

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	165.86	165.86	163.61	163.61	165.86	163.61	(2.25)	(1.36%)
Personal Services	9,958,949	11,582,397	10,490,275	10,487,739	21,541,346	20,978,014	(563,332)	(2.62%)
Operating Expenses	14,806,100	21,595,012	19,045,810	16,838,450	36,401,112	35,884,260	(516,852)	(1.42%)
Equipment & Intangible Assets	11,839	50,426	11,839	11,839	62,265	23,678	(38,587)	(61.97%)
Local Assistance	564,594,849	713,487,529	714,003,532	713,475,444	1,278,082,378	1,427,478,976	149,396,598	11.69%
Grants	132,029,203	147,998,651	138,991,183	142,641,183	280,027,854	281,632,366	1,604,512	0.57%
Transfers	409,490	1,490,510	409,490	409,490	1,900,000	818,980	(1,081,020)	(56.90%)
Total Costs	\$721,810,430	\$896,204,525	\$882,952,129	\$883,864,145	\$1,618,014,955	\$1,766,816,274	\$148,801,319	9.20%
General Fund	560,053,258	722,904,404	602,553,643	664,530,934	1,282,957,662	1,267,084,577	(15,873,085)	(1.24%)
State Special	975,513	979,051	122,640,503	60,140,692	1,954,564	182,781,195	180,826,631	9,251.51%
Federal Special	160,781,659	172,321,070	157,757,983	159,192,519	333,102,729	316,950,502	(16,152,227)	(4.85%)
Total Funds	\$721,810,430	\$896,204,525	\$882,952,129	\$883,864,145	\$1,618,014,955	\$1,766,816,274	\$148,801,319	9.20%

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Agency Issues

Please see the program level for specific agency issues.

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	165.86	165.86	163.61	<2.25>	165.86	163.61	<2.25>	
Personal Services	9,958,949	10,676,905	10,490,275	<186,630>	10,674,244	10,487,739	<186,505>	<373,135>
Operating Expenses	14,806,100	16,036,171	19,045,810	3,009,639	16,067,292	16,838,450	771,158	3,780,797
Equipment & Intangible Assets	11,839	11,839	11,839	0	11,839	11,839	0	0
Local Assistance	564,594,849	685,768,117	714,003,532	28,235,415	690,860,253	713,475,444	22,615,191	50,850,606
Grants	132,029,203	139,766,183	138,991,183	<775,000>	143,416,183	142,641,183	<775,000>	<1,550,000>
Transfers	409,490	409,490	409,490	0	409,490	409,490	0	0
Total Costs	\$721,810,430	\$852,668,705	\$882,952,129	\$30,283,424	\$861,439,301	\$883,864,145	\$22,424,844	\$52,708,268
General Fund	560,053,258	650,266,733	602,553,643	<47,713,090>	654,798,000	664,530,934	9,732,934	<37,980,156>
State/Other Special	975,513	48,018,021	122,640,503	74,622,482	48,610,569	60,140,692	11,530,123	86,152,605
Federal Special	160,781,659	154,383,951	157,757,983	3,374,032	158,030,732	159,192,519	1,161,787	4,535,819
Total Funds	\$721,810,430	\$852,668,705	\$882,952,129	\$30,283,424	\$861,439,301	\$883,864,145	\$22,424,844	\$52,708,268

The discussion of legislative action and comparison to the executive request is contained in the agency discussion.

Agency Highlights

Office of Public Instruction	
Major Budget Highlights	
<ul style="list-style-type: none"> ◆ OPI's total budget increases by 9.2% when compared to the previous biennium, but this is because in the 2011 biennium the guarantee account was statutorily appropriated (i.e. not evident in these tables). Adjusting for this, OPI's total budget declines 2.5% when compared to the previous biennium. ◆ State level activities decrease by 1.65% due to adjustments made to federal authority to equal anticipated funding ◆ HB2 includes the following present law increases compared to the doubled FY 2010 base budget. <ul style="list-style-type: none"> • \$210.4 million for adjustments to the general fund for changes in revenue in the guarantee account, which replaces \$81 million in Arch Coal bonus money, and increases in Base Aid to fund the FY 2011 basic and per-ANB entitlements • \$19.1 million in primarily federal IDEA and Title 1 monies • Spends \$17.2 million in debt service reimbursement funds from the school facility account. ◆ In the K-12 distribution program, HB 2 contains the following new proposals: ◆ A direct biennial appropriation of \$90.8 million in Interest and Income from state lands from the guarantee account for direct state aid. This money is statutorily appropriated under current law, dependent upon SB403. ◆ A biennial appropriation fund switch of \$70.5 million; general fund appropriation authority for Base Aid was reduced by this amount and a new appropriation for Base Aid from the guarantee account was created in this amount, dependent on KC498 (SB403). ◆ HB2 increases several appropriations for K-12 aid (total = \$30.8 million): <ul style="list-style-type: none"> • Base Aid Inflation - \$12.1 million • At-Risk Student Payment - \$10.0 million • Special Ed Maintenance of Effort and Associated Base Aid - \$3.1 million • Transportation increase - \$0.5 million • School Lunch Increase - \$0.043 million • Reestablish In-State Treatment - \$1.6 million • Reestablish Secondary Vo-Ed - \$2.0 million • Reestablish – Adult Basic Education - \$1.05 million • Reestablish Gifted and Talented - \$0.5 million • School Districts Audit Increase - \$0.028 million 	<p>SB 403 is the main school funding bill. HB 316, HB 42, and LC 532 also provide contingent funding for school districts.</p> <ul style="list-style-type: none"> ◆ SB 403 eliminates the school facility and technology account beginning July 1, 2011, moves the ending fund balance into the guarantee account, and directs that the revenues now distributed to, and expenditures now spent out of, the school facility and technology account will be in the guarantee account. ◆ US Mineral royalties (\$60.5 million) were distributed into the guarantee account contingent on HB 316 passing ◆ Transfers of balances from several accounts into the guarantee account contingent on HB 604 and HB 42. ◆ Elimination of HB 124 block grant growth and limiting HB 124 block grants to 15% of a district's maximum general fund budget, unless SB 403 is not passed.

Agency Discussion

The following lists the items included in the executive budget that are not included in HB 2, any legislative action, and whether the legislative action requires a statutory change to implement:

- State level activities - The executive recommended funds to increase the audiology services contract and payments to national board certified teachers. The legislature did not approve these requests.

The legislature did not include the following items that were included in the executive's budget request for K-12:

- Special education inflation
- Redistribution of 90 percent of oil and gas revenues from school districts to pay for the quality educator payment out of a new Teach Montana account.
- Quality educator inflation
- Reduction in the advancing agriculture program
- HB 124 block grant growth
- Base Aid inflation at 1.99% in FY 2012 and 1.53% in FY 2013 (\$29.5 million); instead the legislature approved Base Aid inflation of 0.76% in FY 2012 and 0.62% in FY 2013 (\$12.1 million).

The legislature approved the following items that were included in the executive's request:

- Restoration of the at-risk payment – The at-risk payment was set at \$1 per year in the 2011 biennium. The legislature approved that it be set at \$5.0 million per year in the 2013 biennium. The at-risk payment is distributed as federal Title 1 aid is distributed.
- Special education maintenance of effort –Approximately \$1.284 million in state special education aid was spent in each year of the 2011 biennium on a one-time-only basis. The executive approved that this amount be restored on a permanent basis. In addition to the approval of \$2.568 million for the 2013 biennium was an accompanying approval for \$0.5 million in GTB aid. Federal law does not allow a reduction in state special education spending without a corresponding reduction in federal special education aid.
- Pupil transportation adjustments – The legislature approved \$500,000 in anticipation of additional bus miles traveled in the home to school pupil transportation program. The number of miles is determined by county transportation committees.
- School lunch matching requirements –The legislature approved an increase in funds to match federal dollars funding the school lunch program.
- Adjustments in biennial appropriations – The legislature approved the FY 2010 base budget amounts adjusted to their traditional amounts in four state categorical components – instate treatment, secondary vo-ed, adult basic education, and gifted and talented
- School district audit growth – The legislature approved an increase in money to pay for school districts audits.

HB 2 contains several items recommended by the executive. These include:

- Federal adjustments to federal monies for OPI and K-12
- A guarantee account adjustment to cover the amount by which general fund in the base year was reduced by the Arch Coal bonus payment and by expected reductions in the normal revenue flow from the guarantee fund
- An increase in Base Aid to reflect the FY 2011 basic and per-ANB entitlements.
- Funding for the Digital Academy

HB 2 includes initiatives of the legislature including:

- State level activities- funds to establish a teacher data module to tie pupil and school outcomes to teachers.
- Payment of a substantial amount of funding for the distribution to schools program from the guarantee account, contingent on passage of SB 403, HB 604, HB316, and HB 42.
- Elimination of the school facilities and technology account into the guarantee account contingent on SB 403.
- Elimination of HB 124 block grant growth and capping the receipt of HB 124 block grants at 15% of a district's maximum budget. Contingent on the passage of SB 403.

The final adjustment of HB 2 that reflects an executive proposal is the school facility fund switch that removes this payment from the general fund and pays for it from the guarantee account contingent on SB 403.

HB 2 reflects two adjustments to Base Aid that were not in the executive’s budget request. As a result of action in November 2010 by the Revenue and Transportation Interim Committee, revenue expected in the guarantee account was estimated to be \$6.5 million less than the executive’s estimate, which results in general fund costs increasing by the same amount. This is reflected in the guarantee account adjustment. In addition, new information received after the executive’s budget request in November 2010 raised Base Aid costs by an additional \$8.4 million. This is reflected in the adjustment to Base Aid for FY 2011 entitlements.

Recommendations for Interim Monitoring

The legislature did not recommend any items for interim monitoring.

Recommendations for Implementation Legislation

The legislature did not recommend any implementation legislation.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2013 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
06 State Level Activities	\$ 18,497,036	\$ 2,809,195	\$ 34,499,156	\$ 55,805,387	3.16%
09 Local Education Activities	<u>1,248,587,541</u>	<u>179,972,000</u>	<u>282,451,346</u>	<u>1,711,010,887</u>	<u>96.84%</u>
Grand Total	<u>\$ 1,267,084,577</u>	<u>\$ 182,781,195</u>	<u>\$ 316,950,502</u>	<u>\$ 1,766,816,274</u>	100.00%

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	560,053,258	560,053,258	1,120,106,516	88.40%	721,810,430	721,810,430	1,443,620,860	81.71%
Statewide PL Adjustments	14,833,830	14,839,085	29,672,915	2.34%	704,152	706,377	1,410,529	0.08%
Other PL Adjustments	105,824,412	104,296,324	210,120,736	16.58%	116,932,404	116,842,071	233,774,475	13.23%
New Proposals	(78,157,857)	(14,657,733)	(92,815,590)	(7.33%)	43,505,143	44,505,267	88,010,410	4.98%
Total Budget	\$602,553,643	\$664,530,934	\$1,267,084,577		\$882,952,129	\$883,864,145	\$1,766,816,274	

Language and Statutory Authority

The legislature included the following language in HB 2.

"The appropriation for Montana Digital Academy is contingent on passage and approval of HB 316 in a form that amends 17-3-240 to direct money paid to the state from federal mineral leasing funds to the guarantee account provided for in 20-9-622."

"Teacher Data Module is contingent on passage and approval of SB 403 in a form that establishes the pathways to improvement program. Any funds remaining after establishing the teacher data module can be used for merit payments to eligible educators."

"All revenue up to \$1.1 million in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121 is appropriated as provided in Title 20, chapter 7, part 5."

"All appropriations for federal special revenue programs in state level activities and in local education activities and all general fund appropriations in local educational activities are biennial."

"The funding of the school facility reimbursement from the school facility and technology fund is contingent upon passage and approval of SB 403 that expands the uses of the school facility and technology fund in 20-9-516 to include state reimbursement for school facilities as provided in 20-9-371."

"The appropriation for the Guarantee Account is contingent on passage and approval of SB 403 in a form that eliminates the statutory appropriation for the guarantee account provided for in 20-9-622."

"If SB 403 is not passed and approved, Item 2f [HB124 Block Grants] is increased by \$1,089,927 in FY 2012 and by 1,489,283."

"The appropriation for BASE Aid Fund Switch is contingent on passage and approval of HB 604 and HB 42 in a form that transfers at least \$32.85 million to the guarantee account and LC 498 that eliminates the statutory appropriation for the guarantee account provided for in 20-9-622."

"If SB 403 is passed and approved in a form that is anticipated by the most recent fiscal note to deposit at least \$14.0 million per fiscal year of the 2013 biennium from oil and natural gas production taxes in the guarantee account provided for in 20-9-622, then the following items are biennially appropriated from the guarantee account in each fiscal year of the 2013 biennium:

	<u>FY2012</u>	<u>FY2013</u>
K-12 Base Aid Inflation	4,288,763	7,795,580
At-Risk Student Payment	5,000,000	5,000,000
Special Education MOE	1,284,447	1,284,447
Special Education Base Aid	245,529	250,571
Transportation	200,000	300,000
School Lunch	15,206	27,731
Instate Treatment	787,800	787,800
Secondary Vo-ed	1,000,000	1,000,000
Adult Basic Education	525,000	525,000
Gifted and Talented	250,000	250,000
School District audits	11,550	17,182"

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	165.86	165.86	163.61	163.61	165.86	163.61	(2.25)	(1.36%)
Personal Services	9,958,949	11,582,397	10,490,275	10,487,739	21,541,346	20,978,014	(563,332)	(2.62%)
Operating Expenses	13,722,264	20,443,953	18,505,529	16,298,166	34,166,217	34,803,695	637,478	1.87%
Equipment & Intangible Assets	11,839	50,426	11,839	11,839	62,265	23,678	(38,587)	(61.97%)
Local Assistance	0	974,052	0	0	974,052	0	(974,052)	(100.00%)
Grants	0	0	0	0	0	0	0	n/a
Total Costs	\$23,693,052	\$33,050,828	\$29,007,643	\$26,797,744	\$56,743,880	\$55,805,387	(\$938,493)	(1.65%)
General Fund	8,966,070	9,217,888	9,245,830	9,251,206	18,183,958	18,497,036	313,078	1.72%
State Special	225,513	229,051	1,404,503	1,404,692	454,564	2,809,195	2,354,631	518.00%
Federal Special	14,501,469	23,603,889	18,357,310	16,141,846	38,105,358	34,499,156	(3,606,202)	(9.46%)
Total Funds	\$23,693,052	\$33,050,828	\$29,007,643	\$26,797,744	\$56,743,880	\$55,805,387	(\$938,493)	(1.65%)

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Funding

General fund accounts for 33% of the program's budget and is utilized for administrative costs in most programs.

State special revenue comes from the revenues paid to the department for shipping, handling, and other related costs to the food commodities program. Traffic and safety revenues are from a percentage of driver's license fees.

Federal revenue is the portion of federal grants received by the department for allowable administrative costs. These grants include curriculum assistance, special education, Elementary and Secondary Education Act (ESEA) administration, and secondary vocational education administration.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	8,966,070	8,966,070	17,932,140	96.95%	23,693,052	23,693,052	47,386,104	84.91%
Statewide PL Adjustments	220,526	225,778	446,304	2.41%	704,325	706,547	1,410,872	2.53%
Other PL Adjustments	(114,878)	(114,878)	(229,756)	(1.24%)	3,259,154	1,046,909	4,306,063	7.72%
New Proposals	174,112	174,236	348,348	1.88%	1,351,112	1,351,236	2,702,348	4.84%
Total Budget	\$9,245,830	\$9,251,206	\$18,497,036		\$29,007,643	\$26,797,744	\$55,805,387	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,157,285					1,154,528
Vacancy Savings					(439,329)					(439,233)
Inflation/Deflation					(10,187)					(5,684)
Fixed Costs					(3,444)					(3,064)
Total Statewide Present Law Adjustments		\$220,526	\$1,990	\$481,809	\$704,325		\$225,778	\$2,179	\$478,590	\$706,547
DP 609 - Federal Grant Award Adjustments	0.00	0	0	3,374,032	3,374,032	0.00	0	0	1,161,787	1,161,787
DP 55140 - 5% General Fund Reduction	0.00	(114,878)	0	0	(114,878)	0.00	(114,878)	0	0	(114,878)
Total Other Present Law Adjustments	0.00	(\$114,878)	\$0	\$3,374,032	\$3,259,154	0.00	(\$114,878)	\$0	\$1,161,787	\$1,046,909
Grand Total All Present Law Adjustments	0.00	\$105,648	\$1,990	\$3,855,841	\$3,963,479	0.00	\$110,900	\$2,179	\$1,640,377	\$1,753,456

DP 609 - Federal Grant Award Adjustments - The legislature approved an increase for the State Longitudinal Data Systems of \$3.4 million for FY 2012 and \$1.2 million for FY 2013. This request also includes 2.00 FTE. The total biennial request is \$4.53 million.

DP 55140 - 5% General Fund Reduction - The legislature chose to continue the reduction of the operating budget by \$114,878 in each year of the 2013 biennium as part of the compliance for 17-7-140, MCA, reductions. Consulting and professional services, printing, reference books and materials, minor equipment, non-employee travel, dues, and education grants are all part of the reductions.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 605 - USDA Foods - Commodities	06	0.00	0	9,000	0	9,000	0.00	0	9,000	0	9,000
DP 610 - Montana Digital Academy (Restricted)	06	0.00	0	1,168,000	0	1,168,000	0.00	0	1,168,000	0	1,168,000
DP 650 - National Student Clearinghouse (Restricted)	06	0.00	7,600	0	0	7,600	0.00	7,600	0	0	7,600
DP 655 - Teacher Data Module (Restricted/Biennial/OTO)	06	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 95101 - 5% Plan - State Level Activities	06	(2.25)	(333,488)	0	0	(333,488)	(2.25)	(333,364)	0	0	(333,364)
DP 95102 - 5% Plan - State Level Activities - SSR	06	0.00	0	(48,776)	0	(48,776)	0.00	0	(48,776)	0	(48,776)
DP 96102 - Restore 5% Plan - State Level Activities - SSR	06	0.00	0	48,776	0	48,776	0.00	0	48,776	0	48,776
Total		(2.25)	\$174,112	\$1,177,000	\$0	\$1,351,112	(2.25)	\$174,236	\$1,177,000	\$0	\$1,351,236

DP 605 - USDA Foods - Commodities - The legislature approved an increase in state special spending authority for additional costs of storage and shipping for USDA commodities provided to Montana school districts for breakfast

programs. School districts receiving the USDA foods will reimburse OPI for the cost of warehousing and shipping the foods.

DP 610 - Montana Digital Academy (Restricted) - The legislature provided a restricted state special revenue (guarantee account) appropriation to support ongoing operations of the Montana Digital Academy. This appropriation is contingent on passage and approval of HB 316 in a form that deposits U.S. Mineral Royalties to the guarantee account.

DP 650 - National Student Clearinghouse (Restricted) - The legislature approved authority to provides funds for data information access to the National Student Clearinghouse for student records. This will assist OPI and the Office of the Commissioner of Higher Education to better track student performance, identify areas with student remediation needs, and more accurately track student dropout/transfer rates.

DP 655 - Teacher Data Module (Restricted/Biennial/OTO) - The legislature approved \$1.0 million general fund for the biennium to acquire and/or develop a teacher data module to link teacher data to pupil and school outcomes. This is contingent upon passage and approval of LF 498 to establish the Pathways to Improvement Program.

DP 95101 - 5% Plan - State Level Activities - The legislature approved a decrease in program operating expenses by; 1). reducing the number of on-site trainings; 2) reduced travel costs; 3) delayed replacement of computers; 4) discontinued newspaper advertising for open positions; 5) reduced mailing by disseminating material electronically; and 5) reduced grants for curriculum materials and professional development. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95102 - 5% Plan - State Level Activities - SSR - This is an unspecified reduction to state special revenue as statutorily required plan to reduce base expenditures. The agency did not submit a plan for the reductions required to state special revenue funds.

DP 96102 - Restore 5% Plan - State Level Activities - SSR - The legislature restored the \$48,776 per year of state special revenue that was inadvertently included in the plan to reduce base expenditures. The type of state special revenue in this agency is exempt by statute.

Language and Statutory Authority

The legislature included the following language in HB 2.

"The appropriation for Montana Digital Academy is contingent on passage and approval of House Bill No. 316 in a form that amends 17-3-240 to direct money paid to the state from federal mineral leasing funds to the guarantee account provided for in 20-9-622."

"Teacher Data Module is contingent on passage and approval of a bill to establish a merit based educator recognition program. Any funds remaining after establishing the teacher data module can be used for merit payments to eligible educators."

Proprietary Rates

Proprietary Program Description

Indirect Cost Pool

OPI's internal service fund is used to pool internal and state wide central service type costs that are charged back to all of the department's state and federally funded programs using a pre-approved indirect cost rate.

Advanced Driver Education Program

The Advanced Driver Education program (also known as Montana DR.I.V.E.) - This is a seasonal hands-on behind-the-wheel crash avoidance program operated by the Health Enhancement and Safety Division of the Office of Public

Instruction at their training facility in Lewistown. The one-day and half-day refresher courses provide training to school bus drivers, driver education teachers, state employees, ambulance drivers, firefighters, road crews and others who drive as a part of their employment. In operation since 1979, this program offers its services to employees of government services, fleet managers and to the general public.

