

**5% Base Budget Reduction Form**  
[17-7-111-3\(f\)](#)

**AGENCY CODE & NAME:**

51020 OCHE

**Minimum Requirement**

**TARGETED REDUCTION TO EQUAL 5% OF CURRENT  
 BASE BUDGET**

<b>General Fund</b>	<b>State Special Revenue Fund</b>
\$ 10,946,290	\$ -

**Priority**

**SERVICE(S) TO BE ELIMINATED OR REDUCED**

<b>General Fund Annual Savings</b>	<b>State Special Revenue Annual Savings</b>
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<b>1</b> Reduce Appropriation Distributio to Ed Units	\$ 8,300,973	\$ -
<b>2</b> Reduce OCHE Administration	\$ 153,480	
<b>3</b> Reduce Student Assistance	\$ 468,487	
<b>4</b> Reduce Community College Assistance	\$ 629,184	
<b>5</b> Reduce Tribal College Assistance	\$ 41,894	
<b>6</b> Reduce Board of Regents	\$ 3,337	
<b>7</b> Reduce Appropriation Distribution to Agencies	\$ 1,348,935	
<b>9</b>		
<b>10</b> <b>TOTAL SAVINGS</b>	\$ 10,946,290	\$ -
<b>DIFFERENCE</b>	0	0

Form A

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR *ELIMINATION OR* REDUCTION:**

Reduce distributions to ed units.

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$8,300,973

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED *ELIMINATION OR* REDUCTION:**

Less funding for the MUS to meet strategic goals and objectives

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: NO**

*Form B*

# 5% Base Budget Reduction Form

## AGENCY CODE & NAME:

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduced OCHE administration

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$153,480

NOTE: Amount includes \$4,503 of general fund from Perkins (program 08) as that is an MOE that must be met in order to continue receiving federal funds. It also includes a \$5,285 reduction made to program 06 for AIMA.

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

The progress made with respect to distance learning and transfer initiatives may be jeopardized.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Priorities would need to be revised.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: NO**

*Form B*

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

General fund student assistance including the quality educator loan forgiveness program, the governor's scholarship and WICHE/WWAMI student assistance would be reduced

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$468,487

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Less funding for gifted and needy students to attend college.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Students would have to find non state sources of scholarships.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: NO--there is statute on the governor's scholarship but it is subject to available funding. 20-26-602**

**Form B**

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduce Community College Assistance.

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$629,184

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Less state funding for the three community colleges.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:NO**

*Form B*

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduce Tribal College Assistance

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$41,894

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

The state would reduce assistance for non tribal members attending tribal colleges.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: NO--the state law on tribal assistance is subject to available funding.**

*Form B*

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR *ELIMINATION OR REDUCTION*:**

Reduce program expenditures related to the Board of Regents

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$3,337

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED *ELIMINATION OR REDUCTION*:**

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Priorities would need to be revised.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: NO**

*Form B*

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR *ELIMINATION OR REDUCTION*:**

Reduce support to the research and public service agencies.

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$1,348,935

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED *ELIMINATION OR REDUCTION*:**

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

*Form B*





## THE DIFFERENCE A YEAR MAKES

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Some key factors that helped DCC grow by 39 students 294 (F16) to 333 students (F17):

- A clear vision
  - An Action Plan with clear measurable outcomes
- Empowerment
  - Letting people act on their ideas
  - Divide and conquer
- Meeting student needs
  - Stacked credentials
    - Welding
    - Corrosion
    - Rural Organizational Employee Management
    - Outdoor Recreation
    - Agriculture Sales
    - Meat Science
- Expanding programs and partnerships
  - Business
  - Agriculture
  - Chemical Dependency
  - Education
  - Align with Montana Colleges and Universities
    - Articulations
    - Program partnerships
    - Workforce
- Hiring highly-qualified faculty and staff
  - Recruiters
  - Faculty from diverse backgrounds and cultures
    - Sri Lanka
    - Iran
    - Taiwan
    - USA
- Increase student life initiatives
  - New RA program
  - New look to dorms
  - Develop a campus community



