

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	93.88	93.88	93.88	93.88	93.88	93.88	0.00	0.00%
Estimated Impact of HB 2*			(3.91)	(3.91)			(3.91)	
Net Estimated FTE*			89.97	89.97			89.97	(3.91)
Personal Services	5,328,130	6,661,069	5,977,602	5,976,601	11,989,199	11,954,203	(34,996)	(0.29%)
Operating Expenses	4,548,981	6,555,917	5,898,482	5,856,356	11,104,898	11,754,838	649,940	5.85%
Local Assistance	11,139,820	11,030,955	13,144,177	13,077,785	22,170,775	26,221,962	4,051,187	18.27%
Grants	15,713,709	21,627,099	17,239,037	17,852,878	37,340,808	35,091,915	(2,248,893)	(6.02%)
Benefits & Claims	30,617,909	40,508,723	40,617,909	40,617,909	71,126,632	81,235,818	10,109,186	14.21%
Transfers	179,600,026	182,383,158	195,845,345	197,685,100	361,983,184	393,530,445	31,547,261	8.72%
Debt Service	43,480	43,480	67,033	67,033	86,960	134,066	47,106	54.17%
Total Costs	\$246,992,055	\$268,810,401	\$278,789,585	\$281,133,662	\$515,802,456	\$559,923,247	\$44,120,791	8.55%
General Fund	179,551,398	179,553,762	200,703,383	202,609,650	359,105,160	403,313,033	44,207,873	12.31%
State Special	19,827,019	21,274,458	20,788,136	21,294,893	41,101,477	42,083,029	981,552	2.39%
Federal Special	47,540,878	67,906,142	57,222,973	57,154,829	115,447,020	114,377,802	(1,069,218)	(0.93%)
Other	72,760	76,039	75,093	74,290	148,799	149,383	584	0.39%
Total Funds	\$246,992,055	\$268,810,401	\$278,789,585	\$281,133,662	\$515,802,456	\$559,923,247	\$44,120,791	8.55%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Agency Mission: 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.

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System (MUS). The Montana Constitution, Article X, Section 9, grants governance authority over the MUS to the Board of Regents (Regents), with seven members appointed by the Governor. All state funds appropriated by the legislature to the Regents for the support of the MUS are channeled through OCHE. The Constitution charges the Regents with hiring a Commissioner of Higher Education (CHE) who serves as its executive staff. The agency's 11 programs are:

- OCHE Administration*-General administration of the Montana University System including system level academic, financial, legal, and labor management functions.
- Student Financial Assistance*-Financial assistance programs for students attending units of the Montana University System. Programs include several state and federal funded grant programs, state support for regional professional student exchange programs, and loan repayment assistance programs.
- Improving Teacher Quality*-A federally-funded program intended to provide professional development and teacher training that improves teaching methods and teaching skills in the classroom
- Community College Assistance- State funding for community colleges is budgeted in this program. Two-year community colleges in Kalispell, Glendive, and Miles City collectively serve about 2,300 resident full-time students.
- MUS Group Health Insurance-This program administers a system wide group benefit program for MUS campuses, agencies, and programs, and the state's community colleges. Both the employer and the employee participate in the cost of this program.
- Educational Outreach and Diversity Program*- A primarily federally funded program that serves at-risk and underrepresented populations to increase participation and retention in postsecondary education.
- MUS Self-Insured Workers Compensation- Since July 2003, this program manages the MUS self-insured workers compensation program. All workers compensation insurance for the MUS is provided through this program.

- Workforce Development*- The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and postsecondary levels.
- Appropriation Distribution – State funding for university educational units and agencies is budgeted in this program. The MUS campuses collectively serve approximately 28,800 resident full-time students.
 - University Units*
 - UM Missoula
 - UM MT Tech
 - UM Western
 - UM Helena
 - MSU Bozeman
 - MSU Billings
 - MSU Northern
 - MSU Great Falls
 - Research and Public Service Agencies
 - Agricultural Experiment Station
 - Extension Service
 - Forest and Conservation Experiment Station
 - Bureau of Mines
 - Fire Services Training School
- Tribal College Assistance- Provides funding to Montana tribal colleges to support a portion of the cost of educating nonbeneficiary Montana students (non-tribal members) attending the seven tribal community colleges on the reservations in Montana.
- Guaranteed Student Loan Program*-Guarantees student loans that were made by private lenders to higher education students in Montana under the former Federal Family Education Loan Program prior to July 1, 2010. After July 1, all federal student loans will be issued and serviced through the U.S. Department of Education’s William D. Ford Direct Loan Program.
- Board of Regents*- This program provides travel and per diem expenses for the Board of Regents.