Proprietary Rates

Refer to section R in HB 2 for the approved rates.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Operating Expenses	1,083,836	1,151,059	540,281	540,284	2,234,895	1,080,565	(1,154,330)	(51.65%)
Local Assistance	564,594,849	712,513,477	714,003,532	713,475,444	1,277,108,326	1,427,478,976	150,370,650	11.77%
Grants	132,029,203	147,998,651	138,991,183	142,641,183	280,027,854	281,632,366	1,604,512	0.57%
Transfers	409,490	1,490,510	409,490	409,490	1,900,000	818,980	(1,081,020)	(56.90%)
Total Costs	\$698,117,378	\$863,153,697	\$853,944,486	\$857,066,401	\$1,561,271,075	\$1,711,010,887	\$149,739,812	9.59%
General Fund	551,087,188	713,686,516	593,307,813	655,279,728	1,264,773,704	1,248,587,541	(16,186,163)	(1.28%)
State Special	750,000	750,000	121,236,000	58,736,000	1,500,000	179,972,000	178,472,000	11,898.13%
Federal Special	146,280,190	148,717,181	139,400,673	143,050,673	294,997,371	282,451,346	(12,546,025)	(4.25%)
Total Funds	\$698,117,378	\$863,153,697	\$853,944,486	\$857,066,401	\$1,561,271,075	\$1,711,010,887	\$149,739,812	9.59%

Page Reference

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Distribution to Schools, General Fund, State Special, and Federal Funds - House Appropriations							
Description	Base	PL Base	New	Total	PL Base	New	Total
	Budget 2010	Adjustments Fiscal 2012	Proposals Fiscal 2012		Adjustments Fiscal 2013	Proposals Fiscal 2013	
General Fund							
Base Aid							
Direct State Aid	\$226,393,777	\$102,460,418	-\$67,000,000	261,854,195	\$102,838,892	-\$3,500,000	325,732,668
Direct State Aid - HB 645 ARRA	\$0	\$14,613,304	0	14,613,304	\$14,613,307	0	14,613,307
GTB - School General Fund	137,838,158	\$2,858,880	0	140,697,038	\$3,531,880	0	141,370,038
GTB - School Retirement	25,303,383	\$4,750,703	0	30,054,086	\$5,699,721	0	31,003,104
Indian Ed for All	3,037,041	-\$16,557	0	3,020,484	-\$21,007	0	3,016,034
Close Achievement Gap	3,221,000	\$81,200	0	3,302,200	\$69,000	0	3,290,000
Quality Educator	38,000,956	\$338,867	0	38,339,823	\$338,867	0	38,339,823
School District Audits	185,135	11,550	0	196,685	17,182	0	202,317
At Risk Payment	0	5,000,000	0	5,000,000	5,000,000	0	5,000,000
Special Education	40,362,884	1,284,447	0	41,647,331	1,284,447	0	41,647,331
Transportation	12,421,927	200,000	0	12,621,927	300,000	0	12,721,927
School Facility Reimbursement	8,586,000	0	-8,586,000	0	0	-8,586,000	0
Instate Treatment	763,760	24,040	0	787,800	24,040	0	787,800
Secondary Vo Ed	1,000,000	0	0	1,000,000	0	0	1,000,000
Adult Basic Ed	524,998	2	0	525,000	2	0	525,000
Gifted & Talented	246,982	3,018	0	250,000	3,018	0	250,000
School Food	648,655	15,206	0	663,861	27,731	0	676,386
HB 124 Block Grants	51,757,156	0	-210,229	51,546,927	0	-210,229	51,546,927
State Tuition Payments	639,308	0	0	639,308	0	0	639,308
HB 464 Advancing Agricultural Education in Montana	156,068	0	0	156,068	0	0	156,068
Total General Fund	\$551,087,188	\$131,625,078	-\$75,796,229	\$606,916,037	\$133,727,080	-\$12,296,229	\$672,518,039
State Special Revenue							
Traffic Safety Distribution	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$750,000
Sch Facility & Technology Account - Debt Service	\$0	\$0	\$8,586,000	\$8,586,000	\$0	\$8,586,000	\$8,586,000
Guarantee Account Spend I&I	\$0	\$0	\$44,900,000	\$44,900,000	\$0	\$45,900,000	\$45,900,000
Guarantee account - Base Aid Fund Switch	\$0	\$0	\$67,000,000	\$67,000,000	\$0	\$3,500,000	\$3,500,000
Total State Special	\$750,000	\$0	\$120,486,000	\$121,236,000	\$0	\$57,986,000	\$58,736,000
Federal Special Revenue							
Direct State Aid - HB 645 ARRA	\$14,613,477	(\$14,613,477)	\$0	\$0	(\$14,613,477)	\$0	\$0
Federal School Foods Programs	30,592,519	3,850,000	-	34,442,519	6,000,000	-	36,592,519
ESEA - Title I - Assistance to Disadvantaged	39,097,170	-	-	39,097,170	-	-	39,097,170
ESEA - Title I - Improvement	1,207,500	-	-	1,207,500	-	-	1,207,500
ESEA - Title I - School Improvement	357,592	1,000,000	-	1,357,592	1,500,000	-	1,857,592
ESEA - Title I - Migrant Education	796,747	-	-	796,747	-	-	796,747
ESEA - Title I - Neglected & Delinquent	110,231	-	-	110,231	-	-	110,231
ESEA - Title I - Part B - Even Start	329,427	-	-	329,427	-	-	329,427
ESEA Title II - Teacher & Principal Training	12,646,394	-	-	12,646,394	-	-	12,646,394
ESEA Title II - Math & Science	800,351	-	-	800,351	-	-	800,351
ESEA Title II - Technology	1,333,753	-	-	1,333,753	-	-	1,333,753
ESEA Title III-Language Acquisition	291,415	-	-	291,415	-	-	291,415
ESEA Title IV - 21 st Cent Schools	5,316,566	-	-	5,316,566	-	-	5,316,566
ESEA Title IV - Drug Free Schools	1,084,603	-	-	1,084,603	-	-	1,084,603
ESEA Title V -Innovative Education	11,990	-	-	11,990	-	-	11,990
Title V, Part D Character Education	116,040	(116,040)	-	-	(116,040)	-	-
Title VI - Rural Low Income	223,258	-	-	223,258	-	-	223,258
IDEA - Children w/ Disabilities	31,032,046	3,000,000	-	34,032,046	4,000,000	-	35,032,046
IDEA - Preschool	1,126,777	-	-	1,126,777	-	-	1,126,777
IDEA - Part D	181,751	-	-	181,751	-	-	181,751
WIA Sect 503 Incentive Grant	174,806	-	-	174,806	-	-	174,806
Adult Basic Education	1,020,157	-	-	1,020,157	-	-	1,020,157
Carl Perkins	2,696,007	-	-	2,696,007	-	-	2,696,007
Carl Perkins State Leadership	149,500	-	-	149,500	-	-	149,500
Learn and Serve Montana	21,523	-	-	21,523	-	-	21,523
Reading First	764,956	-	-	764,956	-	-	764,956
Education of Homeless Children	99,244	-	-	99,244	-	-	99,244
Migrant Incentive	84,390	-	-	84,390	-	-	84,390
Total Federal Special	\$146,280,190	(\$6,879,517)	\$0	\$139,400,673	(\$3,229,517)	\$0	\$143,050,673
Funding							
Total General Fund	\$551,087,188	\$131,625,078	-\$75,796,229	\$606,916,037	\$133,727,080	-\$12,296,229	\$672,518,039
Total State Special	750,000	0	120,486,000	121,236,000	0	57,986,000	58,736,000
Total Traditional Federal	146,280,190	-6,879,517	0	139,400,673	-3,229,517	0	143,050,673
Total Distribution to Public Schools	\$698,117,378	\$124,745,561	\$44,689,771	\$867,552,710	\$130,497,563	\$45,689,771	\$874,304,712

Funding

Appropriations for Distribution to Schools - HB 2 - 2011 Session						
Legislative Action for K-12 Distribution to Schools - 2013 Biennium - House Floor Action						
By Fund and Decision Package Number						
Program 09				March 15, 2011		
Page #	Present Law Adjustments		Fiscal 2012	Fiscal 2013	Biennium	
	Decision Package	General Fund				
		Base Aid Changes				
		Use ARRA HB 645 Funds to fund Base Budget for Direct State Aid	14,613,304	14,613,307	29,226,611	
E-35	PL914	Guarantee Account	88,410,194	87,411,422	175,821,616	
E-31	PL901	K-12 Base Aid - Adjust to FY 2011 Funding Level	17,529,094	16,999,780	34,528,875	
		Direct State Aid	10,989,072	9,912,741	20,901,813	
		General Fund GTB	1,385,811	1,000,458	2,386,269	
		Retirement GTB	4,750,703	5,699,721	10,450,423	
		Indian Ed for All	(16,557)	(21,007)	(37,564)	
		Close Achievement Gap	81,200	69,000	150,200	
		Quality Educator	338,867	338,867	677,734	
E-35	PL910	School District Audits	11,550	17,182	28,732	
E-34	PL903	K-12 Base Aid Inflation Increase	4,288,763	7,795,580	12,084,343	
		Direct State Aid	3,061,152	5,514,729	8,575,881	
		General Fund GTB	1,227,611	2,280,851	3,508,462	
E-34	PL904	Special Education Maintenance of Effort GTB Impact	<u>245,459</u>	<u>250,571</u>	<u>496,030</u>	
		Total Base Aid Changes	<u>\$ 125,098,365</u>	<u>\$ 127,087,842</u>	<u>\$ 252,186,206</u>	
E-33	PL902	At-Risk Payment Restored	5,000,000	5,000,000	10,000,000	
E-34	PL904	Special Education Maintenance of Effort	1,284,447	1,284,447	2,568,894	
E-35	PL907	Pupil Transportation	200,000	300,000	500,000	
E-35	PL911	School Lunch State Matching Requirement	15,206	27,731	42,937	
E-35	PL913	Biennial Appropriations	<u>27,060</u>	<u>27,060</u>	<u>54,120</u>	
		Total General Fund	<u>\$ 131,625,078</u>	<u>\$ 133,727,080</u>	<u>\$ 265,352,157</u>	
E-35	PL912	Federal Increases	\$ 7,733,960	\$ 11,383,960	\$ 19,117,920	
		Take ARRA money out of Federal and Put in General Fund	(14,613,477)	(14,613,477)	(29,226,954)	
		Total Federal	<u>\$ (6,879,517)</u>	<u>\$ (3,229,517)</u>	<u>\$ (10,109,034)</u>	
		Total Present Law Adjustments	<u>124,745,561</u>	<u>130,497,563</u>	<u>255,243,123</u>	
		New Proposals	Fiscal 2012	Fiscal 2013	Biennium	
	Decision Package	General Fund				
	NP95104	HB 124 Block Grant Limitation - Contingent on passage of LC498	(210,229)	(210,229)	(420,458)	
	NP95106	Base Aid Fund Switch - Contingent on LC 498	(67,000,000)	(3,500,000)	(70,500,000)	
	NP95103	Eliminate School Facility Reimbursement in General Fund and move to SFT	<u>(8,586,000)</u>	<u>(8,586,000)</u>	<u>(17,172,000)</u>	
		Total General Fund - New Proposals	<u>\$ (75,796,229)</u>	<u>\$ (12,296,229)</u>	<u>\$ (88,092,458)</u>	
		State Special Revenue Accounts				
	NP95103	Eliminate School Facility Reimbursement in General Fund and move to SFT	8,586,000	8,586,000	17,172,000	
	NP95105	Guarantee account - Spend I&I - Contingent upon passage of LC498	44,900,000	45,900,000	90,800,000	
	NP95106	Base Aid Fund Switch - Contingent on LC 498	<u>67,000,000</u>	<u>3,500,000</u>	<u>70,500,000</u>	
		Total State Special - New Proposals	<u>\$ 120,486,000</u>	<u>\$ 57,986,000</u>	<u>\$ 178,472,000</u>	

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	551,087,188	551,087,188	1,102,174,376	88.27%	698,117,378	698,117,378	1,396,234,756	81.60%
Statewide PL Adjustments	14,613,304	14,613,307	29,226,611	2.34%	(173)	(170)	(343)	0.00%
Other PL Adjustments	105,939,290	104,411,202	210,350,492	16.85%	113,673,250	115,795,162	229,468,412	13.41%
New Proposals	(78,331,969)	(14,831,969)	(93,163,938)	(7.46%)	42,154,031	43,154,031	85,308,062	4.99%
Total Budget	\$593,307,813	\$655,279,728	\$1,248,587,541		\$853,944,486	\$857,066,401	\$1,711,010,887	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Inflation/Deflation					(173)					(170)
Total Statewide Present Law Adjustments		\$14,613,304	\$0	(\$14,613,477)	(\$173)		\$14,613,307	\$0	(\$14,613,477)	(\$170)
DP 901 - K-12 BASE Aid - Adjust to FY 2011 Funding Level	0.00	17,529,096	0	0	17,529,096	0.00	16,999,780	0	0	16,999,780
DP 912 - Federal Grant Award Adjustment - Program 09	0.00	0	0	7,733,960	7,733,960	0.00	0	0	11,383,960	11,383,960
DP 914 - Guarantee Account	0.00	88,410,194	0	0	88,410,194	0.00	87,411,422	0	0	87,411,422
Total Other Present Law Adjustments	0.00	\$105,939,290	\$0	\$7,733,960	\$113,673,250	0.00	\$104,411,202	\$0	\$11,383,960	\$115,795,162
Grand Total All Present Law Adjustments	0.00	\$120,552,594	\$0	(\$6,879,517)	\$113,673,077	0.00	\$119,024,509	\$0	(\$3,229,517)	\$115,794,992

DP 901 - K-12 BASE Aid - Adjust to FY 2011 Funding Level - This present law adjustment of \$34.5 million general fund for the 2013 biennium brings K-12 funding to the FY 2011 levels for the basic and per-ANB entitlement, the quality educator payment, the Indian ed for all payment, the achievement gap payment, and retirement GTB.

DP 912 - Federal Grant Award Adjustment - Program 09 - This request would increase appropriations for K-12 federal grant awards by \$7,733,960 in FY 2012 and \$11,383,960 in FY 2013. The total biennial increase is \$19,117,920. The following federal grant awards are adjusted: School Foods \$3.85 million in FY 2012 and \$6.0 million in FY 2013; IDEA-B \$3.0 million in FY 2012 and \$4.0 million in FY 2013; Title I-School Improvement \$1.0 million in FY 2012 and \$1.5 million in FY 2013; and Character Education is reduced by \$116,040 per year. This DP appears negative because the base year contains \$14.6 million in ARRA funding which is not available in the 2013 biennium.

DP 914 - Guarantee Account - In FY 2010, the one-time-only bonus paid for the Otter Creek coal lease by Arch Coal Co. on common school trust lands generated \$81,552,854.50. This amount offset general fund K-12 BASE Aid expenditures in FY 2010. This DP reflects the \$81.55 million in the guarantee account which is now paid for from the general fund in each year of the 2013 biennium.

On November 19th 2010, the Revenue and Transportation Interim Committee met to determine revenue estimates for general fund sources and non-general fund sources. The RTIC determined that the amount of state lands revenue

deposited in the guarantee account and available for BASE Aid will be \$44,907,145 for FY 2012 and \$45,905,917 for FY 2013. For the biennium these estimates are lower by \$12.7 million than regular state lands revenue received in the base year of FY 2010. All together this DP adds \$174.8 million to general fund Base aid costs.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95102 - Remove Categoricals from Base											
09	0.00	(2,535,740)	0	0	(2,535,740)	0.00	(2,535,740)	0	0	(2,535,740)	
DP 95103 - School Facility Reimbursement Fund Switch											
09	0.00	(8,586,000)	8,586,000	0	0	0.00	(8,586,000)	8,586,000	0	0	
DP 95104 - HB 124 Block Grant Limitation											
09	0.00	(210,229)	0	0	(210,229)	0.00	(210,229)	0	0	(210,229)	
DP 95105 - Guarantee Account - Spend I&I											
09	0.00	0	44,900,000	0	44,900,000	0.00	0	45,900,000	0	45,900,000	
DP 95106 - BASE Aid Fund Switch											
09	0.00	(67,000,000)	67,000,000	0	0	0.00	(3,500,000)	3,500,000	0	0	
Total	0.00	(\$78,331,969)	\$120,486,000	\$0	\$42,154,031	0.00	(\$14,831,969)	\$57,986,000	\$0	\$43,154,031	

DP 95102 - Remove Categoricals from Base - This decision package removes In-state Treatment (\$763,760), Secondary Vo-Ed (\$1,000,000), Adult Basic Education (\$524,998) and Gifted and Talented (\$246,982) from the FY 2010 base budget for program 9 in OPI. This removes \$2,535,740 in total from the base, and therefore reduces the FY 2012 and FY 2013 by the same amount each year.

DP 95103 - School Facility Reimbursement Fund Switch - This decision package removes the school facility reimbursement from the FY 2010 general fund base and fund the school facility reimbursement from the school facility and technology fund (fund number 02218) in both FY 2012 and FY 2013.

The portion of this motion to fund the school facility reimbursement from the school facility and technology fund is contingent upon passage and approval of a bill that expands the uses of the school facility and technology fund in 20-9-516 to include state reimbursement for school facilities as provided in 20-9-371.

DP 95104 - HB 124 Block Grant Limitation - This decision package reflects savings in the general fund from 1) eliminating growth in HB 124 block grants and 2) capping district general fund block grants at 15% of the maximum district general fund. If LC 498 containing these provisions does not pass then, HB 124 block grants are as under current law.

DP 95105 - Guarantee Account - Spend I&I - This decision package appropriates \$90.8 million in Base Aid from the guarantee account. This amount is the interest and income from state lands that under current law is statutorily appropriated. This DP is contingent on passage of a bill that eliminates the statutory appropriation for the guarantee account.

DP 95106 - BASE Aid Fund Switch - This decision package approves \$70.5 million in Base Aid spending from the guarantee fund and removes \$70.5 million in spending authority for Base Aid in the general fund. This DP is contingent upon passage of LC532 and B 42 in a form that that transfers at least \$32.85 million to the guarantee account and LC 498 that eliminates the statutory appropriation for the guarantee account.

Language and Statutory Authority

The legislature included the following language in HB 2.

“All revenue up to \$1.1 million in the traffic education account for distribution to schools under the provisions of 20-7-

506 and 61-5-121 is appropriated as provided in Title 20, chapter 7, part 5.”

“All appropriations for federal special revenue programs in state level activities and in local education activities and all general fund appropriations in local educational activities are biennial. “

"The funding of the school facility reimbursement from the school facility and technology fund is contingent upon passage and approval of a bill that expands the uses of the school facility and technology fund in 20-9-516 to include state reimbursement for school facilities as provided in 20-9-371."

"All revenue up to \$1.1 million in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121 is appropriated as provided in Title 20, chapter 7, part 5."

"All appropriations for federal special revenue programs in state level activities and in local education activities and all general fund appropriations in local educational activities are biennial."

"The funding of the school facility reimbursement from the school facility and technology fund is contingent upon passage and approval of a bill that expands the uses of the school facility and technology fund in 20-9-516 to include state reimbursement for school facilities as provided in 20-9-371."

"The appropriation for the Guarantee Account is contingent on passage and approval of a bill that eliminates the statutory appropriation for the guarantee account provided for in 20-9-622."

"If LC 498 is not passed and approved, Item 2f [HB124 Block Grants] is increased by \$1,089,927 in FY 2012 and by 1,489,283."

"The appropriation for BASE Aid Fund Switch is contingent on passage and approval of LC 532 and HB 42 in a form that transfers at least \$32.85 million to the guarantee account and LC 498 that eliminates the statutory appropriation for the guarantee account provided fo in 20-9-622."

"If LC 498 is passed and approved in a form that is anticipated by the most recent fiscal note to deposit at least \$14.0 million per fiscal year of the 2013 biennium from oil and natural gas production taxes in the guarantee account provided for in 20-9-622, then the following items are biennially appropriated from the guarantee account in each fiscal year of the 2013 biennium:

	<u>FY2012</u>	<u>FY2013</u>
K-12 Base Aid Inflation	4,288,763	7,795,580
At-Risk Student Payment	5,000,000	5,000,000
Special Education MOE	1,284,447	1,284,447
Special Education Base Aid	245,529	250,571
Transportation	200,000	300,000
School Lunch	15,206	27,731
Instate Treatment	787,800	787,800
Secondary Vo-ed	1,000,000	1,000,000
Adult Basic Education	525,000	525,000
Gifted and Talented	250,000	250,000
School District audits	11,550	17,182"

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	289,792	298,929	295,689	300,929	588,721	596,618	7,897	1.34%
Operating Expenses	92,809	112,510	88,137	88,667	205,319	176,804	(28,515)	(13.89%)
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Debt Service	1,782	1,782	1,782	1,782	3,564	3,564	0	0.00%
Total Costs	\$384,383	\$413,221	\$385,608	\$391,378	\$797,604	\$776,986	(\$20,618)	(2.58%)
General Fund	198,333	227,589	206,990	212,358	425,922	419,348	(6,574)	(1.54%)
State Special	186,050	185,632	178,618	179,020	371,682	357,638	(14,044)	(3.78%)
Total Funds	\$384,383	\$413,221	\$385,608	\$391,378	\$797,604	\$776,986	(\$20,618)	(2.58%)

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	4.00	4.00	4.00	0.00	4.00	4.00	0.00	
Personal Services	289,792	295,689	295,689	0	300,929	300,929	0	0
Operating Expenses	92,809	103,466	88,137	(15,329)	103,996	88,667	(15,329)	(30,658)
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Debt Service	1,782	1,782	1,782	0	1,782	1,782	0	0
Total Costs	\$384,383	\$400,937	\$385,608	(\$15,329)	\$406,707	\$391,378	(\$15,329)	(\$30,658)
General Fund	198,333	228,017	206,990	(21,027)	233,385	212,358	(21,027)	(42,054)
State/Other Special	186,050	172,920	178,618	5,698	173,322	179,020	5,698	11,396
Total Funds	\$384,383	\$400,937	\$385,608	(\$15,329)	\$406,707	\$391,378	(\$15,329)	(\$30,658)

The legislature approved a biennial budget 3.8% lower than the executive proposal. General fund is decreased over the biennium due to the implementation of a 5% reduction plan, non approval of a general fund increase, and statewide present law adjustments. State special revenue increases due to statewide present law adjustments are offset by a 5% reduction.

Agency Highlights

Board of Public Education Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature chose to implement a 5% base reduction to general fund and state special revenue, offset by statewide present law adjustments ◆ The legislature recommends implementation legislation to increase revenues to the research fund by increasing teacher certification fees

Agency Discussion

Article X, Section 9 of the Montana Constitution establishes authority for the seven-member Board of Public Education (BPE). As per constitutional direction the board exercises "general supervision over the public school system" including the Montana School for the Deaf and Blind. General supervision includes activities such as school accreditation, teacher certification, standardization of policies and programs, and equalization of state aid distribution. The board, with recommendation from the Superintendent of Public Instruction, establishes the accreditation status of each school. This accreditation is the basis for local school district eligibility for state funding.

The legislature applied a 5% reduction to all funds within the budget of the Board of Public Education.

Recommendations for Implementation Legislation

The legislature proposes to increase teacher certification fees in order to provide adequate revenues to the research fund and avoid replacing this fund with general fund for operations.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	198,333	198,333	396,666	94.59%	384,383	384,383	768,766	98.94%
Statewide PL Adjustments	18,174	23,142	41,316	9.85%	20,044	25,414	45,458	5.85%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(9,517)	(9,117)	(18,634)	(4.44%)	(18,819)	(18,419)	(37,238)	(4.79%)
Total Budget	\$206,990	\$212,358	\$419,348		\$385,608	\$391,378	\$776,986	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					5,897					11,137
Inflation/Deflation					(32)					(30)
Fixed Costs					14,179					14,307
Total Statewide Present Law Adjustments		\$18,174	\$1,870	\$0	\$20,044		\$23,142		\$0	\$25,414
Grand Total All Present Law Adjustments	0.00	\$18,174	\$1,870	\$0	\$20,044	0.00	\$23,142	\$2,272	\$0	\$25,414

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 103 - Rent Increase											
01	0.00	400	0	0	400	0.00	800	0	0	800	
DP 95101 - 5% Reduction											
01	0.00	(9,917)	(9,302)	0	(19,219)	0.00	(9,917)	(9,302)	0	(19,219)	
Total	0.00	(\$9,517)	(\$9,302)	\$0	(\$18,819)	0.00	(\$9,117)	(\$9,302)	\$0	(\$18,419)	

DP 103 - Rent Increase - The legislature approved a general fund increase of \$400 in FY 2012 and \$800 in FY 2013 to cover rent increases at the downtown Helena office. This increases rent to \$13,457 in FY 2012 and \$13,861 in FY 2013.