- Perfecting the recruitment funnel
  - Focus on making the transition seamless for all students
    - Currently 25% convert to enrollment – we are moving towards 60% conversion
- Focus on Montana students (16.6% increase for fall 17)
  - High School visits
  - Promote specialty programs
  - Build Dual Credit opportunities
    - Fall DE students (19 enrolled) – first time
- Expand athletics
  - Volleyball
  - Ranch Rodeo Team
  - Expanded athletic rosters and participants

Future expectations:

- Spring, Summer and Fall 2018
  - Thirty (30) to 40 FTE in Dual Enrollment - grow
  - Reach out to non-completers and invite them back
  - Reach out to Students who showed interest and invite them to come to DCC
  - Focus on non-traditional students
  - Perfect the recruitment/admissions/enrollment funnel
  - Expand program offerings that align with business and industry
  - Expand stackable credentials
  - Expand housing options with local partnerships
  - Develop strategies to work with high school graduates that do not attend college
  - Focus on small rural high schools
  - 10% growth each fall for 2 years – level out and maintain a 2% to 3% growth
  - Be in the top third among Montana Colleges and Universities in relation to retention and graduation rates.
  - Find the perfect mix for DCC regarding In-State, Out-of-State and International enrollments.
  - Current and future increases in programs, athletics and certificates is based upon industry and student feedback forms.



## Dawson Community College – Administrative Three–Year Strategic Action Plan

**Team Goals & Measurements:** Goals and updates will be monitored quarterly with updates to the DCC Foundation Board, the President and the DCC Board of Trustees. This plan will be used to help to support our students, stakeholders while contributing to the overall satisfaction and growth of DCC. **Review Dates: September 15, December 15, March 15, and June 15, of each year.**

### Administrative Strategic Action Plan goals:

#### COLLEGE-WIDE GOAL

<u>FTE</u>	<u>F18</u>	<u>F19</u>	<u>F20</u>	<u>F21</u>	<u>F22</u>
Resident	225	250	275	300	325
WUE	50	60	70	80	90
Non-resident	40	45	50	55	60
Total	<b>315</b>	<b>355</b>	<b>395</b>	<b>435</b>	<b>475</b>

1. Prepare DCC to be a premier institution of higher learning in Montana by evaluating current programs and implementing new programs and courses.
2. Expand quality Career and Technical Education programming.
3. Investigate alternative scheduling options (four- day week, block scheduling, etc.).
4. Develop international programming that supports our mission as well as community, students, faculty and staff.
5. Initiate fundraising activities that fully support DCC educational programming.
6. DCC will refocus on recruiting efforts to enroll both on campus and online students.
7. Focus on a recruiting strategy that recruits 60% student/athletes and 40% student/non-athletes overall with a strong focus on Montana.
8. Investigate and implement the steps for the development of a cutting-edge Energy Center.
9. Investigate and implement the steps for the development of an Agricultural Center of Excellence (ACE).
10. Make DCC a place of destination by providing an excellent student life experience.
11. Prepare DCC for achieving reaffirmation of accreditation, including resource allocation, personnel and procedures.

Team Action Plan - Goals & Measurements	Person(s) Responsible	Target Date for Completion	Additional Resources Required:	Estimated Cost	Progress to Date
<b>Core Theme 1 – Excellence through Academics:</b> Provide quality curriculum and instruction through multiple learning pathways expanding opportunities in education adaptive to the needs of a changing student body					
1.3—Expand flexibility in delivery of academic programming					
a. have summer course offerings grow by 10 percent per year	VPASA	June 2018			Enrollment increased 22% over last summer.
b. offer 10 new online courses per academic year	Director of Enrollment Mgmt	August 2018	With the new sessions, and added Moodle classes, we need better training/resources on Moodle classes.		As of this fall, we are offering 3 new online short-term sessions with an additional 118 courses.  In addition, we added three new Moodle courses.  These courses increased HDCT by 21 additional students, and 24% FTE.
<b>Core Theme 5 – Excellence through Recruiting:</b> Provide opportunities to invite all learners to be a part of DCC, maintain sustained growth with not only more applicants, but also better prepared students equipped with tools for success					
5.1—Increase college enrollment through recruitment activities.					
a. implement an educational waiver/scholarship program; by August	Director of Enrollment Mgmt	August 2018			We have implemented the Buccaneer Excellence program. For 2018-2019 we offered 28 scholarships, and had