*Since the 1995 legislative session, the legislature has combined the appropriation for the university educational units and most of OCHE into a single, lump-sum appropriation. Thus, the legislature determines the size of this budget, but the Regents make the ultimate funding allocations to the various university campuses and programs.

Agency Highlights

Montana University System – Office of the Commissioner of Higher Education Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Montana University System (MUS) 2015 biennium total funds budget is \$44.1 million higher than the 2013 biennium ◆ Increased funding for distribution to MUS educational units and agencies, community colleges, and tribal colleges are the primary drivers of the overall increase ◆ The biennial budget also increases due to an anticipated increase in defaulted loans and collections costs in the Montana Guaranteed Student Loan Program

**Montana University System –
Office of the Commissioner of Higher Education
Major Budget Highlights (continued)**

- ◆ The legislature endorsed the HB 2 portion of the Governor’s proposed Tuition Cap Agreement, increasing state funding \$34.0 million.
 - The state’s share of present law adjustments for the educational units accounts for \$28.2 million. The legislature made the policy choice to fund present law cost increases at the educational units in the same proportion (82%) as the number of Montana resident students and Western Undergraduate Exchange (WUE) students to total students in the Montana University System
 - The legislature restored \$5.2 million general fund in the Student Assistance Program that was part of a funding switch in the 2011 legislative session
 - Present law adjustments for WICHE/WWAMI/Minnesota Dental program were approved as part of the Tuition Cap Agreement
 - The agreement also commits the Montana University System to incorporating a performance funding component into the allocation model used by the Board of Regents for distributing funds to the MUS education units.
- ◆ The legislative budget includes 17 new proposals for the MUS. Significant additions include:
 - \$5.2 million general fund restored in the Student Assistance Program for the Governor’s Best and Brightest Scholarship and Quality Educator Loan Forgiveness programs. Federal funds of a like amount are removed.
 - \$0.9 million to expand the number of WWAMI slots by 10 in the 2015 biennium. It will take four years to fill the pipeline with these additional slots.
 - \$1.0 million one-time-only appropriation for workforce development and two year education
 - \$1.0 million one-time-only for expanded veterinary medical education opportunities
 - \$1.5 million for two new proposals for the Agricultural Experiment Station
 - \$0.6 million for increased funding for the Extension Service and the Local Government Center
 - \$1.3 million for two new proposals for the community colleges
 - \$0.4 million for the Bio-Energy Research Center at MSU-Northern
 - \$0.4 million for increased state support for Family Practice Residency programs

Summary of Legislative Action

The 2013 Legislature approved \$559.9 million in total appropriated funds in the 2015 biennium, which is a \$44.1 million and 8.6% increase from the 2013 biennium. Of the \$559.9 million in total funds, 74% (\$412.5 million) will be distributed to higher education institutions and agencies: (biennial amounts)

- \$384.4 million to the MUS education units and agencies
- \$26.0 million to the 3 community colleges
- \$2.1 million to Tribal Colleges for state support of non-beneficiary students

5% (\$27.4 million) of the MUS budget is for Student Financial Assistance programs. The types of assistance include

- Grants and scholarships
- Work study
- Student Loan repayment assistance
- Professional student exchange programs (WICHE, WWAMI, Minnesota Dental)

20% (\$114 million) of the MUS budget is for educational outreach & diversity, workforce development, improving teacher quality, and the guaranteed student loan program, all of which are funded from federal grants and federal reimbursements.

The remaining 1% of the MUS budget is for the Board of Regents administrative expenses and the Office of the Commissioner of Higher Education system level staff.

Tuition Cap Agreement

The 2013 Legislature funded the Governor's proposal for a resident student tuition freeze each year of the 2015 biennium. Funding was provided via HB 2, the general appropriations act, and HB 13, the pay plan bill. The tuition cap agreement is described in more detail in the Appropriation Distribution Program narrative.

The table below summarizes the HB 2 components of the Tuition Cap Agreement.