DP 95101 - 5% Reduction - The legislature applied a 5% base reduction to the department. This results in a biennial reduction in general fund of \$19,834 and \$18,604 in state special revenue. Because it has fewer than 20.00 FTE, the agency is exempt from the statutory requirement to submit a 5% reduction plan.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	88.61	88.61	88.61	88.61	88.61	88.61	0.00	0.00%
Personal Services	5,396,578	5,496,967	5,549,997	5,552,548	10,893,545	11,102,545	209,000	1.92%
Operating Expenses	881,906	888,391	766,842	731,443	1,770,297	1,498,285	(272,012)	(15.37%)
Total Costs	\$6,278,484	\$6,385,358	\$6,316,839	\$6,283,991	\$12,663,842	\$12,600,830	(\$63,012)	(0.50%)
General Fund	5,865,460	5,953,456	5,966,051	5,933,015	11,818,916	11,899,066	80,150	0.68%
State Special	333,818	348,929	286,873	287,061	682,747	573,934	(108,813)	(15.94%)
Federal Special	79,206	82,973	63,915	63,915	162,179	127,830	(34,349)	(21.18%)
Total Funds	\$6,278,484	\$6,385,358	\$6,316,839	\$6,283,991	\$12,663,842	\$12,600,830	(\$63,012)	(0.50%)

Page Reference

Legislative Budget Analysis, E-45

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	88.61	87.36	88.61	1.25	87.36	88.61	1.25	
Personal Services	5,396,578	5,511,251	5,549,997	38,746	5,513,733	5,552,548	38,815	77,561
Operating Expenses	881,906	840,115	766,842	(73,273)	804,717	731,443	(73,274)	(146,547)
Total Costs	\$6,278,484	\$6,351,366	\$6,316,839	(\$34,527)	\$6,318,450	\$6,283,991	(\$34,459)	(\$68,986)
General Fund	5,865,460	6,000,578	5,966,051	(34,527)	5,967,474	5,933,015	(34,459)	(68,986)
State/Other Special	333,818	268,731	286,873	18,142	268,919	287,061	18,142	36,284
Federal Special	79,206	82,057	63,915	(18,142)	82,057	63,915	(18,142)	(36,284)
Total Funds	\$6,278,484	\$6,351,366	\$6,316,839	(\$34,527)	\$6,318,450	\$6,283,991	(\$34,459)	(\$68,986)

The legislature approved a biennial budget that is 0.05% lower than the executive request. The legislature chose to adopt the agency 5% plan, but restored a portion of funding for 1.25 FTE. The legislature did not approve funding for extracurricular activities.

Agency Highlights

Montana School for the Deaf and Blind	
Major Budget Highlights	
◆	The legislature approved a budget in the 2013 biennium slightly lower than the 2011 biennium, due primarily to adopting a portion of the agency's 5% reduction plan, partially offset by statewide present law adjustments
◆	A funding switch between state special revenue and federal revenue was approved to implement an audit requirement regarding the recording of and subsequent expenditure of Medicaid reimbursements
◆	The legislature did not approve funding for extracurricular activities

Agency Discussion

The Montana School for the Deaf and Blind provides educational services and support to children who are sensory impaired. Services are either delivered at the residential campus located in Great Falls or through outreach services in the student's home district. The school is predominantly funded with general fund, trust land revenues, and some federal school lunch funds. The school meets the educational needs through 88.61 FTE.

The legislative budget includes statewide present law adjustments, the implementation of a 5% operational reduction and lower personal services reduction than requested by the executive. The adjustment to the personal services reduction restored 1.25 FTE.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Agency Program	Total Agency Funding				
	2013 Biennium Budget				
	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Administration Program	\$ 916,206	\$ 7,704	\$ -	\$ 923,910	7.33%
02 General Services	909,561	-	-	909,561	7.22%
03 Student Services	2,771,802	-	30,786	2,802,588	22.24%
04 Education	<u>7,301,497</u>	<u>566,230</u>	<u>97,044</u>	<u>7,964,771</u>	<u>63.21%</u>
Grand Total	<u>\$ 11,899,066</u>	<u>\$ 573,934</u>	<u>\$ 127,830</u>	<u>\$ 12,600,830</u>	100.00%

MSDB's programs are funded primarily with general fund, augmented with federal funding from the Individuals with Disabilities Education Act and the school lunch program. It also receives revenues generated from school trust lands. The budget includes \$263,000 each year of the biennium in trust land revenues. Revenues fluctuate based upon the activities occurring on school lands. Tuition for out-of-state students is statutorily appropriated to the school. Unlike other public schools, the school does not have the ability to levy property taxes to support school programs.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	5,865,460	5,865,460	11,730,920	98.59%	6,278,484	6,278,484	12,556,968	99.65%
Statewide PL Adjustments	185,455	152,339	337,794	2.84%	123,219	90,291	213,510	1.69%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(84,864)	(84,784)	(169,648)	(1.43%)	(84,864)	(84,784)	(169,648)	(1.35%)
Total Budget	\$5,966,051	\$5,933,015	\$11,899,066		\$6,316,839	\$6,283,991	\$12,600,830	

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	340,043	323,683	336,991	336,165	663,726	673,156	9,430	1.42%
Operating Expenses	148,449	137,113	143,933	106,821	285,562	250,754	(34,808)	(12.19%)
Total Costs	\$488,492	\$460,796	\$480,924	\$442,986	\$949,288	\$923,910	(\$25,378)	(2.67%)
General Fund	485,214	456,857	477,166	439,040	942,071	916,206	(25,865)	(2.75%)
State Special	3,278	3,939	3,758	3,946	7,217	7,704	487	6.75%
Total Funds	\$488,492	\$460,796	\$480,924	\$442,986	\$949,288	\$923,910	(\$25,378)	(2.67%)

Page Reference

Legislative Budget Analysis, E-52

Funding

The program is predominantly funded with general fund. A small portion of funding comes from the school trust interest and income account.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	485,214	485,214	970,428	105.92%	488,492	488,492	976,984	105.74%
Statewide PL Adjustments	(8,048)	(46,174)	(54,222)	(5.92%)	(7,568)	(45,506)	(53,074)	(5.74%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$477,166	\$439,040	\$916,206		\$480,924	\$442,986	\$923,910	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					10,989					10,129
Vacancy Savings					(14,041)					(14,007)
Inflation/Deflation					16					16
Fixed Costs					(4,532)					(41,644)
Total Statewide Present Law Adjustments		(\$8,048)	\$480	\$0	(\$7,568)		(\$46,174)	\$668	\$0	(\$45,506)
Grand Total All Present Law Adjustments	0.00	(\$8,048)	\$480	\$0	(\$7,568)	0.00	(\$46,174)	\$668	\$0	(\$45,506)

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	155,398	167,187	165,918	166,351	322,585	332,269	9,684	3.00%
Operating Expenses	353,369	376,229	288,475	288,817	729,598	577,292	(152,306)	(20.88%)
Total Costs	\$508,767	\$543,416	\$454,393	\$455,168	\$1,052,183	\$909,561	(\$142,622)	(13.55%)
General Fund	508,767	543,416	454,393	455,168	1,052,183	909,561	(142,622)	(13.55%)
Total Funds	\$508,767	\$543,416	\$454,393	\$455,168	\$1,052,183	\$909,561	(\$142,622)	(13.55%)

Page Reference

Legislative Budget Analysis, E-54

Funding

The program is funded with general fund.

Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	508,767	508,767	1,017,534	111.87%	508,767	508,767	1,017,534	111.87%
Statewide PL Adjustments	(12,743)	(11,967)	(24,710)	(2.72%)	(12,743)	(11,967)	(24,710)	(2.72%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(41,631)	(41,632)	(83,263)	(9.15%)	(41,631)	(41,632)	(83,263)	(9.15%)
Total Budget	\$454,393	\$455,168	\$909,561		\$454,393	\$455,168	\$909,561	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					17,433					17,884
Vacancy Savings					(6,913)					(6,931)
Inflation/Deflation					(21,444)					(19,817)
Fixed Costs					(1,819)					(3,103)
Total Statewide Present Law Adjustments		(\$12,743)	\$0	\$0	(\$12,743)		(\$11,967)	\$0	\$0	(\$11,967)
Grand Total All Present Law Adjustments	0.00	(\$12,743)	\$0	\$0	(\$12,743)	0.00	(\$11,967)	\$0	\$0	(\$11,967)

New Proposals

New Proposals Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan - Operations Reduction 02	0.00	(41,631)	0	0	(41,631)	0.00	(41,632)	0	0	(41,632)
Total	0.00	(\$41,631)	\$0	\$0	(\$41,631)	0.00	(\$41,632)	\$0	\$0	(\$41,632)

DP 95101 - 5% Plan - Operations Reduction - The legislature decreased authority for operational expenses in the General Services Program. This reduction impacts the campus facilities and grounds. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

New Proposals

New Proposals Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction										
03	(0.50)	(20,592)	0	0	(20,592)	(0.50)	(20,612)	0	0	(20,612)
DP 56400 - 56400 Restore reduction = to vacancy savings										
03	1.32	53,386	0	0	53,386	1.32	53,392	0	0	53,392
DP 95100 - 5% Plan - Student Services										
03	(0.82)	(37,855)	0	0	(37,855)	(0.82)	(37,911)	0	0	(37,911)
Total	0.00	(\$5,061)	\$0	\$0	(\$5,061)	0.00	(\$5,131)	\$0	\$0	(\$5,131)

DP 55400 - 4% Personal Services Reduction - The legislature approved the executive recommended 4% reduction of personal services funded with general fund. This request represents a reduction of 0.50 FTE. The FTE was restored in DP 56400.

DP 56400 - 56400 Restore reduction = to vacancy savings - The legislature restored 1.30 FTE and most of the funds originally taken in DP 55400 and 95100. The amount is equal to the program's vacancy saving requirement.

DP 95100 - 5% Plan - Student Services - The legislature approved a portion of the agency 5% plan. This reduction in the Student Services Program includes elimination of 0.80 FTE. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. The FTE was restored in DP 56400.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	49.87	49.87	49.87	49.87	49.87	49.87	0.00	0.00%
Personal Services	3,734,545	3,750,560	3,770,809	3,773,672	7,485,105	7,544,481	59,376	0.79%
Operating Expenses	256,094	264,049	210,031	210,259	520,143	420,290	(99,853)	(19.20%)
Total Costs	\$3,990,639	\$4,014,609	\$3,980,840	\$3,983,931	\$8,005,248	\$7,964,771	(\$40,477)	(0.51%)
General Fund	3,596,286	3,605,806	3,649,203	3,652,294	7,202,092	7,301,497	99,405	1.38%
State Special	330,540	344,990	283,115	283,115	675,530	566,230	(109,300)	(16.18%)
Federal Special	63,813	63,813	48,522	48,522	127,626	97,044	(30,582)	(23.96%)
Total Funds	\$3,990,639	\$4,014,609	\$3,980,840	\$3,983,931	\$8,005,248	\$7,964,771	(\$40,477)	(0.51%)

Page Reference

Legislative Budget Analysis, E-61

Funding

This program is predominantly funded with general fund. The program also utilizes school trust interest and income, as well as federal Individuals with Disabilities Education Act funds.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	3,596,286	3,596,286	7,192,572	98.51%	3,990,639	3,990,639	7,981,278	100.21%
Statewide PL Adjustments	91,089	94,029	185,118	2.54%	28,373	31,313	59,686	0.75%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(38,172)	(38,021)	(76,193)	(1.04%)	(38,172)	(38,021)	(76,193)	(0.96%)
Total Budget	\$3,649,203	\$3,652,294	\$7,301,497		\$3,980,840	\$3,983,931	\$7,964,771	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					196,305					199,134
Vacancy Savings					(153,511)					(153,628)
Inflation/Deflation					(14,421)					(14,193)
Total Statewide Present Law Adjustments		\$91,089	(\$65,567)	\$2,851	\$28,373		\$94,029	(\$65,567)	\$2,851	\$31,313
DP 10 - Technical Adjustment - Medicaid Reimbursements	0.00	0	18,142	(18,142)	0	0.00	0	18,142	(18,142)	0
Total Other Present Law Adjustments	0.00	\$0	\$18,142	(\$18,142)	\$0	0.00	\$0	\$18,142	(\$18,142)	\$0
Grand Total All Present Law Adjustments	0.00	\$91,089	(\$47,425)	(\$15,291)	\$28,373	0.00	\$94,029	(\$47,425)	(\$15,291)	\$31,313

DP 10 - Technical Adjustment - Medicaid Reimbursements - The legislature approved an increase in state special authority and a decrease of federal authority to properly account for Medicaid reimbursements. This decision package has no impact of the school's overall budget.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction											
04	(0.75)	(56,683)	0	0	(56,683)	(0.75)	(56,651)	0	0	(56,651)	
DP 56405 - Restore 5% = to Vacancy Savings											
04	1.97	153,511	0	0	153,511	1.97	153,628	0	0	153,628	
DP 95102 - 5% Plan - Operational Adjustment											
04	0.00	(31,407)	0	0	(31,407)	0.00	(31,406)	0	0	(31,406)	
DP 95103 - 5% Plan - Educational Program Personal Services											
04	(1.22)	(103,593)	0	0	(103,593)	(1.22)	(103,592)	0	0	(103,592)	
Total	0.00	(\$38,172)	\$0	\$0	(\$38,172)	0.00	(\$38,021)	\$0	\$0	(\$38,021)	

DP 55400 - 4% Personal Services Reduction - The legislature approved a 4% reduction of personal services funded with general fund. The reduction includes the permanent reduction of FTE by eliminating 0.75 FTE that are not specified, and \$113,334.

DP 56405 - Restore 5% = to Vacancy Savings - The legislature approved a restoration of the 5% reduction plan at a level equal to applied vacancy savings.

DP 95102 - 5% Plan - Operational Adjustment - The legislature decreased resources for educational supplies and books. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95103 - 5% Plan - Educational Program Personal Services - The legislature made a reduction in the Education Program that will result in the elimination of positions. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00%
Personal Services	580,863	544,960	538,780	539,997	1,125,823	1,078,777	(47,046)	(4.18%)
Operating Expenses	243,542	314,929	295,642	274,658	558,471	570,300	11,829	2.12%
Grants	449,787	420,903	612,729	621,313	870,690	1,234,042	363,352	41.73%
Total Costs	\$1,274,192	\$1,280,792	\$1,447,151	\$1,435,968	\$2,554,984	\$2,883,119	\$328,135	12.84%
General Fund	465,294	463,194	446,072	437,171	928,488	883,243	(45,245)	(4.87%)
State Special	212,426	215,074	202,783	200,125	427,500	402,908	(24,592)	(5.75%)
Federal Special	596,472	602,524	798,296	798,672	1,198,996	1,596,968	397,972	33.19%
Total Funds	\$1,274,192	\$1,280,792	\$1,447,151	\$1,435,968	\$2,554,984	\$2,883,119	\$328,135	12.84%

Page Reference

Legislative Budget Analysis, E-65

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	
Personal Services	580,863	538,780	538,780	0	539,997	539,997	0	0
Operating Expenses	243,542	309,791	295,642	(14,149)	288,748	274,658	(14,090)	(28,239)
Grants	449,787	612,729	612,729	0	621,313	621,313	0	0
Total Costs	\$1,274,192	\$1,461,300	\$1,447,151	(\$14,149)	\$1,450,058	\$1,435,968	(\$14,090)	(\$28,239)
General Fund	465,294	454,845	446,072	(8,773)	445,255	437,171	(8,084)	(16,857)
State/Other Special	212,426	204,342	202,783	(1,559)	201,903	200,125	(1,778)	(3,337)
Federal Special	596,472	802,113	798,296	(3,817)	802,900	798,672	(4,228)	(8,045)
Total Funds	\$1,274,192	\$1,461,300	\$1,447,151	(\$14,149)	\$1,450,058	\$1,435,968	(\$14,090)	(\$28,239)

The legislative budget is \$28,000 less than the proposed executive budget as the request for increased office rent, computer replacement, and increased production and circulation costs for the agency's State of the Arts newspaper was not funded.

Agency Highlights

Montana Arts Council Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Montana Arts Council budget increases 13% in the 2013 biennium due to an anticipated increase in its federal grant from the National Endowment for the Arts ◆ The legislative budget continues the 17-7-140, MCA, general fund reduction incurred by MAC in the 2011 biennium into the 2013 biennium ◆ Due to its small size, the legislature exempts this agency from vacancy savings, the 4% personal services reduction applied to larger agencies, and the statutory requirement to submit a 5% reduction plan

Agency Discussion

The agency incurred one-time personal services costs in FY 2010 that are not continued into the 2013 biennium. Most of the budget growth is in the grants category and is driven by an anticipated 30% increase in federal funds from the National Endowment for the Arts. Operating expenses increase in the 2013 biennium due to increased fixed costs. Operating expenses related to administering the Cultural and Aesthetic grant program are included in the MAC budget. The Cultural and Aesthetic grants are included in an appropriations bill (HB 9) separate from the general appropriations bill.

Funding

The agency is funded with a combination of general fund, state special revenue funds from the cultural and aesthetic project account, and federal funds from the National Endowment for the Arts. The federal funds require a dollar for dollar match with non-federal revenue. The agency uses general fund and its allocation from the cultural and aesthetic project account to match the federal grant. General fund supports a portion of the agency operations and funds arts grants including artists in the schools and MAC grants.

State special revenue is from the cultural and aesthetic project account, which receives interest earnings from a statutory trust. The trust receives distributions of coal severance tax. By statute, the interest from the cultural trust must be appropriated for protection of works of art in the State Capitol and other cultural and aesthetic projects (15-35-108, MCA). This account supports the Montana Arts Council's administration of the cultural and aesthetic trust activities and its Circle of American Masters (formerly Folklife) program, which promotes Montana's traditional and native arts and cultures. Cultural and aesthetic project funds are also appropriated to MAC for grants authorized in the cultural and aesthetic appropriation bill passed each biennium. In FY 2010, the legislature approved using 32.7% of the total projected cultural and aesthetic project account revenue for MAC administration of the cultural and aesthetic grants and the Circle of American Masters program. For the 2013 biennium, the legislature used 36.5% of the total projected revenue for administration.

General fund decreases in the 2013 biennium; most of this decrease is attributable to the continuation of the 17-7-140, MCA \$23,010 reduction implemented in FY 2011 for this agency and the elimination of one-time personal services costs recorded in FY 2010.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	465,294	465,294	930,588	105.36%	1,274,192	1,274,192	2,548,384	88.39%
Statewide PL Adjustments	(7,871)	(16,771)	(24,642)	(2.79%)	(20,483)	(40,250)	(60,733)	(2.11%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(11,351)	(11,352)	(22,703)	(2.57%)	193,442	202,026	395,468	13.72%
Total Budget	\$446,072	\$437,171	\$883,243		\$1,447,151	\$1,435,968	\$2,883,119	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(42,083)					(40,866)
Inflation/Deflation					810					997
Fixed Costs					20,790					(381)
Total Statewide Present Law Adjustments		(\$7,871)	(\$9,643)	(\$2,969)	(\$20,483)		(\$16,771)	(\$12,301)	(\$11,178)	(\$40,250)
Grand Total All Present Law Adjustments	0.00	(\$7,871)	(\$9,643)	(\$2,969)	(\$20,483)	0.00	(\$16,771)	(\$12,301)	(\$11,178)	(\$40,250)

New Proposals

New Proposals	Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
			General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
	DP 101 - FEDERAL FUNDS INCREASE										
	01	0.00	0	0	204,793	204,793	0.00	0	0	213,378	213,378
	DP 140 - GOVERNOR'S BUDGET REDUCTIONS										
	01	0.00	(11,351)	0	0	(11,351)	0.00	(11,352)	0	0	(11,352)
	Total	0.00	(\$11,351)	\$0	\$204,793	\$193,442	0.00	(\$11,352)	\$0	\$213,378	\$202,026

DP 101 – Federal Funds Increase - The legislature increased federal authority for anticipated additional federal funds from the National Endowment for the Arts for use primarily in rural Montana and in key arts education programs that help teachers meet state arts standards, in addition to projects geared to saving Montana's heritage in the traditional arts area.

DP 140 – Governor's Budget Reductions - The legislative budget continues the reduction ordered by the Governor under 17-7-140, MCA for FY 2011 into the 2013 biennium. This reduction will impact the Leadership Institute Online Program, which provides online business management training and resources and governing board leadership training to local arts organizations.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	30.50	30.50	28.25	28.25	30.50	28.25	(2.25)	(7.38%)
Personal Services	2,064,578	1,779,388	1,717,194	1,718,796	3,843,966	3,435,990	(407,976)	(10.61%)
Operating Expenses	2,069,966	1,888,345	1,946,956	1,926,102	3,958,311	3,873,058	(85,253)	(2.15%)
Equipment & Intangible Assets	44,016	19,216	7,935	7,935	63,232	15,870	(47,362)	(74.90%)
Grants	493,048	981,429	1,356,857	356,857	1,474,477	1,713,714	239,237	16.23%
Total Costs	\$4,671,608	\$4,668,378	\$5,028,942	\$4,009,690	\$9,339,986	\$9,038,632	(\$301,354)	(3.23%)
General Fund	2,722,517	2,787,459	2,653,993	2,638,341	5,509,976	5,292,334	(217,642)	(3.95%)
State Special	803,498	803,523	766,923	763,323	1,607,021	1,530,246	(76,775)	(4.78%)
Federal Special	1,145,593	1,060,155	1,608,026	608,026	2,205,748	2,216,052	10,304	0.47%
Other	0	17,241	0	0	17,241	0	(17,241)	(100.00%)
Total Funds	\$4,671,608	\$4,668,378	\$5,028,942	\$4,009,690	\$9,339,986	\$9,038,632	(\$301,354)	(3.23%)

Page Reference

Legislative Budget Analysis, E-71

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	30.50	29.00	28.25	(0.75)	29.00	28.25	(0.75)	
Personal Services	2,064,578	1,738,949	1,717,194	(21,755)	1,740,427	1,718,796	(21,631)	(43,386)
Operating Expenses	2,069,966	1,996,875	1,946,956	(49,919)	1,976,021	1,926,102	(49,919)	(99,838)
Equipment & Intangible Assets	44,016	44,016	7,935	(36,081)	44,016	7,935	(36,081)	(72,162)
Grants	493,048	1,356,857	1,356,857	0	356,857	356,857	0	0
Total Costs	\$4,671,608	\$5,136,697	\$5,028,942	(\$107,755)	\$4,117,321	\$4,009,690	(\$107,631)	(\$215,386)
General Fund	2,722,517	2,721,573	2,653,993	(67,580)	2,705,797	2,638,341	(67,456)	(135,036)
State/Other Special	803,498	807,098	766,923	(40,175)	803,498	763,323	(40,175)	(80,350)
Federal Special	1,145,593	1,608,026	1,608,026	0	608,026	608,026	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$4,671,608	\$5,136,697	\$5,028,942	(\$107,755)	\$4,117,321	\$4,009,690	(\$107,631)	(\$215,386)

Agency Highlights

Montana Library Commission Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Montana Library Commission budget decreases in the 2013 biennium due to the 5% reduction plan implemented by the legislature ◆ The 5% reduction plan reduced state general fund and state special revenue funds and eliminates 2.25 FTE positions •

Agency Discussion

The legislature reduces the budget over 3% in the 2013 biennium, driven largely by the 5% reduction plan implemented in the 2013 biennium.

Approximately \$5.3 million in general fund and \$1.5 million in state special revenues are included for the library operations. Support for both the Natural Resource Information System (NRIS) and the Geographic Information System (GIS) are part of state library operations. \$2.2 million in federal grants are included in the bill. The federal grants are line-itemed in the bill as a restricted, biennial appropriation.