2018, enroll 30 students through this initiative					25 students accept the scholarship and enroll at DCC.
b. perfect the Welcome Center dedicated to student services and success	Director of Enrollment Mgmt	August 2018			The Welcome Center has been updated with a more welcoming environment, furniture dedicated to students to be seated, and as a waiting area.  In addition, we strategically positioned the Asst. Director of Recruiting and Accounts Receivable in the main office, to further better our “One-stop-shop” atmosphere.
c. implement an out-of-state recruitment initiative to grow out-of-state enrollment by 20 students with a 20 student per year growth thereafter	Director of Enrollment Mgmt	January 2019			Added out-of-state high school visits for ND/SD/WY for the first time. This was a learning experience for us about the times and places to best capture students.
d. 1) improve media relations and dedicate additional staff time to this responsibility;  2) develop a plan for increased media exposure	Marketing Director	August 2018  August 2019			1) Face-to-face meet and greet meetings have taken place with local media representatives to begin building relationships; additional meetings are scheduled for mid-September with Billings-area media representatives and other stakeholders  2)Marketing plan is in draft form; it includes plans for distributing information on a routine (e.g. weekly, bi-weekly) basis and opportunities for

					increasing exposure in different markets through a variety of means
e. grow in-state enrollment by 50 students and continue to grow 25 students per year	Director of Enrollment Mgmt	August 2018			Increased in-state by 50 student HDCNT, for a total of 326 students.
f. strengthen the student ambassador program	Director of Enrollment Mgmt	January 2019			Created a better welcome and training for students, and created a student contract requiring students to have phone call time for recruiting purposes.
g. grow non-traditional students by 5 percent using fall 2017 as the baseline	Director of Enrollment Mgmt	August 2018			Increased non-traditional student HDCNT from 71 to 181 students.
h. increase enrollment of international students by 10 using fall 2017 as your baseline	Director of Enrollment Mgmt	August 2019			With TAC not fully in swing and extending the deadline, we will need to be more strategic, and increase international student base from within the US.
i. develop an approved DCC brand	Marketing Director	August 2018			Policies and templates regarding logo use, release of information, etc. drafted; central messaging and accompanying materials to reflect mission and key characteristics in development
j. update all old logos and signs to reflect new DCC logo	Marketing Director	August 2020			
k. develop a student centered website that is attractive and easy to navigate	IT Director	August 2018	None		Working with Firespring to deliver student-centered website.

5.2—Increase college enrollment through expanded Dual Credit offerings and enrollments					
a. increase dual credit enrollment of high school students by 25 students using fall 2017 as a baseline; by January 2019, grow dual credit enrollment to 250 and continue to grow dual credit enrollment by 10 percent per year after this goal is reached	Director of Enrollment Mgmt	August 2018			Dual Enrollment has increased by 39 students from Fall 2017 to Fall 2018.
5.3—Increased college enrollment through international associations					
a. become a member and align partnerships through Community Colleges for International Development (CCID) conference and outreach	President	August 2018			
b. become a member and align partnerships through The Association for International Educators (NAFSA) conference and outreach	President	January 2019			

2021 Biennium Legislative Budget  
WICHE/WWAMI/MINNESOTA Dental/WIMU Programs  
Office of the Commissioner of Higher Education