Governor's Tuition Cap Agreement -- Adopted by the Legislature -- HB 2 Only*		
Budget Item	Program	2015 Biennium
DP 901-State Contribution to Present Law Base	09 Appropriation Distribution	\$28,226,218
DP 205-Restore Student Assistance General Fund	02 Student Assistance	\$5,175,780
DP 201-WICHE/WWAMI/MN Dental Present Law Increase	02 Student Assistance	\$587,417
Total HB 2 Appropriations		<u>\$33,989,415</u>

*The Tuition Cap Agreement also includes full funding of any pay plan bill

Board of Regent Action

At its May 2013 meeting, the Board of Regents approved a resident tuition rate freeze for FY 2014 and FY 2015 for the 4-year and 2-year campuses of the Montana University System. The freeze applies only to resident tuition rates¹.

The board approved a tuition rate increase for one of the three community colleges at the May 2013 meeting, while the remaining two community colleges did not increase tuition rates for FY 2014. The community colleges are not part of the Tuition Cap Agreement.

For the tuition and mandatory fees approved by the Board of Regents at the May 2013 meeting click on the link below. <http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/5102-BOR-Approved-Tuition-Rates.pdf>

¹The Tuition Cap Agreement applies only to resident tuition. All students must also pay mandatory fees in addition to tuition. The board approved increases in mandatory fees of between 1% and 9% at the MUS campuses except MSU-Northern and Helena College UM which did not request an increase in mandatory fees in the 2015 biennium. Mandatory fees are accounted for in the designated and plant funds while tuition and state funds are accounted for in the current unrestricted fund.

MUS Educational

The biennial budget increase for the MUS educational units in HB 2 is \$31.4 million, or 10.3%. The majority of this increase is attributable to present law adjustments that comprise the Tuition Cap Agreement. Approximately \$3.8 million of the biennial increase is for new proposals described in the agency budget highlights table, and in more detail in the Appropriation Distribution Program narrative.

MUS Research/Public Service Agencies

The legislative budget biennial change for the five research and public service agencies affiliated with the Montana University System is 4.2%. The legislature added \$3.4 million in new proposals in the 2015 biennium. However, the Governor vetoed two line item appropriations for the Agricultural Experiment Station and Extension Service, reducing the appropriation for these agencies by \$650,000 in the 2015 biennium. Overall, new initiatives remaining in the budget for MUS agencies total \$2.8 million.

Community College Assistance

The legislature used the statutory funding formula to calculate a major portion of the general fund appropriation for the community colleges in the 2015 biennium. The formula adjustments, and other adjustments approved by the legislature, added \$4.0 million to the 2013 biennium base budget. Adjustments were included for increased costs of education, increased technical support for converting to Banner accounting software, and one-time-only funding for developing workforce development programs at the eastern Montana community colleges. Overall, the legislature increased the community college budget 18.4% in the 2015 biennium.

Tribal College Assistance

The legislative budget for the tribal colleges increased 21.9% in the 2015 biennium to reflect increased enrollment in non-beneficiary students. The funding increase was approved on a one-time-only basis.

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 3.91 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Governor's Line-Item Veto

The Governor vetoed two line items that contained funding for the Agricultural Experiment Station and the Extension Service. Both line items were one-time-only appropriations and were earmarked as follows:

- \$250,000 for the Montana Seed Lab at the Agricultural Experiment Station
- \$400,000 for the Schutter Diagnostic Lab at the Extension Service

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$403,313,033	\$0	\$2,721,082	\$406,034,115	54.3%
State Special Total	42,083,029	-	1,978,086	44,061,115	5.9%
Federal Special Total	114,377,802	-	-	114,377,802	15.3%
Proprietary Total	149,383	183,643,900	-	183,793,283	24.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	\$559,923,247	\$183,643,900	\$4,699,168	\$748,266,315	
Percent - Total All Sources	74.8%	24.5%	0.6%		

HB 2 funds are primarily general fund. Also included is state special revenue primarily from the six-mill levy and federal funds from various federal education grant programs and program fees earned in the Montana Guaranteed Student Loan Program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	179,551,398	179,551,398	359,102,796	89.04%	246,992,055	246,992,055	493,984,110	88.22%
Statewide PL Adjustments	(394,881)	(985,574)	(1,380,455)	(0.34%)	859,288	816,523	1,675,811	0.30%
Other PL Adjustments	14,688,831	16,663,598	31,352,429	7.77%	26,400,067	28,264,660	54,664,727	9.76%
New Proposals	6,858,035	7,380,228	14,238,263	3.53%	4,538,175	5,060,424	9,598,599	1.71%
Total Budget	\$200,703,383	\$202,609,650	\$403,313,033		\$278,789,585	\$281,133,662	\$559,923,247	

Other Legislation

HB 5 -- The legislature approved funding for capital projects and improvements for the Montana University System. The bill authorizes \$110.4 million for the 2015 biennium, including \$53.9 million of state funds and \$56.5 million of non-state funds. The table on the following page lists the projects authorized by the 2013 Legislature and the funding amount and source for each project.