Funding

The MLC is funded through a combination of general fund, state special revenue, and federal special revenue. General fund supports the interlibrary loan reimbursement program, state aid to libraries throughout Montana, NRIS, and general operations.

State special revenue includes funding for the following:

- Coal severance tax shared account partially funds general operations, the costs of participating in regional and national networking, and library federation grants to assist local libraries in providing basic services
- Assessments from the departments of Fish, Wildlife and Parks, Transportation, Natural Resources and Conservation, Environmental Quality, and the Montana University System partially fund NRIS core services

Federal funds come primarily from Library Services and Technology Act (LSTA) grants administered through the federal Institute of Museum and Library Services. The annual grant awards have ranged from \$953,000 to \$1.1 million over the last five years. The grants require a 2:1 match, meaning for every \$2 of federal funds, the state must match the grant with \$1 non-federal funds. About one-third of the federal funds are used to support library operations and the remaining two-thirds are used for grants and projects. A five-year plan is required for the grant. The federal funds are used for improving collection content and access by other libraries and patrons; for providing leadership, training, and consultation to Montana libraries; increasing partnerships and collaborations among Montana libraries; and expanding services to patrons with visual, physical, or reading disabilities.

The Montana Library Commission acts as the fiscal agent for the Montana Shared Catalog, a cooperative project involving 113 libraries across Montana. These libraries have pooled resources to purchase a library automation system. This project experienced strong growth in the 2011 biennium and projects a biennial budget increase of 3% in the 2013 biennium. This project is funded by a proprietary fund and does not appear in the Agency Budget Comparison table at the beginning of this narrative.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,722,517	2,722,517	5,445,034	102.89%	4,671,608	4,671,608	9,343,216	103.37%
Statewide PL Adjustments	66,358	50,646	117,004	2.21%	(275,166)	(290,876)	(566,042)	(6.26%)
Other PL Adjustments	500	500	1,000	0.02%	804,457	(195,545)	608,912	6.74%
New Proposals	(135,382)	(135,322)	(270,704)	(5.12%)	(171,957)	(175,497)	(347,454)	(3.84%)
Total Budget	\$2,653,993	\$2,638,341	\$5,292,334		\$5,028,942	\$4,009,690	\$9,038,632	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(182,684)					(181,076)
Vacancy Savings					(75,143)					(75,209)
Inflation/Deflation					(4,507)					(4,402)
Fixed Costs					(12,832)					(30,189)
Total Statewide Present Law Adjustments		\$66,358	\$0	(\$341,524)	(\$275,166)		\$50,646	\$0	(\$341,522)	(\$290,876)
DP 1 - LSTA GRANTS (Restricted/Biennial)	0.00	0	0	803,957	803,957	0.00	0	0	(196,045)	(196,045)
DP 2 - STANDARD COST ADJUSTMENTS	0.00	500	0	0	500	0.00	500	0	0	500
Total Other Present Law Adjustments	0.00	\$500	\$0	\$803,957	\$804,457	0.00	\$500	\$0	(\$196,045)	(\$195,545)
Grand Total All Present Law Adjustments	0.00	\$66,858	\$0	\$462,433	\$529,291	0.00	\$51,146	\$0	(\$537,567)	(\$486,421)

DP 1 - LSTA GRANTS (Restricted/Biennial) - The legislature increased federal authority to spend estimated Library Services and Technology Act (LSTA) grant awards and realign the biennial appropriation of the awards into the first year of the biennium, resulting in a smaller adjustment in FY 2013. The legislature line itemed LSTA grants totaling \$1.4 million for the 2013 biennium in HB 2 as a restricted, biennial appropriation.

DP 2 - STANDARD COST ADJUSTMENTS - The legislature reestablished zero-based insurance costs for talking book library volunteers insurance.

New Proposals

New Proposals Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - CONTINUING EDUCATION & CERTIFICATION Biennial/OTO										
01	0.00	0	3,600	0	3,600	0.00	0	0	0	0
DP 55400 - 4% PERSONAL SERVICES REDUCTION										
01	(1.50)	(67,802)	0	0	(67,802)	(1.50)	(67,866)	0	0	(67,866)
DP 95101 - 5% Plan - Reduce On-line Resources, Equip, & FTE										
01	(0.75)	(67,580)	(40,175)	0	(107,755)	(0.75)	(67,456)	(40,175)	0	(107,631)
Total	(2.25)	(\$135,382)	(\$36,575)	\$0	(\$171,957)	(2.25)	(\$135,322)	(\$40,175)	\$0	(\$175,497)

DP 4 - CONTINUING EDUCATION & CERTIFICATION Biennial/OTO - The legislature increased spending authority in the state special revenue account to allow the Montana State Library to spend the current balance of its continuing education and certification account on training and certification activities. Montana State Library has changed this program and no longer charges the fee. The legislature included this in HB 2 as a biennial, one-time only appropriation.

DP 55400 - 4% PERSONAL SERVICES REDUCTION - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. This adjustment reduced general fund personal services by 4% as part of the 5% reduction. This reduction was part of the agency's submitted 5% reduction plan.

DP 95101 - 5% Plan - Reduce On-line Resources, Equip, & FTE - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. This adjustment reduces both general fund and state special revenue and represents the difference between the 5% reduction plan submitted with the agency's 2013 biennium budget and the budget reduction in DP 55004.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	61.14	61.14	59.83	59.83	61.14	59.83	(1.31)	(2.14%)
Personal Services	2,814,802	3,109,826	3,136,677	3,138,552	5,924,628	6,275,229	350,601	5.92%
Operating Expenses	1,242,132	1,277,968	1,298,352	1,272,809	2,520,100	2,571,161	51,061	2.03%
Equipment & Intangible Assets	6,954	29,711	6,954	6,954	36,665	13,908	(22,757)	(62.07%)
Grants	88,389	77,000	88,389	88,389	165,389	176,778	11,389	6.89%
Transfers	50,503	50,503	0	0	101,006	0	(101,006)	(100.00%)
Total Costs	\$4,202,780	\$4,545,008	\$4,530,372	\$4,506,704	\$8,747,788	\$9,037,076	\$289,288	3.31%
General Fund	2,641,116	2,761,337	2,885,989	2,859,034	5,402,453	5,745,023	342,570	6.34%
State Special	90,795	139,710	91,082	91,082	230,505	182,164	(48,341)	(20.97%)
Federal Special	659,333	671,859	760,618	765,318	1,331,192	1,525,936	194,744	14.63%
Other	811,536	972,102	792,683	791,270	1,783,638	1,583,953	(199,685)	(11.20%)
Total Funds	\$4,202,780	\$4,545,008	\$4,530,372	\$4,506,704	\$8,747,788	\$9,037,076	\$289,288	3.31%

Page Reference

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	61.14	59.83	59.83	0.00	59.83	59.83	0.00	
Personal Services	2,814,802	3,136,677	3,136,677	0	3,138,552	3,138,552	0	0
Operating Expenses	1,242,132	1,293,387	1,298,352	4,965	1,251,843	1,272,809	20,966	25,931
Equipment & Intangible Assets	6,954	3,954	6,954	3,000	3,954	6,954	3,000	6,000
Grants	88,389	88,389	88,389	0	88,389	88,389	0	0
Transfers	50,503	50,503	0	(50,503)	50,503	0	(50,503)	(101,006)
Total Costs	\$4,202,780	\$4,572,910	\$4,530,372	(\$42,538)	\$4,533,241	\$4,506,704	(\$26,537)	(\$69,075)
General Fund	2,641,116	2,878,024	2,885,989	7,965	2,835,068	2,859,034	23,966	31,931
State/Other Special	90,795	91,082	91,082	0	91,082	91,082	0	0
Federal Special	659,333	760,618	760,618	0	765,318	765,318	0	0
Proprietary	811,536	843,186	792,683	(50,503)	841,773	791,270	(50,503)	(101,006)
Total Funds	\$4,202,780	\$4,572,910	\$4,530,372	(\$42,538)	\$4,533,241	\$4,506,704	(\$26,537)	(\$69,075)

The legislature approved a budget that is \$69,000 less than the executive budget proposal. The legislative budget includes approximately \$32,000 more general fund than the executive proposal and \$101,000 less proprietary funds.

The legislative budget is higher in general fund because:

- The legislature restored a portion of the 5% general fund reduction because the original plan had removed more than 5%
- The executive's new proposal for an historic structures report on the original governor's mansion was not funded

The legislative budget has less proprietary fund authority than the executive budget because the legislature eliminated the transfer of general fund to the proprietary fund in the publications program, thus eliminating the double counting of program revenues and expenditures in the proprietary fund.

Agency Highlights

Montana Historical Society Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Montana Historical Society budget increases primarily due to statewide present law adjustments ◆ The legislature implemented a 5% reduction plan in the 2013 biennium that reduced state general fund and 1.31 FTE positions ◆ The legislature authorized the historic preservation program to replace the general fund reductions with increased proprietary fund revenue ◆ The legislature eliminated the transfer of general fund to the proprietary fund in the publications program, thus eliminating the double counting of program revenues and expenditures in the proprietary fund

Agency Discussion

The Montana Historical Society (MHS) exists for the use, learning, culture, and enjoyment of the citizens of, and visitors to, the State of Montana. MHS acquires, preserves, and protects historical records, art, documents, photographs, museum objects, historical places, sites, and monuments. MHS maintains a historical museum, a library, and archives; provides educational programs and services for teachers and the general public; and publishes the state historical magazine, press books, and newsletter. MHS also administers the preservation and antiquities acts, supports commissions with state historical orientation; and provides technical assistance to all Montana museums, historical societies, preservation programs, and owners of historic resources.

Impact of Non-HB 2 Funding on the HB 2 Budget

Since 2003, the legislature has requested the Department of Commerce transfer a portion of its statutorily appropriated lodging facility use taxes to fund historical interpretation and the Scriver collection costs at the Montana Historical Society. This transfer is not budgeted in HB 2 and is made outside of the regular legislative appropriation process. In FY 2010, the society used about one-fourth of the transferred funds to pay for personal services costs for a portion of several positions budgeted in HB 2 from the general fund. The legislature refunded the HB 2 positions in the 2013 biennium with general fund. This is one of the reasons for the personal services cost increases in the museum and education programs. Other contributing factors are benefit increases and funding positions that were vacant in FY 2010.

A committee bill was introduced (HB 477) to permanently allocate lodging facility use tax to the Montana Historical Society for historical interpretation and Scriver collection costs and to require that the funds be appropriated in HB 2 so the agency functions are more transparent during the budgeting process.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2013 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Administration Program	\$ 1,870,394	\$ 180,816	\$ 201,636	\$ 719,104	\$ 2,971,950	32.89%
02 Research Center	2,070,937	-	-	139,308	2,210,245	24.46%
03 Museum Program	888,886	1,348	-	25,262	915,496	10.13%
04 Publications Program	281,873	-	-	598,751	880,624	9.74%
05 Education Program	571,635	-	-	68,154	639,789	7.08%
06 Historic Preservation Program	61,298	-	1,324,300	33,374	1,418,972	15.70%
Grand Total	<u>\$ 5,745,023</u>	<u>\$ 182,164</u>	<u>\$ 1,525,936</u>	<u>\$ 1,583,953</u>	<u>\$ 9,037,076</u>	100.00%

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,641,116	2,641,116	5,282,232	91.94%	4,202,780	4,202,780	8,405,560	93.01%
Statewide PL Adjustments	376,199	349,296	725,495	12.63%	498,721	475,105	973,826	10.78%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(131,326)	(131,378)	(262,704)	(4.57%)	(171,129)	(171,181)	(342,310)	(3.79%)
Total Budget	\$2,885,989	\$2,859,034	\$5,745,023		\$4,530,372	\$4,506,704	\$9,037,076	

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	17.79	17.79	17.43	17.43	17.79	17.43	(0.36)	(2.02%)
Personal Services	938,392	968,556	946,143	948,238	1,906,948	1,894,381	(12,567)	(0.66%)
Operating Expenses	542,692	678,623	556,264	521,305	1,221,315	1,077,569	(143,746)	(11.77%)
Equipment & Intangible Assets	0	12,750	0	0	12,750	0	(12,750)	(100.00%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,481,084	\$1,659,929	\$1,502,407	\$1,469,543	\$3,141,013	\$2,971,950	(\$169,063)	(5.38%)
General Fund	930,593	1,010,813	951,629	918,765	1,941,406	1,870,394	(71,012)	(3.66%)
State Special	90,121	114,710	90,408	90,408	204,831	180,816	(24,015)	(11.72%)
Federal Special	100,818	107,865	100,818	100,818	208,683	201,636	(7,047)	(3.38%)
Other	359,552	426,541	359,552	359,552	786,093	719,104	(66,989)	(8.52%)
Total Funds	\$1,481,084	\$1,659,929	\$1,502,407	\$1,469,543	\$3,141,013	\$2,971,950	(\$169,063)	(5.38%)

Page Reference

Legislative Budget Analysis, E-87

Funding

The program is funded with a combination of general fund, state special revenue funds from membership fees and donations, federal funds generated through indirect cost recoveries, and proprietary funds from museum entrance fees and merchandise sales. The various funding sources for the administration program are proportionate to overall agency funding.

The 2013 biennium budget for this program is reduced from the 2011 biennium due largely to the FY 2011 appropriation being higher than the FY 2010 base expenditures and the 5% general fund reduction applied to the program in the 2013 biennium.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	930,593	930,593	1,861,186	99.51%	1,481,084	1,481,084	2,962,168	99.67%
Statewide PL Adjustments	58,511	24,858	83,369	4.46%	58,798	25,145	83,943	2.82%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(37,475)	(36,686)	(74,161)	(3.96%)	(37,475)	(36,686)	(74,161)	(2.50%)
Total Budget	\$951,629	\$918,765	\$1,870,394		\$1,502,407	\$1,469,543	\$2,971,950	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					63,142					64,502
Vacancy Savings					(40,061)					(40,115)
Inflation/Deflation					795					802
Fixed Costs					34,922					(44)
Total Statewide Present Law Adjustments		\$58,511	\$287	\$0	\$58,798		\$24,858	\$287	\$0	\$25,145
Grand Total All Present Law Adjustments	0.00	\$58,511	\$287	\$0	\$58,798	0.00	\$24,858	\$287	\$0	\$25,145

New Proposals

Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - 5% General Fund Reduction										
01	0.00	(22,145)	0	0	(22,145)	0.00	(22,145)	0	0	(22,145)
DP 55400 - 4% Personal Services Reduction										
01	(0.36)	(15,330)	0	0	(15,330)	(0.36)	(14,541)	0	0	(14,541)
DP 95002 - 5% Reduction - Correct Budget Error State Special										
01	0.00	0	(3,866)	0	(3,866)	0.00	0	(3,866)	0	(3,866)
DP 96001 - Restore 5% State Special Revenue										
01	0.00	0	3,866	0	3,866	0.00	0	3,866	0	3,866
Total	(0.36)	(\$37,475)	\$0	\$0	(\$37,475)	(0.36)	(\$36,686)	\$0	\$0	(\$36,686)

DP 55140 - 5% General Fund Reduction - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. The legislature continued a portion of the 17-7-140, MCA general fund reductions that were implemented in the 2011 biennium as part of the 5% reduction for the 2013 biennium. This reduction will impact staff travel to board meetings and increase the computer replacement cycle to five years. This reduction was part of the agency's submitted 5% reduction plan.

DP 55400 - 4% Personal Services Reduction - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. The legislature reduced general fund personal services in this program as part of the 5% general fund reduction. This adjustment includes the elimination of 0.36 FTE in the 2013 biennium. This reduction was part of the agency's submitted 5% reduction plan.

DP 95002 - 5% Reduction - Correct Budget Error State Special - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. This adjustment corrects a technical error in the 5% plan for state special revenue in the museum and education programs and reallocates the 5% state special revenue reduction to the administration program. This reduction was part of the agency's submitted 5% reduction plan.

DP 96001 - Restore 5% State Special Revenue - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring state special revenue authority for the Montana Historical Society Membership state special revenue fund..

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	14.75	14.75	14.75	14.75	14.75	14.75	0.00	0.00%
Personal Services	772,924	765,215	792,443	792,509	1,538,139	1,584,952	46,813	3.04%
Operating Expenses	293,602	286,603	305,119	306,266	580,205	611,385	31,180	5.37%
Equipment & Intangible Assets	6,954	16,961	6,954	6,954	23,915	13,908	(10,007)	(41.84%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,073,480	\$1,068,779	\$1,104,516	\$1,105,729	\$2,142,259	\$2,210,245	\$67,986	3.17%
General Fund	1,003,826	974,705	1,034,862	1,036,075	1,978,531	2,070,937	92,406	4.67%
State Special	0	0	0	0	0	0	0	n/a
Federal Special	0	0	0	0	0	0	0	n/a
Other	69,654	94,074	69,654	69,654	163,728	139,308	(24,420)	(14.91%)
Total Funds	\$1,073,480	\$1,068,779	\$1,104,516	\$1,105,729	\$2,142,259	\$2,210,245	\$67,986	3.17%

Page Reference

Legislative Budget Analysis, E-91

Funding

This program is funded through a combination of general fund and proprietary funds. Proprietary funds are generated through the sale of photographs, photocopies, and fees charged for research time spent by staff on public requests. The legislature authorized level funding from the library enterprise funds compared to the FY 2010 base. General fund supports the expenditure increases for statewide present law adjustments.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,003,826	1,003,826	2,007,652	96.94%	1,073,480	1,073,480	2,146,960	97.14%
Statewide PL Adjustments	30,859	32,071	62,930	3.04%	30,859	32,071	62,930	2.85%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	177	178	355	0.02%	177	178	355	0.02%
Total Budget	\$1,034,862	\$1,036,075	\$2,070,937		\$1,104,516	\$1,105,729	\$2,210,245	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					52,537					52,606
Vacancy Savings					(33,018)					(33,021)
Inflation/Deflation					192					192
Fixed Costs					11,148					12,294
Total Statewide Present Law Adjustments		\$30,859	\$0	\$0	\$30,859		\$32,071	\$0	\$0	\$32,071
Grand Total All Present Law Adjustments	0.00	\$30,859	\$0	\$0	\$30,859	0.00	\$32,071	\$0	\$0	\$32,071

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - 5% General Fund Reduction											
02	0.00	(30,210)	0	0	(30,210)	0.00	(30,210)	0	0	(30,210)	
DP 56140 - Restore 5% - Original Reduction Exceeded 5%											
02	0.00	30,387	0	0	30,387	0.00	30,388	0	0	30,388	
Total	0.00	\$177	\$0	\$0	\$177	0.00	\$178	\$0	\$0	\$178	

DP 55140 - 5% General Fund Reduction – The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. The legislature adopted the executive's recommendation to continue a portion of the 17-7-140, MCA general fund reductions in this program that were implemented in the 2011 biennium as part of the 5% reduction for the 2013 biennium. However, this action was later reversed (see DP 56140) as the initial 5% reduction for the agency overall exceeded 5%.

DP 56140 - Restore 5% - Original Reduction Exceeded 5% - The legislature reversed a 5% reduction that had also been included in the executive budget. The agency's 5% plan, combined with the executive budget reductions, equaled 6.1%. This adjustment adds \$60,775 general fund in the 2013 biennium and resets the 5% reduction to 5%.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	9.00	9.00	8.05	8.05	9.00	8.05	(0.95)	(10.56%)
Personal Services	319,492	399,519	369,069	368,727	719,011	737,796	18,785	2.61%
Operating Expenses	85,985	51,200	88,760	88,940	137,185	177,700	40,515	29.53%
Total Costs	\$405,477	\$450,719	\$457,829	\$457,667	\$856,196	\$915,496	\$59,300	6.93%
General Fund	392,172	360,469	444,524	444,362	752,641	888,886	136,245	18.10%
State Special	674	25,000	674	674	25,674	1,348	(24,326)	(94.75%)
Federal Special	0	0	0	0	0	0	0	n/a
Other	12,631	65,250	12,631	12,631	77,881	25,262	(52,619)	(67.56%)
Total Funds	\$405,477	\$450,719	\$457,829	\$457,667	\$856,196	\$915,496	\$59,300	6.93%

Page Reference

Legislative Budget Analysis, E-94

Funding

The Museum Program is funded through a combination of general fund, state special revenue from undesignated donations at the Original Governor's Mansion, and proprietary funds generated through the sales of books, copies, photographs, and the rental of traveling exhibits. The legislature authorized level funding from the museum enterprise funds compared to the FY 2010 base. General fund supports the expenditure increases for statewide present law adjustments. In the FY 2010 base year, the agency used non-HB 2 funds to support several positions in this program. These positions are 100% general fund in the 2013 biennium.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	392,172	392,172	784,344	88.24%	405,477	405,477	810,954	88.58%
Statewide PL Adjustments	129,258	129,938	259,196	29.16%	129,258	129,938	259,196	28.31%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(76,906)	(77,748)	(154,654)	(17.40%)	(76,906)	(77,748)	(154,654)	(16.89%)
Total Budget	\$444,524	\$444,362	\$888,886		\$457,829	\$457,667	\$915,496	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					145,067					145,585
Vacancy Savings					(18,584)					(18,602)
Inflation/Deflation					20					20
Fixed Costs					2,755					2,935
Total Statewide Present Law Adjustments		\$129,258	\$0	\$0	\$129,258		\$129,938	\$0	\$0	\$129,938
Grand Total All Present Law Adjustments	0.00	\$129,258	\$0	\$0	\$129,258	0.00	\$129,938	\$0	\$0	\$129,938

New Proposals

Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction										
03	(0.95)	(76,906)	0	0	(76,906)	(0.95)	(77,748)	0	0	(77,748)
DP 95001 - 5% Plan - Reduce Unspecified Operating Expenses										
03	0.00	0	(1,400)	0	(1,400)	0.00	0	(1,400)	0	(1,400)
DP 95002 - 5% Plan - Correct Budget Error										
03	0.00	0	726	0	726	0.00	0	726	0	726
DP 96001 - Restore 5% State Special Revenue										
03	0.00	0	674	0	674	0.00	0	674	0	674
Total	(0.95)	(\$76,906)	\$0	\$0	(\$76,906)	(0.95)	(\$77,748)	\$0	\$0	(\$77,748)

DP 55400 - 4% Personal Services Reduction - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. The legislature reduced general fund personal services in this program as part of the 5% general fund reduction. This adjustment includes the elimination of 0.95 FTE in the 2013 biennium. This reduction was part of the agency's submitted 5% reduction plan.

DP 95001 - 5% Plan - Reduce Unspecified Operating Expenses - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. This adjustment represents the difference between the 5% reduction plan submitted with the agency's 2013 biennium budget request as required by law, and the reduction included in the executive budget for this program. This reduction was part of the agency's submitted 5% reduction plan.

DP 95002 - 5% Plan - Correct Budget Error - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. This adjustment corrects a technical error in the 5% plan for state special revenue in the museum and education programs and reallocates the 5% state special revenue reduction to the administration program. This reduction was part of the agency's submitted 5% reduction plan.

DP 96001 - Restore 5% State Special Revenue - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring state special revenue authority for the Original Governor's Mansion state special revenue fund..