PROGRAM	FY 2020						FY 2021					
	Support Fee	New (1st Year) Students	Cost	Continuing Students	Cost	Total	Support Fee	New (1st Year) Students	Cost	Continuing Students	Cost	Total
WICHE												
Administrative Dues			\$156,000			\$156,000			\$159,000			\$159,000
Student Assistance:												
Medicine	\$32,650	6	\$195,900	19	\$620,350	\$816,250	\$32,650	6	\$195,900	19	\$620,350	\$816,250
Osteopathic Medicine	22,900	2	45,800	9	206,100	251,900	23,400	1	23,400	10	234,000	257,400
Dentistry	26,750	3	80,250	12	321,000	401,250	27,350	3	82,050	11	300,850	382,900
Veterinary Medicine	32,400	6	194,400	14	453,600	648,000	32,400	6	194,400	14	453,600	648,000
Podiatry	15,900	1	15,900	0	0	15,900	16,250	1	16,250	1	16,250	32,500
Optometry	18,425	1	18,425	4	73,700	92,125	18,830	1	18,830	3	56,490	75,320
Occupational Therapy	14,000	2	28,000	2	46,666	74,666	14,300	2	28,600	2	47,666	76,266
(Includes 2 @ clinical rate \$23,333 for FY 2020 and 2 @ clinical rate \$22,833 for FY 2021)												
Subtotal (WICHE Student Support)		<u>21</u>	<u>\$578,675</u>	<u>60</u>	<u>\$1,721,416</u>	<u>\$2,300,091</u>		<u>20</u>	<u>\$559,430</u>	<u>60</u>	<u>\$1,729,206</u>	<u>\$2,288,636</u>
TOTAL WICHE (Including Dues)						\$2,456,091						\$2,447,636
MINNESOTA DENTAL	26,750	2	53,500	3	80,250	133,750	27,350	2	54,700	4	109,400	164,100
WWAMI	54,546	30	0	90	4,909,140	4,909,140	56,219	30	0	90	5,059,710	5,059,710
WIMU	<u>34,778</u>	<u>10</u>	<u>0</u>	<u>30</u>	<u>1,043,340</u>	<u>1,043,340</u>	<u>35,473</u>	<u>10</u>	<u>0</u>	<u>30</u>	<u>1,064,190</u>	<u>1,064,190</u>
TOTAL WICHE/WWAMI/MN DENTAL/WIMI		<u>63</u>	<u>\$788,175</u>	<u>183</u>	<u>\$7,754,146</u>	<u>\$8,542,321</u>		<u>62</u>	<u>\$773,130</u>	<u>184</u>	<u>\$7,962,506</u>	<u>\$8,735,636</u>

Notes:

- 1) The WWAMI support fee is calculated as an average per continuing student. Actual support varies by program year
- 2) The WWAMI medical program increased by 10 additional student slots in FY 2014 and the WIMU veterinary program began in FY 2015 with 10 student slots per year



\_\_\_\_\_ BILL NO. \_\_\_\_\_

1  
2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO THE FUNDING OF COMMUNITY  
5 COLLEGES; REVISING THE CAP ON STATE FUNDING PER FULL-TIME EQUIVALENT RESIDENT  
6 STUDENT; AMENDING SECTION 20-15-310, MCA; AND PROVIDING AN EFFECTIVE DATE."

7  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9  
10 **Section 1.** Section 20-15-310, MCA, is amended to read:

11 **"20-15-310. Appropriation -- definitions.** (1) It is the intent of the legislature that all community college  
12 spending, other than from restricted funds, designated funds, or funds generated by an optional, voted levy, be  
13 governed by the provisions of this part and the state general appropriations act.

14 (2) (a) The state general fund appropriation for each community college must be determined as follows:

15 (i) multiply the variable cost of education per student by the full-time equivalent student count and add  
16 the budget amount for the fixed cost of education; and

17 (ii) multiply the total in subsection (2)(a)(i) by the state share.

18 (b) The variable cost of education per student, the budget amount for fixed costs, and the state share  
19 for each community college must be determined by the legislature. The state share for each community college,  
20 expressed as a percentage, and the variable cost of education per student must be specified in the appropriations  
21 act appropriating funds to the community colleges for each biennium.

22 (3) ~~The Except as provided in subsection (4), the state general fund appropriation for each full-time~~  
23 ~~equivalent resident student at a community college may not exceed the lesser of \$2,500 plus:~~

24 ~~\_\_\_\_\_ (a) the weighted average of state support per resident full-time equivalent student within the Montana~~  
25 ~~university system; or~~

26 ~~\_\_\_\_\_ (b) the weighted average of state support per resident full-time equivalent student within the community~~  
27 ~~college system~~ the weighted average of state support per resident full-time equivalent student among community  
28 colleges and 2-year and 4-year campuses of the Montana university system in the most recent year plus an  
29 amount equal to two standard deviations of the most recent 6 years of weighted averages of state support per  
30 resident full-time equivalent student among community colleges and 2-year and 4-year campuses of the Montana

1 university system.