Long Range Building Projects Authorized in HB 5 - 2013 Legislature Montana University System					
Item	Project Description	University Unit	Long Range Building Fund	Authorization Only	Total Authorization
<u>Capital Projects</u>					
1	Roof Replacement or other renovations	Great Falls College-MSU	\$1,000,000	\$0	\$1,000,000
2	Construct Automotive Tech Center	MSU-Northern	4,900,000	3,000,000	7,900,000
3	Main Hall Renovation, Phase 3	UM-Western	4,000,000	500,000	4,500,000
4	Construct Natural Resources Research Center Addition	UM-Montana Tech	5,000,000	5,000,000	10,000,000
5	Construct Jabs Hall	MSU-Bozeman	0	20,000,000	20,000,000
6	Construct Athlete Academic Center	UM-Missoula	0	2,500,000	2,500,000
7	Construct Gilkey Executive Education Center	UM-Missoula	0	9,300,000	9,300,000
8	Construct Mansfield Library Student Success	UM-Missoula	0	3,200,000	3,200,000
9	Construct Sci & Instructional Tech Bldg Addition	MSU-Billings	10,000,000	5,000,000	15,000,000
10	Construct Missoula College UM	UM-Missoula	29,000,000	3,000,000	32,000,000
<u>Capital Improvements</u>					
1	General Spending Authority	MUS All Campuses	0	5,000,000	5,000,000
Total HB 5 Authorization			<u>\$53,900,000</u>	<u>\$56,500,000</u>	<u>\$110,400,000</u>

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	93.88	93.88	93.88	0.00	93.88	93.88	0.00	
Estimated Impact of HB 2*			(3.91)	(3.91)		(3.91)	(3.91)	
Net Estimated FTE*			89.97	(3.91)		89.97	(3.91)	
Personal Services	5,328,130	6,103,504	5,977,602	(125,902)	6,102,483	5,976,601	(125,882)	(251,784)
Operating Expenses	4,548,981	5,900,347	5,898,482	(1,865)	5,858,393	5,856,356	(2,037)	(3,902)
Local Assistance	11,139,820	12,116,807	13,144,177	1,027,370	12,110,271	13,077,785	967,514	1,994,884
Grants	15,713,709	17,554,595	17,239,037	(315,558)	18,168,436	17,852,878	(315,558)	(631,116)
Benefits & Claims	30,617,909	40,617,909	40,617,909	0	40,617,909	40,617,909	0	0
Transfers	179,600,026	196,972,141	195,845,345	(1,126,796)	198,812,052	197,685,100	(1,126,952)	(2,253,748)
Debt Service	43,480	67,033	67,033	0	67,033	67,033	0	0
Total Costs	\$246,992,055	\$279,332,336	\$278,789,585	(\$542,751)	\$281,736,577	\$281,133,662	(\$602,915)	(\$1,145,666)
General Fund	179,551,398	201,463,308	200,703,383	(759,925)	203,429,719	202,609,650	(820,069)	(1,579,994)
State/Other Special	19,827,019	20,488,136	20,788,136	300,000	20,994,893	21,294,893	300,000	600,000
Federal Special	47,540,878	57,304,659	57,222,973	(81,686)	57,236,531	57,154,829	(81,702)	(163,388)
Proprietary	72,760	76,233	75,093	(1,140)	75,434	74,290	(1,144)	(2,284)
Total Funds	\$246,992,055	\$279,332,336	\$278,789,585	(\$542,751)	\$281,736,577	\$281,133,662	(\$602,915)	(\$1,145,666)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative budget for the Montana University System is \$1.6 million less in general fund and \$1.1 million less in total funds than the executive budget request. The table below shows the major differences between the executive budget and the legislative budget for general fund and state special revenue.