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	249,932	265,450	259,667	259,259	515,382	518,926	3,544	0.69%
Operating Expenses	172,896	175,722	180,462	181,236	348,618	361,698	13,080	3.75%
Transfers	50,503	50,503	0	0	101,006	0	(101,006)	(100.00%)
Total Costs	\$473,331	\$491,675	\$440,129	\$440,495	\$965,006	\$880,624	(\$84,382)	(8.74%)
General Fund	141,653	142,464	140,047	141,826	284,117	281,873	(2,244)	(0.79%)
State Special	0	0	0	0	0	0	0	n/a
Federal Special	0	0	0	0	0	0	0	n/a
Other	331,678	349,211	300,082	298,669	680,889	598,751	(82,138)	(12.06%)
Total Funds	\$473,331	\$491,675	\$440,129	\$440,495	\$965,006	\$880,624	(\$84,382)	(8.74%)

Page Reference

Legislative Budget Analysis, E-98

Funding

The program is funded with a combination of general fund and proprietary funds. Proprietary funds are derived from subscription sales for the magazine and sales of books published by the program. General fund pays a portion of 2.00 FTE, the program manager and an editor, involved in publishing *Montana the Magazine of Western History*.

The overall program budget decreases in the 2013 biennium because the legislature eliminated the transfer of general fund to the program's proprietary fund, thus eliminating the double counting of program revenues and expenditures in the proprietary fund (See DP 401).

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	141,653	141,653	283,306	100.51%	473,331	473,331	946,662	107.50%
Statewide PL Adjustments	(1,606)	173	(1,433)	(0.51%)	17,301	17,667	34,968	3.97%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	(50,503)	(50,503)	(101,006)	(11.47%)
Total Budget	\$140,047	\$141,826	\$281,873		\$440,129	\$440,495	\$880,624	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					20,554					20,130
Vacancy Savings					(10,819)					(10,803)
Inflation/Deflation					235					235
Fixed Costs					7,331					8,105
Total Statewide Present Law Adjustments		(\$1,606)	\$0	\$0	\$17,301		\$173	\$0	\$0	\$17,667
Grand Total All Present Law Adjustments	0.00	(\$1,606)	\$0	\$0	\$17,301	0.00	\$173	\$0	\$0	\$17,667

New Proposals

Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - Eliminate Transfer to Proprietary Fund										
04	0.00	0	0	0	(50,503)*	0.00	0	0	0	(50,503)*
Total	0.00	\$0	\$0	\$0	(\$50,503)*	0.00	\$0	\$0	\$0	(\$50,503)*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 401 - Eliminate Transfer to Proprietary Fund - This decision package would discontinue the practice of transferring general fund appropriated for this program to the agency proprietary fund in this program. This practice resulted in overstating both expenditures and revenues in the proprietary fund. This adjustment should result in program revenues and expenditures being properly stated.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.85	5.85	5.85	5.85	5.85	5.85	0.00	0.00%
Personal Services	126,631	238,765	287,909	287,741	365,396	575,650	210,254	57.54%
Operating Expenses	37,615	12,786	32,049	32,090	50,401	64,139	13,738	27.26%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$164,246	\$251,551	\$319,958	\$319,831	\$415,797	\$639,789	\$223,992	53.87%
General Fund	130,169	218,483	285,881	285,754	348,652	571,635	222,983	63.96%
State Special	0	0	0	0	0	0	0	n/a
Federal Special	0	0	0	0	0	0	0	n/a
Other	34,077	33,068	34,077	34,077	67,145	68,154	1,009	1.50%
Total Funds	\$164,246	\$251,551	\$319,958	\$319,831	\$415,797	\$639,789	\$223,992	53.87%

Page Reference

Legislative Budget Analysis, E-101

Funding

This program is funded through a combination of general fund and proprietary funds generated from education enterprises. General fund supports most of the budget increase in the 2013 biennium. In the FY 2010 base year, the agency used non-HB 2 funds to support several positions in this program. These positions are 100% general fund in the 2013 biennium.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	130,169	130,169	260,338	45.54%	164,246	164,246	328,492	51.34%
Statewide PL Adjustments	162,134	162,007	324,141	56.70%	162,134	162,007	324,141	50.66%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(6,422)	(6,422)	(12,844)	(2.25%)	(6,422)	(6,422)	(12,844)	(2.01%)
Total Budget	\$285,881	\$285,754	\$571,635		\$319,958	\$319,831	\$639,789	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					173,274					173,098
Vacancy Savings					(11,996)					(11,988)
Inflation/Deflation					(104)					(102)
Fixed Costs					960					999
Total Statewide Present Law Adjustments		\$162,134	\$0	\$0	\$162,134		\$162,007	\$0	\$0	\$162,007
Grand Total All Present Law Adjustments	0.00	\$162,134	\$0	\$0	\$162,134	0.00	\$162,007	\$0	\$0	\$162,007

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95001 - 5% Plan-Reduce Unspecified Operating Expenses											
05	0.00	(6,422)	(3,140)	0	(9,562)	0.00	(6,422)	(3,140)	0	(9,562)	
DP 95002 - 5% Plan - Correct Budget Error											
05	0.00	0	3,140	0	3,140	0.00	0	3,140	0	3,140	
Total	0.00	(\$6,422)	\$0	\$0	(\$6,422)	0.00	(\$6,422)	\$0	\$0	(\$6,422)	

DP 95001 - 5% Plan-Reduce Unspecified Operating Expenses - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. This adjustment represents the 5% reduction plan for this program submitted with the agency's 2013 biennium budget request as required by law.

DP 95002 - 5% Plan - Correct Budget Error - The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. This adjustment corrects a technical error in the 5% plan for state special revenue in the museum and education programs and reallocates the 5% state special revenue reduction to the administration program. This reduction was part of the agency's submitted 5% reduction plan.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	8.75	8.75	8.75	8.75	8.75	8.75	0.00	0.00%
Personal Services	407,431	472,321	481,446	482,078	879,752	963,524	83,772	9.52%
Operating Expenses	109,342	73,034	135,698	142,972	182,376	278,670	96,294	52.80%
Grants	88,389	77,000	88,389	88,389	165,389	176,778	11,389	6.89%
Total Costs	\$605,162	\$622,355	\$705,533	\$713,439	\$1,227,517	\$1,418,972	\$191,455	15.60%
General Fund	42,703	54,403	29,046	32,252	97,106	61,298	(35,808)	(36.88%)
Federal Special	558,515	563,994	659,800	664,500	1,122,509	1,324,300	201,791	17.98%
Other	3,944	3,958	16,687	16,687	7,902	33,374	25,472	322.35%
Total Funds	\$605,162	\$622,355	\$705,533	\$713,439	\$1,227,517	\$1,418,972	\$191,455	15.60%

Page Reference

Legislative Budget Analysis, E-104

Funding

The program is funded through a combination of general fund, federal special revenue from the National Park Service (NPS), and proprietary funds. Proprietary funds are generated from fees for historical preservation assistance and services. These funds increase primarily because the legislature authorized the agency to replace general fund reduced in DP 55140 (see below). The legislature increased federal special revenue authority in anticipation of an increase in the federal grant it expects for the upcoming biennium. The grants from the NPS have a 60:40 federal/state matching requirement. MHS uses funding at the local level to match the federal grant.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	42,703	42,703	85,406	139.33%	605,162	605,162	1,210,324	85.30%
Statewide PL Adjustments	(2,957)	249	(2,708)	(4.42%)	100,371	108,277	208,648	14.70%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(10,700)	(10,700)	(21,400)	(34.91%)	0	0	0	0.00%
Total Budget	\$29,046	\$32,252	\$61,298		\$705,533	\$713,439	\$1,418,972	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					94,076					94,734
Vacancy Savings					(20,061)					(20,087)
Inflation/Deflation					(255)					(250)
Fixed Costs					26,611					33,880
Total Statewide Present Law Adjustments		(\$2,957)	\$0	\$101,285	\$100,371		\$249	\$0	\$105,985	\$108,277
Grand Total All Present Law Adjustments	0.00	(\$2,957)	\$0	\$101,285	\$100,371	0.00	\$249	\$0	\$105,985	\$108,277

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - 5% General Fund Reduction											
06	0.00	(10,700)	0	0	0*	0.00	(10,700)	0	0	0*	
Total	0.00	(\$10,700)	\$0	\$0	\$0*	0.00	(\$10,700)	\$0	\$0	\$0*	

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 55140 - 5% General Fund Reduction – The legislature applied a 5% reduction of general fund and state special revenue funds to this agency in the 2013 biennium. This adjustment represents the 5% reduction plan for this program submitted with the agency's 2013 biennium budget request as required by law. The legislature authorized the agency to backfill the general fund reduction with proprietary funds in this program in the 2013 biennium.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	104.05	104.05	93.88	93.88	104.05	93.88	(10.17)	(9.77%)
Personal Services	5,405,153	7,319,233	5,837,128	5,856,233	12,724,386	11,693,361	(1,031,025)	(8.10%)
Operating Expenses	5,047,869	7,436,719	5,348,584	5,238,417	12,484,588	10,587,001	(1,897,587)	(15.20%)
Equipment & Intangible Assets	0	70,464	10,000	0	70,464	10,000	(60,464)	(85.81%)
Local Assistance	8,687,831	8,874,483	10,026,670	9,922,486	17,562,314	19,949,156	2,386,842	13.59%
Grants	16,202,303	22,954,774	18,715,671	18,307,637	39,157,077	37,023,308	(2,133,769)	(5.45%)
Benefits & Claims	25,813,316	42,148,362	32,313,316	38,813,316	67,961,678	71,126,632	3,164,954	4.66%
Transfers	179,030,609	176,052,286	179,615,296	180,274,558	355,082,895	359,889,854	4,806,959	1.35%
Debt Service	43,480	46,520	43,480	43,480	90,000	86,960	(3,040)	(3.38%)
Total Costs	\$240,230,561	\$264,902,841	\$251,910,145	\$258,456,127	\$505,133,402	\$510,366,272	\$5,232,870	1.04%
General Fund	147,531,701	150,674,815	179,172,029	178,463,833	298,206,516	357,635,862	59,429,346	19.93%
State Special	19,535,696	18,236,611	19,827,019	21,274,458	37,772,307	41,101,477	3,329,170	8.81%
Federal Special	73,082,748	95,891,892	52,836,718	58,643,414	168,974,640	111,480,132	(57,494,508)	(34.03%)
Other	80,416	99,523	74,379	74,422	179,939	148,801	(31,138)	(17.30%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$240,230,561	\$264,902,841	\$251,910,145	\$258,456,127	\$505,133,402	\$510,366,272	\$5,232,870	1.04%

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Legislative Budget Analysis, E-108

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	104.05	93.88	93.88	0.00	93.88	93.88	0.00	
Personal Services	5,405,153	5,874,346	5,837,128	(37,218)	5,893,313	5,856,233	(37,080)	(74,298)
Operating Expenses	5,047,869	5,348,710	5,348,584	(126)	5,238,636	5,238,417	(219)	(345)
Equipment & Intangible Assets	0	10,000	10,000	0	0	0	0	0
Local Assistance	8,687,831	11,535,186	10,026,670	(1,508,516)	11,424,393	9,922,486	(1,501,907)	(3,010,423)
Grants	16,202,303	19,492,668	18,715,671	(776,997)	19,181,834	18,307,637	(874,197)	(1,651,194)
Benefits & Claims	25,813,316	32,313,316	32,313,316	0	38,813,316	38,813,316	0	0
Transfers	179,030,609	191,902,017	179,615,296	(12,286,721)	195,455,870	180,274,558	(15,181,312)	(27,468,033)
Debt Service	43,480	43,480	43,480	0	43,480	43,480	0	0
Total Costs	\$240,230,561	\$266,519,723	\$251,910,145	(\$14,609,578)	\$276,050,842	\$258,456,127	(\$17,594,715)	(\$32,204,293)
General Fund	147,531,701	193,780,692	179,172,029	(14,608,663)	196,057,697	178,463,833	(17,593,864)	(32,202,527)
State/Other Special	19,535,696	19,827,019	19,827,019	0	21,274,458	21,274,458	0	0
Federal Special	73,082,748	52,837,633	52,836,718	(915)	58,644,265	58,643,414	(851)	(1,766)
Proprietary	80,416	74,379	74,379	0	74,422	74,422	0	0
Current Unrestricted	0	0	0	0	0	0	0	0
Total Funds	\$240,230,561	\$266,519,723	\$251,910,145	(\$14,609,578)	\$276,050,842	\$258,456,127	(\$17,594,715)	(\$32,204,293)

The legislature approved a budget that is \$32.3 million less than the proposed executive budget. Virtually all of the difference is in the general fund.

The major differences in the legislative budget compared to the executive budget are:

- The legislature funded the present law adjustments at the MUS educational units and research and public service agencies at an average of 47.7%, rather than the 84% proposed in the executive budget -- a difference of \$8.1 million over the 2013 biennium
- The legislature reduced the funding for the Governor's postsecondary scholarship program and the quality educator loan forgiveness program -- a difference of \$0.5 million over the 2013 biennium
- The legislature implemented the entire 5% reduction plan included in the agency budget submission, rather than partial implementation as proposed by the executive budget -- a difference of \$4.4 million over the 2013 biennium
- The legislature established the state's share of the community colleges' cost of education at 45.8% each year in the 2013 biennium compared to the executive proposal to use 50.8% as the state's share -- a difference of \$2.2 million over the 2013 biennium
- The legislature added one-half of the executive's requested adjustment for non-beneficiary students at tribal colleges -- a difference of \$0.5 million over the 2013 biennium
- The legislature did not fund four executive budget new proposals for dual enrollment, university system funding, PBS, and Biodiesel Research -- a difference of \$16.3 million over the 2013 biennium

Agency Highlights

Montana University System Major Budget Highlights
<ul style="list-style-type: none"> ◆ Total agency funding increases 1% in the 2013 biennium from the 2011 biennium ongoing base budget, with general fund increasing 20% and federal funds decreasing 34.0% due primarily to: <ul style="list-style-type: none"> • Replacement of \$59.5 million of one-time federal State Fiscal Stabilization Funds from the 2009 American Recovery and Reinvestment Act with a like amount of general fund as provided in HB 645 and approved by the 2009 Legislature • Budget adjustments for zero-based and present law costs increases offset by decreases for the 5% base reduction plan ◆ The 5% base reduction plan primarily impacts the state funds transferred to the university units, research/public service agencies, and community colleges, and the student assistance program ◆ The legislature approved backfilling \$1.8 million of general fund reductions in the student assistance program with federal funds from the guaranteed student loan account ◆ The legislature increased biennial base funding 39% for the tribal college assistance program ◆ The legislature funded the state share of the community college funding formula at 45.8% in the 2013 biennium

Agency Discussion

The Montana University System provides postsecondary education to 36,000 full-time equivalent (FTE) students at eight campus locations in Montana, and 3,000 FTE students at three community colleges. In addition, the state supports seven tribal colleges through the non-beneficiary student assistance program. The Office of the Commissioner of Higher Education administers several statewide programs and distributes student financial aid funds to the MUS campuses, as well as provides executive level staff support to the Montana board of regents.

MUS Educational Units

The legislative budget for the educational units increases 1.25% in the 2013 biennium from the 2011 biennium base budget. The legislature approved statewide and other present law adjustments totaling \$10.3 million in the 2013 biennium. These adjustments were offset \$8.8 million by the 5% reduction plan.

HB 645 (2009), the federal and state stimulus bill passed by the 2009 Legislature, impacted the 2013 biennium budget as follows:

- The 2009 Legislature used \$59.5 million of federal education State Fiscal Stabilization Funds (SFSF) from the American Recovery and Reinvestment Act to free up higher education state general fund in the 2011 biennium for other purposes. The legislature replaced the SFSF funds with general fund in the 2013 biennium as intended by the 2009 Legislature and allowed in HB 645.
- HB 645 included \$18.2 million of additional one-time-only funds for the educational units for tuition mitigation in the 2011 biennium. By statute, one-time-only funds are not included in the budget base for the next budget cycle. If the one-time tuition mitigation funds are included in the biennial budget comparison, the legislative budget would provide a 4.6% decrease in the 2013 biennium.

MUS Research/Public Service Agencies

The legislative budget biennial change for the five research and public service agencies affiliated with the Montana University System ranges between a 2.7% increase at the Bureau of Mines to a 12.5% decrease at the Forest and Conservation Experiment Station. The legislature approved statewide and other present law adjustments for the agencies totaling \$1.4 million in the 2013 biennium, while the 5% reduction plan reduced the agencies' budgets \$2.9 million in the 2013 biennium.

Community College Assistance

The legislature used the statutory funding formula to calculate the general fund appropriation for the community colleges in the 2013 biennium. The formula adjustments, as well as other present law adjustments approved by the legislature, added \$3.4 million to the 2011 biennium base budget. These adjustments were offset \$0.9 million by the 5% reduction plan. Overall, the legislature increased the community college base budget 13.9% in the 2013 biennium.

Student Assistance

The legislature reduced funding for the student assistance program 2.1% in the 2013 biennium. The reduction is primarily the result of reduced funding for the Governor's Postsecondary Scholarships (a 2% reduction in the 2013 biennium) and reduced funding for the Quality Educator Loan Assistance program (a 19% reduction in the 2013 biennium).

General fund in this program was reduced \$1.8 million in the 5% reduction. However, the legislature authorized federal special revenue from the Montana guaranteed student loan program to backfill the entire 5% reduction in this program in the 2013 biennium.

Tribal College Assistance

The legislative budget for the tribal college assistance programs increased 38.9% in the 2013 biennium from the 2011 biennium base budget. The legislature approved one-half of the executive's new proposal to restore one-time-only funding authorized in HB 645 in the 2009 session.

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2013 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Administration Program	\$ 4,614,551	\$ -	\$ 892,811	\$ 148,801	\$ 5,656,163	1.11%
02 Student Assistance Program	24,051,800	203,719	2,132,478	-	26,387,997	5.17%
03 Improving Teacher Quality	-	-	496,120	-	496,120	0.10%
04 Community College Assistance	19,699,156	-	-	-	19,699,156	3.86%
06 Educational Outreach & Diversity	137,329	-	12,685,283	-	12,822,612	2.51%
08 Work Force Development Pgm	180,134	-	12,538,372	-	12,718,506	2.49%
09 Appropriation Distribution	307,636,246	40,897,758	-	-	348,534,004	68.29%
11 Tribal College Assistance Pgm	1,225,172	-	-	-	1,225,172	0.24%
12 Guaranteed Student Loan Pgm	-	-	82,735,068	-	82,735,068	16.21%
13 Board Of Regents-Admin	91,474	-	-	-	91,474	0.02%
Grand Total	<u>\$ 357,635,862</u>	<u>\$ 41,101,477</u>	<u>\$ 111,480,132</u>	<u>\$ 148,801</u>	<u>\$ 510,366,272</u>	<u>100.00%</u>

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	147,531,701	147,531,701	295,063,402	82.50%	240,230,561	240,230,561	480,461,122	94.14%
Statewide PL Adjustments	30,855,863	29,352,638	60,208,501	16.84%	874,849	810,164	1,685,013	0.33%
Other PL Adjustments	6,186,160	7,024,057	13,210,217	3.69%	15,074,680	21,736,415	36,811,095	7.21%
New Proposals	(5,401,695)	(5,444,563)	(10,846,258)	(3.03%)	(4,269,945)	(4,321,013)	(8,590,958)	(1.68%)
Total Budget	\$179,172,029	\$178,463,833	\$357,635,862		\$251,910,145	\$258,456,127	\$510,366,272	

Language and Statutory Authority

The legislature included the following language in HB 2 for the Montana University System:

- Language that creates the lump sum appropriation:*

Items designated as OCHE--Administration (01), Student Assistance Program (02), Improving Teacher Quality (03), Educational Outreach & 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 Board of Regents (13) are a single biennial lump-sum appropriation.
- 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 (5100). All other public funds received by units of the Montana university system (other than plant funds appropriated in HB 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.
- 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.
- Language requiring MUS to provide electronic data required for state's budgeting system:*

The Montana university system shall provide the electronic data required for human resource data for the current

unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved board of regents operating budgets.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	23.40	23.40	22.43	22.43	23.40	22.43	(0.97)	(4.15%)
Personal Services	2,083,366	2,190,847	2,085,584	2,083,576	4,274,213	4,169,160	(105,053)	(2.46%)
Operating Expenses	700,654	710,670	728,606	677,397	1,411,324	1,406,003	(5,321)	(0.38%)
Equipment & Intangible Assets	0	25,778	10,000	0	25,778	10,000	(15,778)	(61.21%)
Local Assistance	0	9,000	0	0	9,000	0	(9,000)	(100.00%)
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	35,500	48,893	35,500	35,500	84,393	71,000	(13,393)	(15.87%)
Total Costs	\$2,819,520	\$2,985,188	\$2,859,690	\$2,796,473	\$5,804,708	\$5,656,163	(\$148,545)	(2.56%)
General Fund	2,309,441	2,355,519	2,339,037	2,275,514	4,664,960	4,614,551	(50,409)	(1.08%)
Federal Special	429,663	530,146	446,274	446,537	959,809	892,811	(66,998)	(6.98%)
Other	80,416	99,523	74,379	74,422	179,939	148,801	(31,138)	(17.30%)
Total Funds	\$2,819,520	\$2,985,188	\$2,859,690	\$2,796,473	\$5,804,708	\$5,656,163	(\$148,545)	(2.56%)

Page Reference

Legislative Budget Analysis, E-127

Funding

Funding is primarily general fund. However, about 18% of the funding in the base year and in the 2013 biennium is from federal and proprietary revenue to support administrative overhead activities, such as accounting and payroll, for federal grant programs and proprietary programs administered by other OCHE programs (e.g. Talent Search, GEAR-UP, Perkins, Group Insurance, and MUS Workers Compensation).

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,309,441	2,309,441	4,618,882	100.09%	2,819,520	2,819,520	5,639,040	99.70%
Statewide PL Adjustments	107,439	51,931	159,370	3.45%	118,013	62,811	180,824	3.20%
Other PL Adjustments	12,955	4,940	17,895	0.39%	12,955	4,940	17,895	0.32%
New Proposals	(90,798)	(90,798)	(181,596)	(3.94%)	(90,798)	(90,798)	(181,596)	(3.21%)
Total Budget	\$2,339,037	\$2,275,514	\$4,614,551		\$2,859,690	\$2,796,473	\$5,656,163	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					186,844					184,575
Vacancy Savings					(90,809)					(90,718)
Inflation/Deflation					(2,304)					(2,183)
Fixed Costs					24,282					(28,863)
Total Statewide Present Law Adjustments		\$107,439	\$0	\$16,611	\$118,013*		\$51,931	\$0	\$16,874	\$62,811*
DP 101 - Program 01 Operating Adjustment	0.00	16,100	0	0	16,100	0.00	8,008	0	0	8,008
DP 920 - Remove 1% Statutory ORP from HB 2	0.00	(3,145)	0	0	(3,145)	0.00	(3,068)	0	0	(3,068)
Total Other Present Law Adjustments	0.00	\$12,955	\$0	\$0	\$12,955	0.00	\$4,940	\$0	\$0	\$4,940
Grand Total All Present Law Adjustments	0.00	\$120,394	\$0	\$16,611	\$130,968*	0.00	\$56,871	\$0	\$16,874	\$67,751*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 101 - Program 01 Operating Adjustment - The legislature added \$24,108 general fund in the 2013 biennium for increased rent and information technology support. Rent is budgeted to increase \$5,648 and the remaining \$18,460 is allocated for increased bandwidth and replacement servers. ITSD has agreed to increase bandwidth at a biennial cost of \$8,460 and replacement servers for data warehouses and other OCHE operations are estimated at \$10,000.