2 (4) If enrollment for a community college is less than 200 full-time equivalent resident students for 24  
3 consecutive academic months, the maximum state general fund appropriation for that community college may  
4 not exceed the lesser of:

5 (a) the weighted average of state support per resident full-time equivalent student within the Montana  
6 university system; or

7 (b) the weighted average of state support per resident full-time equivalent student within the community  
8 college system.

9 (5) At any time enrollment at a community college falls below 200 full-time equivalent resident students,  
10 the community college shall submit a business plan to the board of regents for review, approval, and monitoring.  
11 The business plan must include identifying what measures the community college will take to increase enrollment.  
12 The plan must be submitted to the board of regents within 1 month after enrollment falls below 200 full-time  
13 equivalent resident students.

14 (6) The student count may not include those enrolled in community service courses as defined by the  
15 board of regents.

16 (7) As used in this section, the following definitions apply:

17 (a) "Adjusted cost of education" means the cost of education minus any reversion calculated under  
18 17-7-142, expenditures from one-time-only legislative appropriations, and expenditures funded by local mill levies  
19 provided for in 2-9-212 and 20-9-501 in excess of the 2012 mill levy levels.

20 (b) "Cost of education" means the actual costs incurred by the community colleges during the budget  
21 base fiscal year, as reported on the current unrestricted operating fund schedule that is statutorily required to be  
22 submitted to the board of regents.

23 (c) "Fixed cost of education" means that portion of the adjusted cost of education, as determined by the  
24 legislature, that is not influenced by increases or decreases in student enrollment.

25 (d) "Variable cost of education per student" means that portion of the adjusted cost of education, as  
26 determined by the legislature, that is subject to change as a result of increases or decreases in student  
27 enrollment, divided by the actual student enrollment during the budget base fiscal year."  
28

29 **NEW SECTION. Section 2. Effective date.** [This act] is effective July 1, 2019.

30 - END -

**Agency Biennium Comparison**

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	13,566,250	10,396,561	(3,169,689)	(23.36)%
Operating Expenses	21,354,719	13,922,046	(7,432,673)	(34.81)%
Equipment & Intangible Assets	42,630	22,126	(20,504)	(48.10)%
Local Assistance	25,825,047	27,126,368	1,301,321	5.04 %
Grants	32,257,920	39,149,041	6,891,121	21.36 %
Benefits & Claims	90,937,952	0	(90,937,952)	(100.00)%
Transfers	444,145,532	472,553,377	28,407,845	6.40 %
Debt Service	25,364	0	(25,364)	(100.00)%
<b>Total Expenditures</b>	<b>\$628,155,414</b>	<b>\$563,169,519</b>	<b>(\$64,985,895)</b>	<b>(10.35)%</b>
General Fund	444,997,731	478,248,058	33,250,327	7.47 %
State/Other Special Rev. Funds	43,814,509	47,702,616	3,888,107	8.87 %
Federal Spec. Rev. Funds	138,282,033	36,006,858	(102,275,175)	(73.96)%
Proprietary Funds	1,061,141	1,211,987	150,846	14.22 %
<b>Total Funds</b>	<b>\$628,155,414</b>	<b>\$563,169,519</b>	<b>(\$64,985,895)</b>	<b>(10.35)%</b>
<b>Total Ongoing</b>	<b>\$627,246,964</b>	<b>\$562,842,479</b>	<b>(\$64,404,485)</b>	<b>(10.27)%</b>
<b>Total OTO</b>	<b>\$908,450</b>	<b>\$327,040</b>	<b>(\$581,410)</b>	<b>(64.00)%</b>

**Agency Biennium Comparison -**

The biennium comparison table shows a total decline of 10.4%, which for this agency is significantly influenced by the reduction of service in the Guaranteed Student Loan Program and the elimination of the Improving Teacher Quality Program. When comparing the FY 2019 base appropriation factoring for these two program changes, the growth is 8.0%, or \$41.5 million.

**Mission Statement**

The mission of the Commissioner of Higher Education is to serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

There is additional, more detailed information about the Commissioner of Higher Education in the agency profile. The profile may be viewed at: <https://leg.mt.gov/lfd/publications/>.