Comparison of Executive MUS Budget Adjustments and Legislative Budget Adjustments - 2015 Biennium - State Funds				
General Fund		Executive Budget	Legislative Budget	Legislative - Executive*
<u>Present Law Adjustments</u>				
02-Student Assist.	DP 201-WICHE/WWAMI/MN Dental	\$587,417	\$587,417	\$0
02-Student Assist.	DP 207-Quality Educator Loan Forgiveness (RST/OTO)	486,220	486,220	0
04-Comm Colleges	DP 403-Community College Audit Costs (BIEN/OTO)	73,852	73,852	0
04-Comm Colleges	DP 404-Remove Audit from Base	(61,316)	(122,632)	(61,316)
04-Comm Colleges	DP 405-State Assistance to Community Colleges (EB DP 402)	1,916,902	2,638,666	721,764
09-Distribution	DP 901 - State Support of Educational Units	28,226,217	28,226,217	0
09-Distribution	DP 904 - Statewide Present Law Adjustments Agencies	(752,704)	(692,555)	60,149
09-Distribution	DP 930-Fixed Rate Cost Adjustment	0	146,487	146,487
09-Distribution	General Fund Replacement with Six Mill Levy Funds	(1,616,002)	(1,616,002)	0
Other OCHE Pgms	DP 50-Initial Motion to FY 2012 Base	0	(235,547)	(235,547)
Other OCHE Pgms	DP 51-Adjustment for Statewide Personal Services	0	119,526	119,526
Other OCHE Pgms	DP 52-Adjustment for Statewide Operations	0	117,580	117,580
Other OCHE Pgms	DP 1301-Board of Regents Per Diem & Mileage	7,198	7,198	0
Other OCHE Pgms	Statewide Present Law Adjustments	<u>235,547</u>	<u>235,547</u>	<u>0</u>
	Total Present Law Adjustments	<u>\$29,103,331</u>	<u>\$29,971,974</u>	<u>\$868,643</u>
<u>New Proposals</u>				
01-Administration	DP 54 - Additional Vacancy Savings	0	(88,627)	(\$88,627)
Other OCHE Pgms	DP 103-Universal Enrollment (BIEN/OTO)	5,000,000	0	(5,000,000)
02-Student Assist.	DP 202-Veterans' Success (BIEN/OTO)	\$2,000,000	\$1,000,000	(\$1,000,000)
02-Student Assist.	DP 203-WWAMI Expansion	515,265	515,265	0
02-Student Assist.	DP 205-GSL/Student Assistance fund allocation	5,175,780	5,175,780	0
04-Comm Colleges	DP 401-Ongoing Banner Support	0	334,436	334,436
04-Comm Colleges	DP 406-Workforce Development Programs (OTO)	0	1,000,000	1,000,000
09-Distribution	DP 902-Energy & Natural Resources Doctoral Pgm (BIEN/OTO)	600,000	600,000	0
09-Distribution	DP 903-Workforce Development & 2-Year Education (OTO)	2,000,000	1,000,000	(1,000,000)
09-Distribution	DP 905-Veterinary Medicine (BIEN/OTO)	1,000,000	1,000,000	0
09-Distribution	DP 909-WWAMI Expansion	392,909	392,909	0
09-Distribution	DP 920-Increase Funding for Ag Experiment Station **	0	800,000	800,000
09-Distribution	DP 921-Increase Funding for Extension Service **	0	400,000	400,000
09-Distribution	DP 925-Eliminate Vacancy Savings at Ag Experiment Station	0	739,616	739,616
09-Distribution	DP 935-Bio-Energy Research Center at MSU-N (BIEN/OTO)	0	400,000	400,000
09-Distribution	DP 950-Family Practice Residency	0	400,000	400,000
09-Distribution	DP 951-Local Government Center (OTO)	0	200,000	200,000
11-Tribal Colleges	DP 1101 Increase Tribal College Assistance (OTO)	0	368,884	368,884
Other OCHE Pgms	DP 6101-Professional Development Center	<u>2,946</u>	<u>0</u>	<u>(2,946)</u>
	Total New Proposals	<u>\$16,686,900</u>	<u>\$14,238,263</u>	<u>(\$2,448,637)</u>
	Total General Fund Adjustments-Comparison to Executive	<u>\$45,790,231</u>	<u>\$44,210,237</u>	<u>(\$1,579,994)</u>
<u>State Special Revenue</u>				
<u>Present Law Adjustments</u>				
09-Distribution	DP 901 - State Support of Educational Units	\$57,719	\$0	(\$57,719)
09-Distribution	DP 9071-Motorcycle Safety Equipment Replacement	60,000	117,719	57,719
09-Distribution	General Fund Replacement with Six Mill Levy Funds	1,616,002	1,616,002	0
Other OCHE Pgms	DP 50-Initial Motion to FY 2012 Base	\$0	\$4,003	4,003
Other OCHE Pgms	DP 51-Adjustment for Statewide Personal Services	0	(3,263)	(3,263)
Other OCHE Pgms	DP 52-Adjustment for Statewide Operations	0	(740)	(740)
Other OCHE Pgms	Statewide Present Law Adjustments	<u>(4,003)</u>	<u>(4,003)</u>	<u>0</u>
	Total Present Law Adjustments	<u>\$1,729,718</u>	<u>\$1,729,718</u>	<u>\$0</u>
<u>New Proposals</u>				
02-Student Assist.	DP 206-Family Education Savings Plan	\$99,273	\$99,273	\$0
09-Distribution	DP 930-Bureau of Mines Coal & Mine Data Records	<u>0</u>	<u>600,000</u>	<u>600,000</u>
	Total New Proposals	<u>\$99,273</u>	<u>\$699,273</u>	<u>\$600,000</u>
	Total State Special Revenue Adjustments-Comparison to Executive	<u>\$1,828,991</u>	<u>\$2,428,991</u>	<u>\$600,000</u>
	Total MUS Adjustments-Comparison to Executive	<u>\$47,619,222</u>	<u>\$46,639,228</u>	<u>(\$979,994)</u>
*Negative difference indicates Legislative Budget is less than Executive Budget				
**Legislative budget amount reflects Governor's HB 2 veto				