DP 920 - Remove 1% Statutory ORP from HB 2 - The legislature removed the 1% statutory appropriation for the MUS Optional Retirement Plan that was inadvertently included in the original HB 2 budget request.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services reduction											
01	(0.97)	(90,672)	0	0	(90,672)	(0.97)	(90,579)	0	0	(90,579)	
DP 95100 - 5% Plan - OCHE Administration											
01	0.00	(126)	0	0	(126)	0.00	(219)	0	0	(219)	
Total	(0.97)	(\$90,798)	\$0	\$0	(\$90,798)	(0.97)	(\$90,798)	\$0	\$0	(\$90,798)	

DP 55400 - 4% Personal Services reduction - The legislature reduced the Administration Program in the 2013 biennium through a 4% reduction of personal services funded with general fund and the permanent reduction of 0.97 FTE.

DP 95100 - 5% Plan - OCHE Administration - The legislature implemented the 5% reduction plan for this agency. This reduction combined with the reduction in DP 55400 comprises the entire 5% plan for this program.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	93,243	138,207	78,547	78,425	231,450	156,972	(74,478)	(32.18%)
Operating Expenses	48,332	47,024	48,337	48,342	95,356	96,679	1,323	1.39%
Local Assistance	125,000	130,000	125,000	125,000	255,000	250,000	(5,000)	(1.96%)
Grants	12,170,406	14,189,968	12,818,190	13,066,156	26,360,374	25,884,346	(476,028)	(1.81%)
Total Costs	\$12,436,981	\$14,505,199	\$13,070,074	\$13,317,923	\$26,942,180	\$26,387,997	(\$554,183)	(2.06%)
General Fund	12,145,759	14,207,999	11,901,940	12,149,860	26,353,758	24,051,800	(2,301,958)	(8.73%)
State Special	100,783	101,027	101,895	101,824	201,810	203,719	1,909	0.95%
Federal Special	190,439	196,173	1,066,239	1,066,239	386,612	2,132,478	1,745,866	451.58%
Total Funds	\$12,436,981	\$14,505,199	\$13,070,074	\$13,317,923	\$26,942,180	\$26,387,997	(\$554,183)	(2.06%)

Page Reference

Legislative Budget Analysis, E-131

Funding

Funding for the Student Assistance Program is included in the lump sum appropriation for the Montana University System. Funding is predominantly general fund.

There are three distinct components to the student assistance program:

- The grant, loan, and work study programs that are based upon financial need-based criteria as well as a merit-based scholarship program
- The interstate professional student exchange programs
- Student loan repayment assistance programs that are targeted to Montana workforce development needs

Federal funds are granted to the states as an incentive and are required to be matched by general fund dollars. In both federal programs (LEAP-the Leveraging Educational Assistance Partnership and SLEAP-the Supplemental Leveraging Educational Assistance Partnership), state general fund appropriations (the Montana Higher Education Grant and Baker grant programs) exceed the one-to-one match requirement. The legislative budget also includes increased federal revenue in the 2013 biennium from the Montana guaranteed student loan program agency operating fund to backfill general fund reductions that were continued from the 2011 biennium.

The figure below illustrates the funding levels for each of the student financial assistance programs for the 2011 biennium and the legislative budget for the 2013 biennium.

Student Financial Assistance Programs						
Fiscal 2010 through 2013						
Program	Actual FY 2010	Approp FY 2011	Leg. Budget FY 2012	Leg Budget FY 2013	Biennial \$ Change	Biennial % Change
<u>Funded with General Fund:</u>						
Baker Grants	\$2,041,990	\$2,041,990	\$2,041,990	\$2,041,990	\$0	0.0%
MT Higher Education Grant (MHEG)	553,088	568,767	553,088	553,088	(15,679)	-1.4%
SEOG *	438,449	422,770	438,449	438,449	15,679	1.8%
Perkins Loan *	68,292	68,280	68,292	68,292	12	0.0%
State Work Study	862,989	862,989	862,989	862,989	0	0.0%
Governor's Postsecondary Scholarships	2,393,000	2,507,000	2,393,000	2,393,000	(114,000)	-2.3%
Quality Educator Loan Assistance	479,909	1,635,985	782,491	928,245	(405,158)	-19.1%
Loan Reimbursement MSH/MSP Nursing	36,307	37,193	36,307	36,307	(886)	-1.2%
WICHE/WWAMI/MN Dentistry	5,239,098	6,029,742	5,601,134	5,703,300	35,594	0.3%
Program Administration	32,637	33,283	0	0	(65,920)	-100.0%
DP55140 Carryforward Governor's 17-7-140 Reduction			(875,800)	(875,800)	(1,751,600)	
Subtotal General Fund	<u>\$12,145,759</u>	<u>\$14,207,999</u>	<u>\$11,901,940</u>	<u>\$12,149,860</u>	<u>(\$2,301,958)</u>	<u>-8.7%</u>
<u>Federal Matching Funds:</u>						
SLEAP Grant Program (Baker Match)	\$104,243	\$106,255	\$104,243	\$104,243	(\$2,012)	-1.0%
LEAP Grant Program (MHEG Match)	<u>86,196</u>	<u>89,918</u>	<u>86,196</u>	<u>86,196</u>	<u>(3,722)</u>	<u>-2.1%</u>
Subtotal Federal Matching Funds	<u>\$190,439</u>	<u>\$196,173</u>	<u>\$190,439</u>	<u>\$190,439</u>	<u>(\$5,734)</u>	<u>-1.5%</u>
<u>Federal Fund Switch Proposed in Executive Budget:</u>						
DP55140 Carryforward Governor's 17-7-140 Reduction			<u>\$875,800</u>	<u>\$875,800</u>	<u>\$1,751,600</u>	
<u>Funded with State Special Revenue:</u>						
Family Education Savings Administration	<u>\$100,783</u>	<u>\$101,027</u>	<u>\$101,895</u>	<u>\$101,824</u>	<u>\$1,909</u>	0.9%
Total Funds	<u>\$12,436,981</u>	<u>\$14,505,199</u>	<u>\$13,070,074</u>	<u>\$13,317,923</u>	<u>(\$554,183)</u>	<u>-2.1%</u>
* Represents the state match. The federal matching funds are distributed directly to university campuses.						

The legislature increased biennial funding for the interstate professional student exchange programs, including WICHE/WWAMI/MN Dental, by \$36,000 in the 2013 biennium. The cost increase in these programs is driven by the higher tuition rates at the medical and dental schools participating in the program. The number of student slots funded by the legislature decreased by three when compared to the 2011 biennium. The table below illustrates the legislative budget for the professional student exchange program.

2013 Biennium Legislative Budget WICHE/WWAMI/MINNESOTA Dental Programs Office of the Commissioner of Higher Education												
PROGRAM	FY 2012						FY 2013					
	Support Fee	New (1st Year) Students	New (1st Year) Cost	Continuing Students	Continuing Cost	Total	Support Fee	New (1st Year) Students	New (1st Year) Cost	Continuing Students	Continuing Cost	Total
WICHE												
Administrative Dues			\$125,000			\$125,000			\$125,000			\$125,000
Student Assistance:												
Medicine	\$29,700	6	\$178,200	19	\$564,300	\$742,500	\$30,200	6	\$181,200	18	\$543,600	\$724,800
Osteopathic Medicine	19,700	2	39,400	5	98,500	137,900	20,000	1	20,000	5	100,000	120,000
Dentistry	23,000	1	23,000	8	184,000	207,000	23,400	1	23,400	6	140,400	163,800
Veterinary Medicine	29,500	9	265,500	27	796,500	1,062,000	30,000	9	270,000	27	810,000	1,080,000
Podiatry	13,700	1	13,700	0	0	13,700	13,900	0	0	1	13,900	13,900
Optometry	15,800	1	15,800	2	31,600	47,400	16,100	1	16,100	3	48,300	64,400
Occupational Therapy	12,100	1	12,100	2	40,334	52,434	12,300	1	12,300	1	20,500	32,800
(Includes 1 @ clinical rate \$20,167 for FY 12 and \$20,500 for FY 13)												
Subtotal (WICHE Student Support)		21	\$547,700	63	\$1,715,234	\$2,262,934		19	\$523,000	61	\$1,676,700	\$2,199,700
TOTAL WICHE (Including Dues)						\$2,387,934						\$2,324,700
MINNESOTA DENTAL	23,000	2	46,000	2	46,000	92,000	23,400	2	46,800	3	70,200	117,000
WWAMI	52,020	20	0	60	3,121,200	3,121,200	54,360	20	0	60	3,261,600	3,261,600
TOTAL WICHE/WWAMI/MN DENTAL		<u>43</u>	<u>\$718,700</u>	<u>125</u>	<u>\$4,882,434</u>	<u>\$5,601,134</u>		<u>41</u>	<u>\$694,800</u>	<u>124</u>	<u>\$5,008,500</u>	<u>\$5,703,300</u>
Notes:												
1) Rates for all continuing occupational therapy students are calculated at 1 2/3 the annual support fee to include support for two clinical rotations. (\$20,167 for FY 2012; \$20,500 for FY 2013)												
2) The WWAMI support fee is calculated as an average per continuing student. Actual support varies by program year.												

WICHE is the Western Interstate Commission on Higher Education, which provides educational opportunities for Montana students in medical and health-related fields not available in Montana. WWAMI is the Washington, Wyoming, Alaska, Montana, Idaho program, a cooperative agreement with the University of Washington School of Medicine providing medical education opportunities for Montana students. MN Dental is a cooperative agreement with the University of Minnesota School of Dentistry that provides dental education opportunities for Montana students.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	12,145,759	12,145,759	24,291,518	101.00%	12,436,981	12,436,981	24,873,962	94.26%
Statewide PL Adjustments	(15,803)	(15,849)	(31,652)	(0.13%)	(31,942)	(32,059)	(64,001)	(0.24%)
Other PL Adjustments	647,784	895,750	1,543,534	6.42%	665,035	913,001	1,578,036	5.98%
New Proposals	(875,800)	(875,800)	(1,751,600)	(7.28%)	0	0	0	0.00%
Total Budget	\$11,901,940	\$12,149,860	\$24,051,800		\$13,070,074	\$13,317,923	\$26,387,997	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(29,393)					(29,520)
Vacancy Savings					(2,554)					(2,549)
Inflation/Deflation					177					182
Fixed Costs					(172)					(172)
Total Statewide Present Law Adjustments		(\$15,803)	(\$16,139)	\$0	(\$31,942)		(\$15,849)	(\$16,210)	\$0	(\$32,059)
DP 201 - WICHE/WWAMI/MN Dental	0.00	362,036	0	0	362,036	0.00	464,202	0	0	464,202
DP 203 - Quality Educator Loan Forgiveness	0.00	285,748	0	0	285,748	0.00	431,548	0	0	431,548
DP 205 - Family Education Savings Plan	0.00	0	17,251	0	17,251	0.00	0	17,251	0	17,251
Total Other Present Law Adjustments	0.00	\$647,784	\$17,251	\$0	\$665,035	0.00	\$895,750	\$17,251	\$0	\$913,001
Grand Total All Present Law Adjustments	0.00	\$631,981	\$1,112	\$0	\$633,093	0.00	\$879,901	\$1,041	\$0	\$880,942

DP 201 - WICHE/WWAMI/MN Dental – The legislature adjusted the FY 2010 base general fund expenditures for the 2013 biennium to fund first year students and continuing students at anticipated tuition levels for the WICHE, WWAMI, and MN Dental professional student exchange programs. This adjustment was reduced by DP 55140 (See New Proposals).

DP 203 - Quality Educator Loan Forgiveness – The legislature adjusted the FY 2010 base general fund expenditures in the 2013 biennium to fund the current and projected pipeline of students in the program. The legislature anticipated providing loan assistance to 100 new teachers each year of the 2013 biennium for a total of 259 students in FY 2012 and 286 students in FY 2013.

DP 205 - Family Education Savings Plan – The legislature added state special revenue in the 2013 biennium for increased personal services related to the administration of the Family Education Savings Program.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - Carry forward FY 11 17-7-140 reductions											
02	0.00	(875,800)	0	875,800	0	0.00	(875,800)	0	875,800	0	
Total	0.00	(\$875,800)	\$0	\$875,800	\$0	0.00	(\$875,800)	\$0	\$875,800	\$0	

DP 55140 - Carry forward FY 11 17-7-140 reductions - The legislature reduced general fund in this program by continuing the reduction made in FY 2011 to meet the 17-7-140 reductions but approved a request to backfill the reduction with federal funds from the Montana guaranteed student loan program.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Personal Services	16,350	14,432	15,000	30,000	30,782	45,000	14,218	46.19%
Operating Expenses	1,049	4,957	3,050	5,050	6,006	8,100	2,094	34.87%
Grants	221,510	209,285	221,510	221,510	430,795	443,020	12,225	2.84%
Total Costs	\$238,909	\$228,674	\$239,560	\$256,560	\$467,583	\$496,120	\$28,537	6.10%
Federal Special	238,909	228,674	239,560	256,560	467,583	496,120	28,537	6.10%
Total Funds	\$238,909	\$228,674	\$239,560	\$256,560	\$467,583	\$496,120	\$28,537	6.10%

Page Reference

Legislative Budget Analysis, E-141

Funding

Funding is entirely from the federal Improving Teacher Quality grants. The legislature increased the appropriation authority in the 2013 biennium compared to the 2011 biennium to spend the anticipated amount of the federal grant.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	238,909	238,909	477,818	96.31%
Statewide PL Adjustments	0	0	0	0.00%	(16,349)	(16,349)	(32,698)	(6.59%)
Other PL Adjustments	0	0	0	0.00%	17,000	34,000	51,000	10.28%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$239,560	\$256,560	\$496,120	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(16,350)					(16,350)
Inflation/Deflation					1					1
Total Statewide Present Law Adjustments		\$0	\$0	(\$16,349)	(\$16,349)		\$0	\$0	(\$16,349)	(\$16,349)
DP 301 - Improving Teacher Quality	0.00	0	0	17,000	17,000	0.00	0	0	34,000	34,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$17,000	\$17,000	0.00	\$0	\$0	\$34,000	\$34,000
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$651	\$651	0.00	\$0	\$0	\$17,651	\$17,651

DP 301 - Improving Teacher Quality - This decision package adds a biennial adjustment for this program in the 2013 biennium to increase federal special revenue to the anticipated amount of the federal grant.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Local Assistance	8,562,831	8,735,483	9,901,670	9,797,486	17,298,314	19,699,156	2,400,842	13.88%
Total Costs	\$8,562,831	\$8,735,483	\$9,901,670	\$9,797,486	\$17,298,314	\$19,699,156	\$2,400,842	13.88%
General Fund	8,562,831	8,735,483	9,901,670	9,797,486	17,298,314	19,699,156	2,400,842	13.88%
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$8,562,831	\$8,735,483	\$9,901,670	\$9,797,486	\$17,298,314	\$19,699,156	\$2,400,842	13.88%

Page Reference

Legislative Budget Analysis, E-143

Funding

The Community College Assistance program is funded entirely with general fund. The state appropriation for the community colleges is a separate line item and is not part of the lump sum appropriation to the Montana University System educational units.

The general fund appropriation is determined by a three-factor statutory funding formula that is a calculation of the cost of education, the resident student enrollment level, and the state percent share of funding that is determined by the legislature as a matter of public policy. The total cost of education is rebased each biennium from the actual base year expenditures reported by the community colleges in the annual operating budgets submitted to and approved by the Montana Board of Regents. These base year expenditures are adjusted for one-time-only expenditures, such as those appropriated in HB 645, the federal and state stimulus bill approved by the 2009 Legislature for the 2011 biennium.

The formula calculation for the state funding appropriated to the community colleges is shown in the table on the following page. In addition to the statutory formula calculations, the legislature also adjusted the budget for present law adjustments and the 5% reduction plan (see present law adjustments and new proposals sections later in this narrative). These adjustments are shown as “below the line” adjustments in the table.

Community College Assistance Program - Calculation of Legislative Budget General Fund Appropriation for the 2013 Biennium									
Using Statutory Funding Formula									
Includes a Fixed/Variable Cost Calculation at a 75/25 Ratio									
Budget Item Factors	Fiscal Year 2012				Fiscal Year 2013				Total Biennial Approp.
	Dawson	Flathead Valley	Miles	Total	Dawson	Flathead Valley	Miles	Total	
Projected Resident Student FTE	380	2,060	418	2,858	380	2,010	418	2,808	
Fixed Cost of Education	\$2,790,046	\$10,326,790	\$3,795,997	\$16,912,832	\$2,790,046	\$10,326,790	\$3,795,997	\$16,912,832	
Variable Cost of Education per FTE	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	
Total Cost of Education per Formula	\$3,501,406	\$14,183,110	\$4,578,493	\$22,263,009	\$3,501,406	\$14,089,510	\$4,578,493	\$22,169,409	
State % Share of Cost of Education	45.80%	45.80%	45.80%	45.80%	45.80%	45.80%	45.80%	45.80%	
Calculated State Share Amount	\$1,603,644	\$6,495,864	\$2,096,950	\$10,196,458	\$1,603,644	\$6,452,996	\$2,096,950	\$10,153,590	\$20,350,048
Below the line adjustments:									
DP 402 - Legislative Audit	19,668	23,202	18,446	61,316					61,316
DP 403 - Banner Support	35,000	0	35,000	70,000	35,000	0	35,000	70,000	140,000
DP 55140 17-7-140 Carryforward	(12,298)	(37,347)	(16,164)	(65,809)	(12,298)	(37,347)	(16,164)	(65,809)	(131,618)
DP 95100 5% Plan	(67,330)	(204,470)	(88,495)	(360,295)	(67,330)	(204,470)	(88,495)	(360,295)	(720,590)
Total General Fund Budget	<u>\$1,578,684</u>	<u>\$6,277,249</u>	<u>\$2,045,737</u>	<u>\$9,901,670</u>	<u>\$1,559,016</u>	<u>\$6,211,179</u>	<u>\$2,027,291</u>	<u>\$9,797,486</u>	<u>\$19,699,156</u>

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	8,562,831	8,562,831	17,125,662	86.94%	8,562,831	8,562,831	17,125,662	86.94%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	90,565	29,249	119,814	0.61%	90,565	29,249	119,814	0.61%
New Proposals	1,248,274	1,205,406	2,453,680	12.46%	1,248,274	1,205,406	2,453,680	12.46%
Total Budget	\$9,901,670	\$9,797,486	\$19,699,156		\$9,901,670	\$9,797,486	\$19,699,156	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 402 - Community College Audit Costs (Bien-OTO)	0.00	61,316	0	0	61,316	0.00	0	0	0	0
DP 403 - Community College Banner Support	0.00	70,000	0	0	70,000	0.00	70,000	0	0	70,000
DP 404 - Remove Audit From Base	0.00	(40,751)	0	0	(40,751)	0.00	(40,751)	0	0	(40,751)
Total Other Present Law Adjustments	0.00	\$90,565	\$0	\$0	\$90,565	0.00	\$29,249	\$0	\$0	\$29,249
Grand Total All Present Law Adjustments	0.00	\$90,565	\$0	\$0	\$90,565	0.00	\$29,249	\$0	\$0	\$29,249

DP 402 - Community College Audit Costs (Bien-OTO) – The legislature added the state portion of legislative audit costs to the community colleges as a restricted, one-time-only appropriation. The state share for the audit costs was established at 50.8% for the 2013 biennium.

DP 403 - Community College Banner Support – The legislature added funding for the maintenance, implementation, and reporting of the Banner Management Information System at Dawson and Miles Community Colleges.

DP 404 - Remove Audit From Base – The legislature adjusted the budget to remove audit costs from the FY 2012 and FY 2013 adjusted base. The total state appropriation for audit costs is funded as one-time-only in DP 402.

New Proposals

New Proposals Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - Community College Assistance Base Budget Request										
04	0.00	1,674,378	0	0	1,674,378	0.00	1,631,510	0	0	1,631,510
DP 55140 - Carry Forward FY 11 17-7-140 reductions										
04	0.00	(65,809)	0	0	(65,809)	0.00	(65,809)	0	0	(65,809)
DP 95100 - 5% Plan - Community Colleges										
04	0.00	(360,295)	0	0	(360,295)	0.00	(360,295)	0	0	(360,295)
Total	0.00	\$1,248,274	\$0	\$0	\$1,248,274	0.00	\$1,205,406	\$0	\$0	\$1,205,406

DP 401 - Community College Assistance Base Budget Request – The legislature established the state percent share of the statutory funding formula for the community colleges at 45.8% each year of the 2013 biennium. This adjustment is added to the FY 2010 base (adjusted for DP 404) to fund the formula calculations for the 2013 biennium.

DP 55140 - Carry Forward FY 11 17-7-140 reductions – The legislature continued a portion of the 17-7-140, MCA, general fund reductions allocated to the community colleges in FY 2011.

DP 95100 - 5% Plan - Community Colleges – The legislature applied the 5% general fund reduction to this agency. DP 55140 and this DP comprise the 5% reduction for this program.

Language and Statutory Authority

The legislature included the following language in HB 2.

1. *The following language outlining the statutory funding formula components is required to be included in the general appropriations act (per 20-15-310(2)(b)), MCA:*

“The variable cost of education for each full-time equivalent student at the community colleges, including Summitnet, is \$1,872 each year of the 2013 biennium. The general fund appropriation for OCHE-Community College Assistance (04) provides 45.8% of the fixed costs of education plus 45.8% of the variable cost of education for each full-time equivalent student in fiscal year 2012 and 45.8% of the fixed cost of education plus 45.8% of the variable costs of education for each full-time equivalent student in fiscal year 2013. The remaining percentage of the budget must be paid from funds other than those appropriated for OCHE--Community College Assistance.”

2. *The following language is required when the legislature funds resident enrollment growth based upon resident enrollment projections and requires a state general fund reversion by the community colleges if enrollment projections are not met:*

“The general fund appropriation for OCHE--Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,858 resident FTE students in fiscal year 2012 and 2,808 resident FTE students in fiscal year 2013. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated number for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142.”

3. *The following language identifies the total estimated audit costs for all three community colleges and the state share portion that is funded in the general appropriations act:*

“Total audit costs are estimated to be \$120,700 for the community colleges for the biennium. The general fund appropriation for each community college provides 50.8% of the total audit costs in the 2013 biennium. The remaining 49.2% of these costs must be paid from funds other than those appropriated for OCHE--Community College Assistance. Audit costs for the biennium may not exceed \$38,900 for Dawson, \$38,900 for Miles, and \$42,900 for Flathead Valley community college.”

