	-	-
Total COVID Relief Funding	67,480,930	17,898,134	8,531,845	6,012,512	52,809,014	12,228,651	9,099,896	5,780,279	179,841,261
Total Expenditures	56,199,172	16,052,379	6,951,950	4,649,859	35,270,079	10,017,906	8,092,651	4,937,263	142,171,259
Campus Balance	11,281,758	1,845,755	1,579,895	1,362,653	17,538,935	2,210,745	1,007,245	843,016	37,670,002

There may be some residual fund balances due to encumbrances