**Agency Highlights**

<b>Commissioner of Higher Education Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The proposed executive budget increases the Commissioner of Higher Education's biennial appropriation by 8.0%, or \$41.5 million                             <ul style="list-style-type: none"> <li>◦ This has been adjusted for the Guaranteed Student Loan and Improving Teacher Quality programs that have been either reduced or eliminated, accounting for a federal funds decrease of \$104.2 million</li> </ul> </li> <li>• The executive has proposed a tuition freeze for the 2021 biennium</li> <li>• Legislative Referendum 128 for the six mill levy was voted on and adopted by the voters of Montana to continue funding support for the Montana University System</li> <li>• The executive included a new proposal to fund scholarships for need-based aid and adult learners</li> <li>• A new proposal was included to provide funding to Tribal Colleges for classes and training on the high school equivalency test</li> <li>• The executive budget includes a one-time-only request of \$0.3 million for the American Indian Hall at Montana State University</li> <li>• One-time-only funding from the 2019 biennium was not included in the executive proposed budget for:                             <ul style="list-style-type: none"> <li>◦ Bureau of Mines data preservation project</li> <li>◦ Agricultural Experiment Stations Wool Lab</li> <li>◦ Agricultural Experiment Stations Seed Lab</li> </ul> </li> </ul>
<b>Legislative Action Issues</b>
<ul style="list-style-type: none"> <li>• At the time this narrative was written in mid-December, the executive had not produced a written plan outlining the details of the proposed tuition freeze</li> <li>• The Legislative Finance Committee studied the community college funding formula during the 2019 interim and has proposed statutory changes (LC 1258) to address the report findings that impact the funding formula</li> </ul>

**Agency Actuals and Budget Comparison**

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	89.90	89.90	49.88	49.88
Personal Services	4,283,621	6,676,172	6,890,078	5,201,646	5,194,915
Operating Expenses	10,814,305	13,785,389	7,569,330	6,994,488	6,927,558
Equipment & Intangible Assets	0	21,315	21,315	11,063	11,063
Local Assistance	12,815,643	12,815,644	13,009,403	13,519,243	13,607,125
Grants	14,455,942	16,120,845	16,137,075	19,479,363	19,669,678
Benefits & Claims	11,046,860	42,112,415	48,825,537	0	0
Transfers	219,774,756	220,957,926	223,187,606	235,350,708	237,202,669
Debt Service	0	12,682	12,682	0	0
<b>Total Expenditures</b>	<b>\$273,191,127</b>	<b>\$312,502,388</b>	<b>\$315,653,026</b>	<b>\$280,556,511</b>	<b>\$282,613,008</b>
General Fund	219,766,507	220,857,734	224,139,997	238,377,746	239,870,312
State/Other Special Rev. Funds	21,696,821	22,022,324	21,792,185	23,618,364	24,084,252
Federal Spec. Rev. Funds	31,269,452	69,095,328	69,186,705	17,954,319	18,052,539
Proprietary Funds	458,347	527,002	534,139	606,082	605,905
<b>Total Funds</b>	<b>\$273,191,127</b>	<b>\$312,502,388</b>	<b>\$315,653,026</b>	<b>\$280,556,511</b>	<b>\$282,613,008</b>
<b>Total Ongoing</b>	<b>\$272,736,902</b>	<b>\$312,048,163</b>	<b>\$315,198,801</b>	<b>\$280,392,991</b>	<b>\$282,449,488</b>
<b>Total OTO</b>	<b>\$454,225</b>	<b>\$454,225</b>	<b>\$454,225</b>	<b>\$163,520</b>	<b>\$163,520</b>

## Agency Discussion

### *2018 Appropriations Compared to FY 2018 Actual Expenditures*

The Office of the Commissioner of Higher Education (OCHE) expended 87.4% of their \$312.5 million FY 2018 HB 2 modified budget. The majority of expenditures are in line with previous years with a few exceptions primarily due to timing of grant activities. Additional details relating to actual expenditures are outlined at the program level.