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	19.95	19.95	19.95	19.95	19.95	19.95	0.00	0.00%
Personal Services	848,027	1,271,572	1,031,127	1,030,793	2,119,599	2,061,920	(57,679)	(2.72%)
Operating Expenses	669,261	1,401,956	773,372	773,786	2,071,217	1,547,158	(524,059)	(25.30%)
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	1,059,267	5,470,185	2,654,267	1,959,267	6,529,452	4,613,534	(1,915,918)	(29.34%)
Transfers	1,400,000	900,000	2,300,000	2,300,000	2,300,000	4,600,000	2,300,000	100.00%
Total Costs	\$3,976,555	\$9,043,713	\$6,758,766	\$6,063,846	\$13,020,268	\$12,822,612	(\$197,656)	(1.52%)
General Fund	69,723	71,903	68,745	68,584	141,626	137,329	(4,297)	(3.03%)
State Special	0	0	0	0	0	0	0	n/a
Federal Special	3,906,832	8,971,810	6,690,021	5,995,262	12,878,642	12,685,283	(193,359)	(1.50%)
Total Funds	\$3,976,555	\$9,043,713	\$6,758,766	\$6,063,846	\$13,020,268	\$12,822,612	(\$197,656)	(1.52%)

Page Reference

Legislative Budget Analysis, E-153

Funding

This program is comprised of three smaller programs, each funded from a different source. The American Indian/Minority Achievement program is funded 100% from state general fund and comprises about 1% of the program budget in the 2013 biennium. Federal funds provide the majority of the funding for this program. The Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) activities in this program are funded by a federal grant that requires a 50% non-federal fund match, which is provided through allowable in-kind services. Unexpended GEAR-UP federal grant funds of \$3.0 million from prior years are carried forward into FY 2011 creating a higher FY 2011 appropriation in the budget comparison table. Carryover funds at a reduced level are also anticipated for FY 2012 and FY 2013 in the GEAR-UP program. The Montana Educational Talent Search (METS) program is funded 100 percent from federal funds, with no match requirement.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	69,723	69,723	139,446	101.54%	3,976,555	3,976,555	7,953,110	62.02%
Statewide PL Adjustments	474	313	787	0.57%	180,676	180,291	360,967	2.82%
Other PL Adjustments	(1,452)	(1,452)	(2,904)	(2.11%)	2,601,535	1,907,000	4,508,535	35.16%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$68,745	\$68,584	\$137,329		\$6,758,766	\$6,063,846	\$12,822,612	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					226,064					225,718
Vacancy Savings					(42,964)					(42,952)
Inflation/Deflation					(1,896)					(1,856)
Fixed Costs					(528)					(619)
Total Statewide Present Law Adjustments		\$474	\$0	\$180,202	\$180,676		\$313	\$0	\$179,978	\$180,291
DP 600 - Rent Increase	0.00	0	0	7,987	7,987	0.00	0	0	8,452	8,452
DP 601 - GEAR UP- Federal Authority	0.00	0	0	2,595,000	2,595,000	0.00	0	0	1,900,000	1,900,000
DP 602 - Continuation of 2% Reduction - 2009 Session	0.00	(1,452)	0	0	(1,452)	0.00	(1,452)	0	0	(1,452)
Total Other Present Law Adjustments	0.00	(\$1,452)	\$0	\$2,602,987	\$2,601,535	0.00	(\$1,452)	\$0	\$1,908,452	\$1,907,000
Grand Total All Present Law Adjustments	0.00	(\$978)	\$0	\$2,783,189	\$2,782,211	0.00	(\$1,139)	\$0	\$2,088,430	\$2,087,291

DP 600 - Rent Increase – The legislature increased the budget to reflect increased building rent costs. This is funded entirely from federal funds.

DP 601 - GEAR UP- Federal Authority – The legislature added federal authority to implement GEAR UP programs each year of the 2013 biennium. Federal special revenue authority is higher in FY 2012 due to grant carryover funds that must be expended in FY 2012.

DP 602 - Continuation of 2% Reduction - 2009 Session - The 2009 Legislature imposed a 2% across-the-board reduction of general fund but provided flexibility for affected agencies to allocate the reductions when developing operating plans for the 2011 biennium. The legislature directed in statute that agencies reduce their 2013 budget requests by the amount allocated to personal services in the 2011 biennium. This adjustment corresponds to the 2011 biennium portion of the 2% reduction allocated to personal services.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	250,332	527,475	375,664	375,342	777,807	751,006	(26,801)	(3.45%)
Operating Expenses	142,726	134,264	307,724	261,046	276,990	568,770	291,780	105.34%
Grants	2,310,118	2,644,334	2,409,118	2,448,118	4,954,452	4,857,236	(97,216)	(1.96%)
Transfers	3,270,747	3,576,547	3,270,747	3,270,747	6,847,294	6,541,494	(305,800)	(4.47%)
Total Costs	\$5,973,923	\$6,882,620	\$6,363,253	\$6,355,253	\$12,856,543	\$12,718,506	(\$138,037)	(1.07%)
General Fund	90,063	90,066	90,067	90,067	180,129	180,134	5	0.00%
Federal Special	5,883,860	6,792,554	6,273,186	6,265,186	12,676,414	12,538,372	(138,042)	(1.09%)
Total Funds	\$5,973,923	\$6,882,620	\$6,363,253	\$6,355,253	\$12,856,543	\$12,718,506	(\$138,037)	(1.07%)

Page Reference

Legislative Budget Analysis, E-158

Funding

The State of Montana receives an annual allocation of federal funds through the Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins). The Montana Board of Regents is designated by Montana statute (20-7-329, MCA) as the state entity responsible for administration or supervision of the programs required or allowed under the act. As the eligible agency, the Office of the Commissioner of Higher Education (OCHE) receives the entire grant allocation. OCHE then contracts with the Office of Public Instruction (OPI) for the administration and supervision of K-12 career and technical education programs, services, and activities allowed by the federal act.

The federal act requires at least 85% of the state allocation be earmarked for secondary and post-secondary grants, no more than 10% for state leadership activities as outlined in the federal legislation, and the greater of \$250,000 or 5% for administration costs. Administrative costs must be matched dollar for dollar by non-federal sources.

The general fund in this program is the state match for the post-secondary administration costs. The state match for secondary administration is accounted for in the Office of Public Instruction.

Overall, approximately two-thirds of the grants and administration funds allowed in the act are distributed to OPI for secondary education programs and the remaining approximate one-third is used at the post-secondary level.

FY 2011 includes approximately \$450,000 of carryover authority for Perkins grants from previous years, resulting in a higher FY 2011 appropriation amount in the program budget comparison table.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	90,063	90,063	180,126	100.00%	5,973,923	5,973,923	11,947,846	93.94%
Statewide PL Adjustments	4	4	8	0.00%	125,312	124,962	250,274	1.97%
Other PL Adjustments	0	0	0	0.00%	8,068	8,618	16,686	0.13%
New Proposals	0	0	0	0.00%	255,950	247,750	503,700	3.96%
Total Budget	\$90,067	\$90,067	\$180,134		\$6,363,253	\$6,355,253	\$12,718,506	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					140,984					140,650
Vacancy Savings					(15,652)					(15,640)
Inflation/Deflation					(29)					(27)
Fixed Costs					9					(21)
Total Statewide Present Law Adjustments		\$4	\$0	\$125,308	\$125,312		\$4	\$0	\$124,958	\$124,962
DP 800 - Rent Increase	0.00	0	0	8,068	8,068	0.00	0	0	8,618	8,618
Total Other Present Law Adjustments	0.00	\$0	\$0	\$8,068	\$8,068	0.00	\$0	\$0	\$8,618	\$8,618
Grand Total All Present Law Adjustments	0.00	\$4	\$0	\$133,376	\$133,380	0.00	\$4	\$0	\$133,576	\$133,580

DP 800 - Rent Increase – The legislature increased the budget to reflect increased building rent costs. This is funded entirely from federal funds.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 801 - Paving the Way - New Federal Authority	08	0.00	0	0	255,950	255,950	0.00	0	0	247,750	247,750
Total		0.00	\$0	\$0	\$255,950	\$255,950	0.00	\$0	\$0	\$247,750	\$247,750

DP 801 - Paving the Way - New Federal Authority – The legislature increased federal special revenue authority in the 2013 biennium for a new federal grant under the Carl D. Perkins program that is intended to promote rigorous career and technical programs of study. The grant started October 1, 2010 and expires September 30, 2014. The grant does not require any cost sharing or matching; it is 100% federally funded.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Personal Services	0	0	0	0	0	0	0	n/a
Transfers	174,252,684	171,428,524	173,937,371	174,596,633	345,681,208	348,534,004	2,852,796	0.83%
Total Costs	\$174,252,684	\$171,428,524	\$173,937,371	\$174,596,633	\$345,681,208	\$348,534,004	\$2,852,796	0.83%
General Fund	123,863,811	124,722,453	154,212,247	153,423,999	248,586,264	307,636,246	59,049,982	23.75%
State Special	19,434,913	18,135,584	19,725,124	21,172,634	37,570,497	40,897,758	3,327,261	8.86%
Federal Special	30,953,960	28,570,487	0	0	59,524,447	0	(59,524,447)	(100.00%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$174,252,684	\$171,428,524	\$173,937,371	\$174,596,633	\$345,681,208	\$348,534,004	\$2,852,796	0.83%

Page Reference

Legislative Budget Analysis, E-162

Funding

The Appropriation Distribution program is the conduit through which state funds are passed through the Office of the Commissioner of Higher Education to the university educational units and the research/public service agencies affiliated with the university units. State funding in this program comes from five sources:

1. State general fund;
2. State special revenue from the statewide six-mill property tax levy that is appropriated for the support, maintenance, and improvement of the Montana university system;
3. State special revenue from the motorcycle safety account that is funded from motorcycle endorsement fees and motorcycle safety fees that is appropriated for the operation of the Montana motorcycle safety training program at MSU-Northern in Havre;
4. State special revenue from the groundwater assessment account that is funded from an allocation of resource indemnity trust interest and an allocation of taxes on mineral production as provided in Title 15, Chapter 38, Resource Indemnity Trust and Ground Water Assessment. This revenue is used to fund groundwater assessment activities at the Montana Bureau of Mines; and,
5. State special revenue from an allocation of the natural resources operations account that is funded from resource indemnity trust interest, metal mines tax, and oil and natural gas production tax. This revenue is also used to fund groundwater assessment activities at the Montana Bureau of Mines.

State general fund for the educational units and the state special revenue from the statewide six-mill property tax levy are appropriated as part of the lump sum appropriation and are distributed by the board of regents to the educational units using an allocation formula. State general fund and the state special revenues for the Bureau of Mines are line-itemed in HB 2 for each research or public service agency.

The figure below illustrates the legislative budget for each component of the appropriation distribution program, including the university educational units and the research/public service agencies.

Appropriation Distribution Program -- 2013 Biennium Legislative Budget												
Subprogram	Base 2010	Approp 2011	State Share		Budget 2012	State Share		Budget 2013	2011 Biennium	2013 Biennium	Biennium Change	Biennium % Change
			PL 2012	NP 2012		PL 2013	NP 2013					
Ed Units	\$150,608,446	\$148,376,633	\$4,854,978	(\$4,397,498)	\$151,065,926	\$5,457,220	(\$4,397,173)	\$151,668,493	\$298,985,079	\$302,734,419	\$3,749,340	1.25%
AES	12,242,313	12,298,341	367,121	(804,010)	11,805,424	418,035	(804,207)	11,856,141	24,540,654	23,661,565	(\$879,089)	-3.58%
ES	5,723,178	5,786,289	4,602	(389,065)	5,338,715	5,539	(389,146)	5,339,571	11,509,467	10,678,286	(\$831,181)	-7.22%
FCES	1,150,413	1,162,079	(66,301)	(72,896)	1,011,216	(64,911)	(72,910)	1,012,592	2,312,492	2,023,808	(\$288,684)	-12.48%
Bureau	2,753,552	2,783,833	238,554	(149,232)	2,842,874	239,615	(149,265)	2,843,902	5,537,385	5,686,776	\$149,391	2.70%
Bureau HB52	758,259	0	0	0	758,259	0	0	758,259	758,259	1,516,518	\$758,259	100.00%
FSTS	741,523	746,353	35,654	(37,220)	739,957	38,372	(37,220)	742,675	1,487,876	1,482,632	(\$5,244)	-0.35%
Motorcycle	<u>275,000</u>	<u>275,000</u>	<u>100,000</u>	<u>0</u>	<u>375,000</u>	<u>100,000</u>	<u>0</u>	<u>375,000</u>	<u>550,000</u>	<u>750,000</u>	<u>\$200,000</u>	<u>36.36%</u>
Total Costs	<u>\$174,252,684</u>	<u>\$171,428,528</u>	<u>\$5,534,608</u>	<u>(\$5,849,921)</u>	<u>\$173,937,371</u>	<u>\$6,193,870</u>	<u>(\$5,849,921)</u>	<u>\$174,596,633</u>	<u>\$345,681,212</u>	<u>\$348,534,004</u>	<u>\$2,852,792</u>	<u>0.83%</u>
Gen Fund	\$123,863,811	\$124,722,457	\$36,198,357	(\$5,849,921)	\$154,212,247	\$35,410,109	(\$5,849,921)	\$153,423,999	\$248,586,268	\$307,636,246	\$59,049,978	23.75%
SSR	19,434,913	18,135,584	290,211	0	19,725,124	1,737,721	0	21,172,634	37,570,497	40,897,758	3,327,261	8.86%
Fed	<u>30,953,960</u>	<u>28,570,487</u>	<u>(30,953,960)</u>	<u>0</u>	<u>0</u>	<u>(30,953,960)</u>	<u>0</u>	<u>0</u>	<u>59,524,447</u>	<u>0</u>	<u>(59,524,447)</u>	<u>-100.00%</u>
Total Funds	<u>\$174,252,684</u>	<u>\$171,428,528</u>	<u>\$5,534,608</u>	<u>(\$5,849,921)</u>	<u>\$173,937,371</u>	<u>\$6,193,870</u>	<u>(\$5,849,921)</u>	<u>\$174,596,633</u>	<u>\$345,681,212</u>	<u>\$348,534,004</u>	<u>\$2,852,792</u>	<u>0.83%</u>

Tuition

In addition to state funding, the university educational units fund operational costs for educating students with revenue from student tuition and interest earnings (collectively these comprise the current unrestricted operating fund). In FY 2010 state funds provided an average of 40.7 % of the current unrestricted fund budget for the university educational units with state general fund and six-mill levy revenue. Student tuition funded virtually all the remaining 59.3 %.

With legislative action on state funding so far in the 2011 session, and if the board of regents approves the current unrestricted fund operating budgets at the level included in the agency budget request submitted in September 2010, the state percent share may be adjusted to 36% of the current unrestricted fund budget by FY 2013, and student tuition would comprise most of the remaining 64%.

The Montana board of regents has the constitutional authority and responsibility to establish the general operating budgets for the educational units and ensure the budgets are balanced. The board will ultimately determine the expenditure level it considers necessary for the delivery of educational services, and the resulting tuition increase, if any, necessary to support the budget.

The table below illustrates the state percent share history of educational unit funding since FY 1998. As shown on the table, total state support has increased an average of 2.7% annually since FY 1998, while tuition revenue has increased an average of 6.7% annually.

Historical Funding and State Percent Share -- Educational Units Only							
Montana University System							
Fiscal Years 1998 - 2013							
Budgeted Revenue by Source							
FY	General Fund ^(1,2)	Student Tuition	Six-Mill Levy	Other	Total	Total State Support	State % Share
1998	\$87,464,402	\$100,240,444	\$13,864,000	\$2,448,861	\$204,017,707	\$101,328,402	49.7%
1999	89,087,185	109,576,801	14,319,118	3,134,954	216,118,058	\$103,406,303	47.8%
2000	94,922,977	108,577,974	14,809,000	2,313,795	220,623,746	\$109,731,977	49.7%
2001	95,844,703	112,934,296	15,280,000	2,504,907	226,563,906	\$111,124,703	49.0%
2002	104,849,450	120,897,552	11,868,912	3,002,673	240,618,587	\$116,718,362	48.5%
2003	101,347,323	147,022,505	12,036,912	2,970,384	263,377,124	\$113,384,235	43.1%
2004	107,186,837	158,086,393	12,235,000	5,946,357	283,454,587	\$119,421,837	42.1%
2005	101,381,233	172,721,055	12,362,999	6,355,565	292,820,852	\$113,744,232	38.8%
2006	111,395,004	188,215,243	13,385,001	2,558,151	315,553,399	\$124,780,005	39.5%
2007	112,552,060	206,049,651	13,679,000	2,007,205	334,287,916	\$126,231,060	37.8%
2008	125,093,960	204,832,437	17,565,323	3,965,741	351,457,461	\$142,659,283	40.6%
2009	138,977,163	211,100,180	16,369,436	4,184,049	370,630,828	\$155,346,599	41.9%
2010	133,629,465	218,155,115	18,318,027	2,915,765	373,018,372	\$151,947,492	40.7%
2011	131,434,006	236,364,336	17,018,698	4,572,464	389,389,504	\$148,452,704	38.1%
2012 ⁽³⁾	132,557,688	257,946,153	18,508,238	4,572,464	413,584,543	\$151,065,926	36.5%
2013	131,712,745	265,337,593	19,955,748	4,572,464	421,578,550	\$151,668,493	36.0%
Annual % Change	2.8%	6.7%	2.5%	4.3%	5.0%	2.7%	-2.1%

Sources: BOR Operating Budgets (Summary of Funding) FY 1988 - 1995
 OCHE Submission to Legislative Audit Division (Cost of Education Historical Summary) FY 1996-2006
 2007 - 2009 MBARS excluding OTO appropriations and Misc Sub-Programs

Footnotes:
 1) 2010 and 2011 general fund includes federal State Fiscal Stabilization Funds from the American Recovery and Reinvestment Act of 2009 (\$30.95M in FY 10 and \$28.57M in FY 11)
 2) 2010 and 2011 general fund reflects Governor's 17-7-140 reductions (\$1.34M in FY 10 and \$1.35M in FY 11)
 3) 2012 and 2013 general fund reflects HB 2 only; total funds from MUS original budget submission September 2010

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	123,863,811	123,863,811	247,727,622	80.53%	174,252,684	174,252,684	348,505,368	99.99%
Statewide PL Adjustments	30,763,749	29,316,239	60,079,988	19.53%	0	0	0	0.00%
Other PL Adjustments	5,434,608	6,093,870	11,528,478	3.75%	5,534,608	6,193,870	11,728,478	3.37%
New Proposals	(5,849,921)	(5,849,921)	(11,699,842)	(3.80%)	(5,849,921)	(5,849,921)	(11,699,842)	(3.36%)
Total Budget	\$154,212,247	\$153,423,999	\$307,636,246		\$173,937,371	\$174,596,633	\$348,534,004	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
					*					*
DP 901 - Statewide Present Law Adjustments	0.00	(988,082)	0	0	(988,082)	0.00	(1,139,936)	0	0	(1,139,936)
DP 902 - Library Inflation	0.00	241,538	0	0	241,538	0.00	497,305	0	0	497,305
DP 903 - Information Technology Increases	0.00	253,503	0	0	253,503	0.00	390,078	0	0	390,078
DP 904 - Admin Assessment	0.00	154,364	0	0	154,364	0.00	146,346	0	0	146,346
DP 905 - Utilities Inflation	0.00	1,038,338	0	0	1,038,338	0.00	1,120,749	0	0	1,120,749
DP 906 - New Space	0.00	477,832	0	0	477,832	0.00	529,622	0	0	529,622
DP 907 - Other Operating	0.00	188,951	0	0	188,951	0.00	479,190	0	0	479,190
DP 908 - Waivers	0.00	2,770,774	0	0	2,770,774	0.00	2,769,674	0	0	2,769,674
DP 909 - Faculty Termination Costs	0.00	1,394,026	0	0	1,394,026	0.00	1,394,026	0	0	1,394,026
DP 910 - Lease of Office Space	0.00	2,108	0	0	2,108	0.00	3,563	0	0	3,563
DP 911 - Agency O&M Reduction	0.00	(101,635)	0	0	(101,635)	0.00	(101,635)	0	0	(101,635)
DP 912 - Accounting Adjustment IDC	0.00	19,579	0	0	19,579	0.00	19,579	0	0	19,579
DP 913 - Overtime/Comp/Communication Device Allowance	0.00	465,471	0	0	465,471	0.00	465,349	0	0	465,349
DP 914 - Agency Adjustments	0.00	699,386	0	0	699,386	0.00	695,410	0	0	695,410
DP 915 - Motorcycle Safety Program	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 920 - Remove 1% Statutory ORP from HB 2	0.00	(1,181,545)	0	0	(1,181,545)	0.00	(1,175,450)	0	0	(1,175,450)
Total Other Present Law Adjustments	0.00	\$5,434,608	\$100,000	\$0	\$5,534,608	0.00	\$6,093,870	\$100,000	\$0	\$6,193,870
Grand Total All Present Law Adjustments	0.00	\$36,198,357	\$100,000	\$0	\$5,534,608*	0.00	\$35,410,109	\$100,000	\$0	\$6,193,870*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

Note: For DPs 901 through 914 the legislature calculated the state share of present law adjustments to be an average of 47.7% of the total cost (current unrestricted operating fund) of the expenditure adjustment. The state share by campus and agency for each decision package is shown on the table on the following page.