General Fund

Overall, the executive recommended adjustments totaling \$45.8 million general fund. The legislature approved general fund adjustments totaling \$44.2 million, or \$1.6 million less.

The executive recommended \$29.1 million in present law adjustments funded from general fund for the university system while the legislature added \$30.0 million. The \$0.9 million difference is attributable primarily to correcting an error in the executive budget proposal for the community colleges, removing the vacancy savings adjustment at the Forest and Conservation Experiment Station because it has fewer than 20 FTE in its state budget, and increasing fixed costs at the educational units and agencies due to rate changes approved by the legislature.

The executive recommended \$16.7 million in 9 new proposals funded from general fund. The legislature approved 17 new proposals totaling \$14.2 million general fund. Executive-recommended new proposals not fully funded by the legislature include:

- DP 103-Universal Enrollment - \$5.0 million requested; not funded
- DP 202-Veterans' Success - \$2.0 million requested; \$1.0 million funded
- DP 903-Workforce Development & 2-Year Education - \$2.0 million requested; \$1.0 million funded

New legislative initiatives not in the executive budget include:

- DP 920 and DP 925-Increased Support for the Ag Experiment Station - \$1.5 million
- DP 401 and DP 406-Increased Support for the Community Colleges - \$1.3 million
- DP 921 and DP 951-Increased Support for the Extension Service - \$0.6 million
- DP 935-Bio-Energy Research Center MSU-Northern - \$0.4 million
- DP 950-Increase Family Practice Residency - \$0.4 million

State Special Revenue

The legislature adopted the executive's recommendation for present law adjustments funded from state special revenue. The legislature funded a new proposal for the Montana Bureau of Mines with coal bed methane protection state special revenue on a one-time-only basis for the 2015 biennium.

Language and Statutory Authority

The legislature included the following language in HB 2.

1. Language that creates the lump sum appropriation:

"Items designated as OCHE--Administration (01), OCHE Student Assistance (02), Improving Teacher Quality (03), Educational Outreach and Diversity (06), Workforce Development (08), Appropriation Distribution Transfers (09) [excluding Agriculture Experiment Station, Extension Service, Forest and Conservation Experiment Station, Bureau of Mines and Geology, and Fire Services Training School], Guaranteed Student Loan (12), and the Board of Regents (13) are a single biennial lump-sum appropriation."

2. Language appropriating all public funds received by MUS:

"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 No. 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(13), according to board policy."

3. Language requiring MUS to provide access to MUS Banner Information System:

"The Montana university system, except 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 banner information system, except for information pertaining to individual students or 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."

4. Language requiring MUS to provide electronic data required for state's budgeting system:

"The Montana university system shall provide the electronic data required for entering human resource data for the current unrestricted operating funds into the Montana Budgeting and Reporting System (MBARS). The salary and benefit data provided must reflect approved board of regents operating budgets."