### *FY 2018 Appropriations Compared to FY 2019 Appropriations*

FY 2019 total appropriations are \$3.2 million, or 1.0% higher than the FY 2018 total appropriation due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of \$2.2 million
- SB 294 pay plan increase in FY 2019 of \$1.2 million

### *Executive Request*

The proposed budget decreases the Office of the Commissioner of Higher Education's total biennial appropriation by \$65.0 million, or 10.4%. Ongoing appropriations decrease by \$64.4 million from the 2019 biennium. The reduction is attributed to a federal special revenue decrease of 74.0% or \$102.3 million. In the executive proposed budget, general fund increases 7.5% or \$33.3 million and state special revenue increases 8.9% or \$3.9 million. There is a small increase of \$151,000 for proprietary funds related to indirect costs.

The major factor influencing the decrease is the reduced services and related reduction in federal budget authority of \$103.2 million for the Guaranteed Student Loan Program over the biennium. Additionally, the Improving Teacher Quality grant was not renewed, further reducing federal authority by \$1.0 million over the biennium.

These reductions have been slightly offset by present law adjustments for personal services, fixed costs, and inflation deflation and increases in federal authority for other grant programs.

The executive budget proposes to increase the biennial funding levels for the MUS educational units by \$26.8 million, or 7.1%. The increases include a tuition freeze for the 2021 biennium, as well as present law adjustments, and a one-time-only request for the MSU American Indian Hall.

A new proposal to fund scholarships for need-based aid and adult learners has been included in the Student Assistance Program. This general fund appropriation of \$5.0 million is contingent on matching funds from private donors.

Community College Assistance is proposed to increase by \$1.3 million, or 5.1%.

Federal grant authority has increased by \$2.0 million for Educational Outreach & Diversity and Workforce Development.

An increase of \$1.3 million, or 2.2% has been proposed in the executive budget for the Research & Development Agencies.

The executive budget proposes to increase the Tribal College Assistance 41.2%, or \$0.7 million. A new proposal to provided training and attainment of the high school equivalency test accounts for the additional funding to tribal colleges. The executive has proposed to maintain FY 2019 funding for nonbeneficiary students attending tribal colleges each year of the 2021 biennium. State funding to tribal colleges in Montana is provided in Section 20-25-428, MCA. This statute requires the Board of Regents to provide assistance to tribal colleges "subject to a line item appropriation" by the legislature, up to a maximum \$3,280 per year for each non-beneficiary student FTE. The statue does not establish a minimum appropriation level.

Details of specific budget proposals for the 2021 biennium are outlined at the program level.

#### *Impact of the Proposed Executive Budget*

The impact of state funding in the executive budget is illustrated in the table on the following page, which demonstrates the funding levels for each of the major functional areas of OCHE and shows the percent change from the 2019 base budget.