Present Law Adjustments - Educational Units and Research/Public Service Agencies																	
2013 Biennium Legislative Budget																	
FY 2012	PL 0901	PL 902	PL 903	PL 904	PL 905	PL 906	PL 907	PL 908	PL 909	PL 910	PL 911	PL 912	PL 913	PL 914	PL 915	PL 920	
Unit	SWPLA	Library Inflation	IT Increases	Admin Assessment	Utilities Inflation	New Space	Other Operating Inflation	Waivers	Faculty Termination	Lease of Office Space	Agency O&M Reduction	Accounting Adjustment	Overtime, Comp, Communication Device Allowance	Agency Adjustments	Motorcycle Safety	Remove 1% ORP SA	Total PL Adjs
MSU-Gt Falls	(\$67,468)	\$543	\$3,218	\$0	\$73,889	\$0	\$0	\$19,129	\$23,597	\$0	\$0	\$3,298	\$0	\$0	\$0	(\$33,611)	\$22,595
UM-Helena	108,480	1,297	2,504	0	28,632	0	6,635	2,504	18,132	0	0	0	18,865	0	0	(16,296)	170,753
UM	(497,018)	116,798	46,426	0	261,298	0	77,673	1,497,683	346,936	0	0	0	351,542	0	0	(430,198)	1,771,140
MSU	(276,145)	112,341	127,501	0	245,896	255,101	38,403	1,065,237	342,151	0	0	0	0	0	0	(366,104)	1,544,381
UM-MT Tech	219,822	1,367	24,826	0	99,236	0	15,414	41,917	32,985	0	0	0	0	0	0	(90,932)	344,635
MSU-Billings	(37,940)	3,978	19,611	0	163,493	0	38,294	94,154	178,830	0	0	0	46,129	0	0	(88,764)	417,785
MSU-Norther	295,486	3,087	22,250	0	36,627	0	12,532	30,127	104,187	0	0	16,281	30,342	0	0	(35,229)	515,690
UM Western	40,256	2,127	7,167	0	34,651	0	0	20,023	5,695	0	0	0	0	0	0	(41,920)	67,999
Subtotal Ed Units	(\$214,527)	\$241,538	\$253,503	\$0	\$943,722	\$255,101	\$188,951	\$2,770,774	\$1,052,513	\$0	\$0	\$19,579	\$446,878	\$0	\$0	(\$1,103,054)	\$4,854,978
AES	(\$163,705)	\$0	\$0	\$154,364	\$89,751	\$175,112	\$0	\$0	\$147,869	\$0	\$0	\$0	\$6,048	\$0	\$0	(\$42,318)	\$367,121
ES	(775,215)	0	0	0	4,865	47,619	0	0	144,871	0	(97,373)	0	12,545	685,259	0	(17,969)	4,602
FCES	(59,530)	0	0	0	0	0	0	0	23	0	0	0	0	0	0	(6,794)	(66,301)
Bureau	209,283	0	0	0	0	0	0	0	38,731	0	0	0	0	0	0	(9,460)	238,554
FSTS	15,612	0	0	0	0	0	0	0	10,019	2,108	(4,262)	0	0	14,127	0	(1,950)	35,654
Motorcycle Safety	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100,000	0	100,000
Total FY 2012	(\$988,082)	\$241,538	\$253,503	\$154,364	\$1,038,338	\$477,832	\$188,951	\$2,770,774	\$1,394,026	\$2,108	(\$101,635)	\$19,579	\$465,471	\$699,386	\$100,000	(\$1,181,545)	\$5,534,608
FY 2013	PL 0901	PL 902	PL 903	PL 904	PL 905	PL 906	PL 907	PL 908	PL 909	PL 910	PL 911	PL 912	PL 913	PL 914	PL 915	PL 920	
Unit	SWPLA	Library Inflation	IT Increases	Admin Assessment	Utilities Inflation	New Space	Other Operating Inflation	Waivers	Faculty Termination	Lease of Office Space	Agency O&M Reduction	Accounting Adjustment	Overtime, Comp, Communication Device Allowance	Agency Adjustments	Motorcycle Safety	Remove 1% ORP SA	Total PL Adjs
MSU-Gt Falls	(\$77,551)	\$1,118	\$6,757	\$0	\$75,157	\$0	\$0	\$19,129	\$23,597	\$0	\$0	\$3,298	\$0	\$0	\$0	(\$33,434)	\$18,071
UM-Helena	105,794	2,672	2,704	0	24,082	0	6,702	2,629	18,132	0	0	0	18,865	0	0	(16,172)	165,408
UM	(566,100)	240,512	93,369	0	322,085	0	366,759	1,497,110	346,936	0	0	0	351,407	0	0	(427,661)	2,224,417
MSU	(290,242)	231,240	192,235	0	264,162	265,306	38,756	1,064,401	342,151	0	0	0	0	0	0	(363,952)	1,744,057
UM-MT Tech	222,664	2,827	26,913	0	87,588	0	15,627	42,074	32,985	0	0	0	0	0	0	(91,825)	338,853
MSU-Billings	(74,152)	8,196	21,579	0	169,528	0	38,688	94,181	178,830	0	0	0	46,142	0	0	(88,420)	394,572
MSU-Norther	259,985	6,359	35,545	0	38,443	0	12,658	30,127	104,187	0	0	16,281	30,342	0	0	(35,057)	498,870
UM Western	33,812	4,381	10,976	0	39,811	0	0	20,023	5,695	0	0	0	0	0	0	(41,726)	72,972
Subtotal Ed Units	(\$385,790)	\$497,305	\$390,078	\$0	\$1,020,856	\$265,306	\$479,190	\$2,769,674	\$1,052,513	\$0	\$0	\$19,579	\$446,756	\$0	\$0	(\$1,098,247)	\$5,457,220
AES	(\$150,154)	\$0	\$0	\$146,346	\$94,752	\$214,792	\$0	\$0	\$147,869	\$0	\$0	\$0	\$6,048	\$0	\$0	(\$41,618)	\$418,035
ES	(772,772)	0	0	0	5,141	49,524	0	0	144,871	0	(97,373)	0	12,545	681,283	0	(17,680)	5,539
FCES	(58,250)	0	0	0	0	0	0	0	23	0	0	0	0	0	0	(6,684)	(64,911)
Bureau	210,163	0	0	0	0	0	0	0	38,731	0	0	0	0	0	0	(9,279)	239,615
FSTS	16,867	0	0	0	0	0	0	0	10,019	3,563	(4,262)	0	0	14,127	0	(1,942)	38,372
Motorcycle Safety	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100,000	0	100,000
Total FY 2013	(\$1,139,936)	\$497,305	\$390,078	\$146,346	\$1,120,749	\$529,622	\$479,190	\$2,769,674	\$1,394,026	\$3,563	(\$101,635)	\$19,579	\$465,349	\$695,410	\$100,000	(\$1,175,450)	\$6,193,870

DP 901 - Statewide Present Law Adjustments – The legislature applied statewide present law adjustments for the university educational units and research/public service agencies for the 2013 biennium, funding the state share of these adjustments with general fund.

DP 902 - Library Inflation - The legislature added general fund at each educational unit for the state share of a 6% inflationary increase for library books and materials in the 2013 biennium.

DP 903 - Information Technology Increases – The legislature added general fund at each educational unit for the state share of increased information technology (IT) costs including contractual software licenses and maintenance agreements, hardware maintenance agreements, and internet service costs.

DP 904 - Admin Assessment – The legislature added general fund for the state share of administrative assessments to be paid by the Agricultural Experiment Station to MSU-Bozeman in the 2013 biennium.

DP 905 - Utilities Inflation – The legislature added the state share of projected utilities cost increases at each educational unit and the Agricultural Experiment Station and Extension Service for the 2013 biennium. Utilities adjustments include electricity, natural gas, water, local utilities, biomass fuel, fuel oil, sewer, and garbage/trash removal.

DP 906 - New Space - The legislature added general fund for the state share of operations and maintenance costs for space previously authorized but not included in the base budget for the Montana University System. Space authorized includes Animal Bioscience Facility, Northern Agricultural Research Center, and Eastern Agricultural Research Center.

DP 907 - Other Operating - The legislature added general fund for the state share of increased costs for items that exceed the normal cost of inflation including repair and maintenance, off campus rent, and gasoline expenses. Budgets were adjusted at UM-Helena, UM-Missoula, MSU-Bozeman, UM-MT Tech, MSU-Billings, and MSU-Northern.

DP 908 - Waivers – The legislature added general fund at each educational unit for the state share of mandatory fee waivers and faculty, staff, dependent, graduate and teaching assistant/research assistant waivers. The fee waiver expenditures were classified as personal services in the base budget year but were automatically zeroed out in the statewide present law adjustment calculation. This adjustment reinstated the state share of these costs for the 2013 biennium.

DP 909 - Faculty Termination Costs – The legislature added general fund at each educational unit and the research/public service agencies for the state share of faculty termination costs. These costs were zeroed out in the statewide present law adjustment calculations and were reinstated through this decision package.

DP 910 - Lease of Office Space - The legislature added general fund for increased lease costs for the Fire Services Training School.

DP 911 - Agency O&M Reduction – The legislature adjusted general fund for the state share of overhead cost reductions anticipated for the Extension Service and the Fire Services Training School.

DP 912 - Accounting Adjustment IDC – The legislature reinstated the state share of indirect cost expenditures for MSU-Great Falls and MSU-Northern.

DP 913 - Overtime/Comp/Communication Device Allowance – The legislature increased general fund for the state share of overtime costs; additional faculty, administrative, and classified staff compensation for temporary, additional duties; and communication device allowance expenditures for the 2013 biennium at UM-Helena, UM-Missoula, MSU-Billings, MSU-Northern, the Agricultural Experiment Station, and the Extension Service. These costs were zeroed out in the statewide present law adjustment calculations and were reinstated through this decision package.

DP 914 - Agency Adjustments – The legislature reinstated the state share of medical benefits for the extension agents that are removed in MBARS and reclassified personal service expenditures within Extension Service and Fire Services Training School.

DP 915 - Motorcycle Safety Program – The legislature increased state special revenue funding for the Montana Motorcycle Safety Training Program.

DP 920 - Remove 1% Statutory ORP from HB 2 - The legislature removed the 1% statutory appropriation for the MUS Optional Retirement Plan that was inadvertently included in the original HB 2 budget request.

New Proposals

Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - Carry Forward FY 2011 17-7-140 reductions Ed Units 09	0.00	(749,642)		0	(749,642)	0.00	(749,642)	0	0	(749,642)
DP 55141 - Carry Forward FY 2011 17-7-140 reductions Agencies 09	0.00	(1,095,262)	0	0	(1,095,262)	0.00	(1,095,262)	0	0	(1,095,262)
DP 55401 - 4% Personal Services reduction-Educational Units 09	0.00	(1,808,205)	0	0	(1,808,205)	0.00	(1,808,514)	0	0	(1,808,514)
DP 55402 - 4% Personal Services reduction-Agencies 09	0.00	(357,161)	0	0	(357,161)	0.00	(357,486)	0	0	(357,486)
DP 95100 - 5% Plan - Educational Units 09	0.00	(1,836,589)	0	0	(1,836,589)	0.00	(1,836,280)	0	0	(1,836,280)
DP 95101 - 5% Plan - Research & Public Service Agencies 09	0.00	(3,062)	0	0	(3,062)	0.00	(2,737)	0	0	(2,737)
Total	0.00	(\$5,849,921)	\$0	\$0	(\$5,849,921)	0.00	(\$5,849,921)	\$0	\$0	(\$5,849,921)

DP 55140 - Carry Forward FY 2011 17-7-140 reductions - Ed Units – The legislature continued a portion of the FY 2011 17-7-140, MCA, general fund reductions to the educational units into the 2013 biennium as part of the 5% reduction plan

DP 55141 - Carry Forward FY 2011 17-7-140 reductions - Agencies – The legislature continued the FY 2011 17-7-140, MCA, general fund reductions the research/public service agencies into the 2013 biennium as part of the 5% reduction plan.

DP 55401 - 4% Personal Services reduction - Educational Units - The legislature reduced general funded personal services by 4% at the educational units as part of the 5% reduction. The reduction includes the elimination of approximately 30.57 FTE. Specific positions that will be impacted have not been identified.

DP 55402 - 4% Personal Services reduction - Agencies - The legislature reduced general funded personal services by 4% at the research/public service agencies as part of the 5% reduction. The reduction includes the elimination of approximately 5.21 FTE. Specific positions that will be impacted have not been identified.

DP 95100 - 5% Plan - Educational Units – The legislature reduced state funds that support the educational units as part of the 5% reduction. DP 55140, DP 55401, and this decision package comprise the 5% reduction for the educational units in the 2013 biennium.

DP 95101 - 5% Plan - Research & Public Service - Agencies – The legislature reduced state funds that support the research and public service agencies. DP 55141, DP 55402, and this decision package comprise the 5% reduction for the research and public service agencies in the 2013 biennium.

Language and Statutory Authority

The legislature included the following language in HB2.

1. *Language containing estimated public funds that will be received by MUS educational units and agencies and deposited to the current unrestricted fund. These revenues are in addition to the state funds contained in line items in HB 2.*

Revenue anticipated to be received by the Montana university system units and colleges of technology include interest earnings and other revenue of \$897,834 for fiscal year 2012 and \$898,509 for fiscal year 2013. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in OCHE—Appropriation Distribution Transfers.

Revenue anticipated to be received by the agriculture experiment station includes:

- (1) interest earnings and other revenue of \$8,500 each year of the 2013 biennium; and
- (2) federal revenue of \$2,430,301 each year of the 2013 biennium.

These amounts are appropriated for current unrestricted operating expenses and are in addition to that shown in OCHE—Appropriation Distribution Transfers.

Revenue anticipated to be received by the extension services includes:

- (1) interest earnings of \$1,500 each year of the 2013 biennium; and
- (2) federal revenue of \$2,341,763 each year of the 2013 biennium.

These amounts are appropriated for current unrestricted operating expenses and are in addition to that shown in OCHE—Appropriation Distribution Transfers.

Anticipated interest revenue of \$2,000 in each year of the 2013 biennium is appropriated to the forest and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE—Appropriation Distribution Transfers.

Anticipated sales revenue of \$48,000 in each year of the 2013 biennium is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE—Appropriation Distribution Transfers.

Anticipated interest revenue of \$200 each year of the 2013 biennium is appropriated to fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.

2. *Language that requires the MUS units to transfer funds for bond payments relating to the state energy conservation program:*

OCHE--Appropriation Distribution Transfers includes \$1,862,756 for the 2013 biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$196,806 in fiscal year 2012 and \$196,806 in fiscal year 2013; Montana tech of the university of Montana, \$84,472 in fiscal year 2012 and \$84,472 in fiscal year 2013; western Montana college of the university of Montana, \$67,540 in fiscal year 2012 and \$67,540 in fiscal year 2013; Helena college of technology of the university of Montana, \$27,723 in fiscal year 2012 and \$27,723 in fiscal year 2013; Montana state university-Bozeman, \$250,985 in fiscal year 2012 and \$250,985 in fiscal year 2013; Montana state university-Billings, \$159,561 in fiscal year 2012 and \$155,061 in fiscal year 2013; Montana state university-northern, \$67,441 in fiscal year 2012 and \$52,641 in

fiscal year 2013; and Montana state university-Great Falls college of technology, \$86,500 in fiscal year 2012 and \$86,500 in fiscal year 2013.

3. *Language that requires the MUS to transfer funds to the Montana state library for the natural resource information system:*

The Montana university system shall pay \$88,506 for the 2013 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.

Program Budget Comparison

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

Program Budget Comparison	Base	Approp.	Budget	Budget	Biennium	Biennium	Biennium	Biennium
Budget Item	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 10-11	Fiscal 12-13	Change	% Change
Grants	441,002	441,002	612,586	612,586	882,004	1,225,172	343,168	38.91%
Total Costs	\$441,002	\$441,002	\$612,586	\$612,586	\$882,004	\$1,225,172	\$343,168	38.91%
General Fund	441,002	441,002	612,586	612,586	882,004	1,225,172	343,168	38.91%
Total Funds	\$441,002	\$441,002	\$612,586	\$612,586	\$882,004	\$1,225,172	\$343,168	38.91%

Page Reference

Legislative Budget Analysis, E-198

Funding

This program is funded entirely from general fund. The legislature increased funding for this program in the 2013 biennium due largely to restoring a portion of the one-time-only appropriation contained in HB 645 (the federal stimulus implementation bill) in the 2011 biennium for this program.

The table below illustrates a recent history of actual program expenditures, the legislative budget for the 2013 biennium, and the changes in average state funds per non-beneficiary student over the same time horizon.

State Funding for Nonbeneficiary Montana Students Attending Tribal Community Colleges FY 2006 through FY 2013					
Fiscal Year	Number of Nonbeneficiary Montana Students Reported*	State Funds Distributed for Nonbeneficiary Students			Average State Funds per Nonbeneficiary Student
		One-Time	On-Going	Total	
FY 2006 Actual	298.11	\$80,183	\$400,000	\$480,183	\$1,611
FY 2007 Actual	307.87	419,817	0	\$419,817	\$1,364
FY 2008 Actual	301.39	461,401	450,002	\$911,403	\$3,024
FY 2009 Actual	312.02	552,599	450,000	\$1,002,599	\$3,213
FY 2010 Actual	273.13	384,944	441,002	\$825,946	\$3,024
FY 2011 Budget	300.00	515,056	383,087	\$898,143	\$2,994
FY 2012 Legislative Budget	300.00	0	612,586	\$612,586	\$2,042
FY 2013 Legislative Budget	300.00	0	612,586	\$612,586	\$2,042

*FY 2011-2013 Number of Nonbeneficiary Montana Students are estimated
 **Per Section 20-25-428, MCA there is a maximum distribution of \$3,024 per nonbeneficiary student per year

As shown, the average state funds per student distributed to the Tribal Colleges would decrease from \$3,024 in FY 2010 (the statutory maximum) to approximately \$2,042 in both FY 2012 and FY 2013.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	441,002	441,002	882,004	71.99%	441,002	441,002	882,004	71.99%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	171,584	171,584	343,168	28.01%	171,584	171,584	343,168	28.01%
Total Budget	\$612,586	\$612,586	\$1,225,172		\$612,586	\$612,586	\$1,225,172	

New Proposals

Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1101 - Funding for Non-Beneficiary Student Assistance										
11	0.00	229,499	0	0	229,499	0.00	229,499	0	0	229,499
DP 55140 - Carry Forward FY 11 17-7-140 Reductions										
11	0.00	(57,915)	0	0	(57,915)	0.00	(57,915)	0	0	(57,915)
Total	0.00	\$171,584	\$0	\$0	\$171,584	0.00	\$171,584	\$0	\$0	\$171,584

DP 1101 - Funding for Non-Beneficiary Student Assistance – The legislature restored 51% of the one-time-only funding contained in HB 645 for the 2011 biennium.

DP 55140 - Carry Forward FY 11 17-7-140 Reductions - The legislature implemented the 5% reduction plan for this agency. This reduction comprises the entire 5% plan for this program.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	54.20	54.20	45.00	45.00	54.20	45.00	(9.20)	(16.97%)
Personal Services	2,109,235	3,170,360	2,244,906	2,251,797	5,279,595	4,496,703	(782,892)	(14.83%)
Operating Expenses	3,441,376	5,093,798	3,448,058	3,433,359	8,535,174	6,881,417	(1,653,757)	(19.38%)
Equipment & Intangible Assets	0	44,686	0	0	44,686	0	(44,686)	(100.00%)
Benefits & Claims	25,813,316	42,148,362	32,313,316	38,813,316	67,961,678	71,126,632	3,164,954	4.66%
Transfers	71,678	98,322	71,678	71,678	170,000	143,356	(26,644)	(15.67%)
Debt Service	43,480	46,520	43,480	43,480	90,000	86,960	(3,040)	(3.38%)
Total Costs	\$31,479,085	\$50,602,048	\$38,121,438	\$44,613,630	\$82,081,133	\$82,735,068	\$653,935	0.80%
Federal Special	31,479,085	50,602,048	38,121,438	44,613,630	82,081,133	82,735,068	653,935	0.80%
Total Funds	\$31,479,085	\$50,602,048	\$38,121,438	\$44,613,630	\$82,081,133	\$82,735,068	\$653,935	0.80%

Page Reference

Legislative Budget Analysis, E-201

Funding

This program is funded from reimbursements from the U.S. Department of Education and fees relating to the operation of the 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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	31,479,085	31,479,085	62,958,170	76.10%
Statewide PL Adjustments	0	0	0	0.00%	499,139	490,508	989,647	1.20%
Other PL Adjustments	0	0	0	0.00%	6,143,214	12,644,037	18,787,251	22.71%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$38,121,438	\$44,613,630	\$82,735,068	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					600,848					607,167
Vacancy Savings					(108,391)					(108,642)
Inflation/Deflation					4,826					5,278
Fixed Costs					1,856					(13,295)
Total Statewide Present Law Adjustments		\$0	\$0	\$499,139	\$499,139		\$0	\$0	\$490,508	\$490,508
DP 920 - Remove 1% ORP Statutory Approp from Base	0.00	0	0	(915)	(915)	0.00	0	0	(851)	(851)
DP 1201 - Increase in Claim Payments	0.00	0	0	5,000,000	5,000,000	0.00	0	0	10,000,000	10,000,000
DP 1202 - Increased Collection Costs	0.00	0	0	1,500,000	1,500,000	0.00	0	0	3,000,000	3,000,000
DP 1203 - MGSLP FTE Reduction	(9.20)	0	0	(355,871)	(355,871)	(9.20)	0	0	(355,112)	(355,112)
Total Other Present Law Adjustments	(9.20)	\$0	\$0	\$6,143,214	\$6,143,214	(9.20)	\$0	\$0	\$12,644,037	\$12,644,037
Grand Total All Present Law Adjustments	(9.20)	\$0	\$0	\$6,642,353	\$6,642,353	(9.20)	\$0	\$0	\$13,134,545	\$13,134,545

DP 920 - Remove 1% ORP Statutory Approp from Base - The legislature removed the 1% statutory appropriation for the MUS Optional Retirement Plan that was inadvertently included in the original HB 2 budget request.

DP 1201 - Increase in Claim Payments - The legislature increased the budget authority for the Montana Guaranteed Student Loan Program (MGSLP) from the 2011 biennium as it continues to experience growth in the number of Lender Request for Assistance (LRA) filed for defaulted borrowers. The increase in the number of defaulted borrowers is attributed to the downturn in the economy. As the guarantor, MGSLP purchases the loan from the lender and is tasked with collecting on the loan. The increase in defaulted loans purchased in FY 2010 is 25%.

DP 1202 - Increased Collection Costs - The legislature increased the budget authority for the MGSLP from the 2011 biennium for anticipated increased collection costs directly related to both the amount of default claims paid and the amount of defaulted loan dollars collected.

DP 1203 - MGSLP FTE Reduction - The legislature reduced the budget \$0.71 million federal special revenue and 9.20 FTE positions in the 2013 biennium. In March of FY 2010, Congress passed the Student Aid and Financial Reform Act (SAFRA) that eliminated the Federal Family Education Loan Program (FFELP) as of July 1, 2010. All new student loans will be made through the Direct Loan Program, which eliminates the need for the loan origination function and the loan disbursement function within the MGSLP.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Personal Services	4,600	6,340	6,300	6,300	10,940	12,600	1,660	15.17%
Operating Expenses	44,471	44,050	39,437	39,437	88,521	78,874	(9,647)	(10.90%)
Total Costs	\$49,071	\$50,390	\$45,737	\$45,737	\$99,461	\$91,474	(\$7,987)	(8.03%)
General Fund	49,071	50,390	45,737	45,737	99,461	91,474	(7,987)	(8.03%)
Total Funds	\$49,071	\$50,390	\$45,737	\$45,737	\$99,461	\$91,474	(\$7,987)	(8.03%)

Page Reference

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Funding

This program is funded entirely by state general fund.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	49,071	49,071	98,142	107.29%	49,071	49,071	98,142	107.29%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	1,700	1,700	3,400	3.72%	1,700	1,700	3,400	3.72%
New Proposals	(5,034)	(5,034)	(10,068)	(11.01%)	(5,034)	(5,034)	(10,068)	(11.01%)
Total Budget	\$45,737	\$45,737	\$91,474		\$45,737	\$45,737	\$91,474	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1301 - Board of Regents Per Diem	0.00	1,700	0	0	1,700	0.00	1,700	0	0	1,700
Total Other Present Law Adjustments	0.00	\$1,700	\$0	\$0	\$1,700	0.00	\$1,700	\$0	\$0	\$1,700
Grand Total All Present Law Adjustments	0.00	\$1,700	\$0	\$0	\$1,700	0.00	\$1,700	\$0	\$0	\$1,700

DP 1301 - Board of Regents Per Diem – The legislature increased the Board of Regents budget in order to fund the 2013 biennium per diem costs for the seven regents.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - Carry Forward FY 11 17-7-140 Reductions	13	0.00	(5,034)	0	0	(5,034)	0.00	(5,034)	0	0	(5,034)
Total	0.00	(\$5,034)	\$0	\$0	(\$5,034)	0.00	(\$5,034)	\$0	\$0	(\$5,034)	

DP 55140 - Carry Forward FY 11 17-7-140 Reductions - The legislature implemented the 5% reduction plan for this agency. The 17-7-140 reduction that was continued into the 2013 biennium comprises the entire 5% plan for this program.