Figure 1

Commissioner of Higher Education Impact of the Executive Proposed Budget by Program						
Program	Base Budget	Proposed	Proposed	Change from Base		
	FY 2019	FY 2020	FY 2021	\$	%	
<b>Administration</b>						
General Fund	\$3,134,125	\$3,741,044	\$3,669,959	\$1,142,753	18.2%	
Proprietary Funds	534,139	606,082	605,905	143,709	13.5%	
Total Funds	3,668,264	4,347,126	4,275,864	1,286,462	17.5%	
<b>Student Assistance</b>						
General Fund	9,446,398	12,666,673	12,859,782	6,633,659	35.1%	
State Special Rev	864,332	371,237	371,125	(986,302)	-57.1%	
Total Funds	10,310,730	13,037,910	13,230,907	5,647,357	27.4%	
<b>Improving Teacher Quality</b>						
Federal Special Rev	517,390	-	-	(1,034,780)	-100.0%	
Total Funds	517,390	-	-	(1,034,780)	-100.0%	
<b>Community College Assistance</b>						
General Fund	12,856,403	13,363,243	13,448,125	1,098,562	4.3%	
Total Funds	12,856,403	13,363,243	13,448,125	1,098,562	4.3%	
<b>Educational Outreach &amp; Diversity</b>						
General Fund	129,777	139,664	139,363	19,473	7.5%	
Federal Special Rev	8,883,753	9,395,569	9,393,979	1,022,042	5.8%	
Total Funds	9,013,530	9,535,233	9,533,342	1,041,515	5.8%	
<b>Workforce Development</b>						
General Fund	90,067	90,067	90,067	-	0.0%	
Federal Special Rev	5,476,939	6,328,974	6,428,731	1,803,827	16.5%	
Total Funds	5,567,006	6,419,041	6,518,798	1,803,827	16.2%	
<b>Appropriation Distribution</b>						
General Fund	170,321,155	178,969,832	180,115,398	18,442,920	5.4%	
State Special Rev	19,612,885	22,332,159	22,798,159	5,904,548	15.1%	
Total Funds	189,934,040	201,301,991	202,913,557	24,347,468	6.4%	
<b>Research &amp; Development Agencies</b>						
General Fund	27,263,147	28,158,298	28,298,693	1,930,697	3.5%	
State Special Rev	1,314,968	914,968	914,968	(800,000)	-30.4%	
Total Funds	28,578,115	29,073,266	29,213,661	1,130,697	2.0%	
<b>Tribal College Assistance</b>						
General Fund	837,875	1,187,875	1,187,875	700,000	41.8%	
Total Funds	837,875	1,187,875	1,187,875	700,000	41.8%	
<b>Guaranteed Student Loan</b>						
Federal Special Rev	54,308,623	2,229,776	2,229,829	(104,157,641)	-95.9%	
Total Funds	54,308,623	2,229,776	2,229,829	(104,157,641)	-95.9%	
<b>Board of Regents</b>						
General Fund	61,050	61,050	61,050	-	0.0%	
Total Funds	61,050	61,050	61,050	-	0.0%	
<b>OCHE Summary</b>						
General Fund	224,139,997	238,377,746	239,870,312	29,968,064	6.7%	
State Special Rev	21,792,185	23,618,364	24,084,252	4,118,246	9.4%	
Federal Special Rev	69,186,705	17,954,319	18,052,539	(102,366,552)	-74.0%	
Proprietary Funds	534,139	606,082	605,905	143,709	13.5%	
OCHE Total Funds	\$315,653,026	\$280,556,511	\$282,613,008	(\$68,136,533)	-10.8%	

*Comparison of FY 2019 Legislative Budget to FY 2019 Base*

Figure 2 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 Base Budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 Base Budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2021 biennium budgeting process.



Figure 2

FY 2019 Legislative Appropriations - Commissioner of Higher Education				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
<b>01 Administration Program</b>				
61000 Personal Services	2,718,405	(22,773)	2,695,632	-0.8%
62000 Operating Expenses	938,816	-	938,816	0.0%
63000 Equipment & Intangible Assets	11,063	-	11,063	0.0%
68000 Transfers-out	-	22,773	22,773	0.0%
Program Total	3,668,284	-	3,668,284	0.0%
<b>02 Student Assistance Program</b>				
61000 Personal Services	160,296	-	160,296	0.0%
62000 Operating Expenses	70,603	-	70,603	0.0%
65000 Local Assistance	153,000	-	153,000	0.0%
66000 Grants	9,926,831	-	9,926,831	0.0%
Program Total	10,310,730	-	10,310,730	0.0%
<b>03 Improving Teacher Quality</b>				
61000 Personal Services	16,390	-	16,390	0.0%
62000 Operating Expenses	1,000	-	1,000	0.0%
66000 Grants	500,000	-	500,000	0.0%
Program Total	517,390	-	517,390	0.0%
<b>04 Community College Assistance</b>				
65000 Local Assistance	12,856,403	-	12,856,403	0.0%
Program Total	12,856,403	-	12,856,403	0.0%
<b>06 Education Outreach &amp; Diversity</b>				
61000 Personal Services	1,348,641	-	1,348,641	0.0%
62000 Operating Expenses	3,287,889	-	3,287,889	0.0%
66000 Grants	2,877,000	-	2,877,000	0.0%
68000 Transfers-out	1,500,000	-	1,500,000	0.0%
Program Total	9,013,530	-	9,013,530	0.0%
<b>08 Work Force Development Pgm</b>				

**51020 - Commissioner Of Higher Education**

**SUMMARY**

61000 Personal Services	351,786	-	351,786	0.0%
62000 Operating Expenses	416,405	-	416,405	0.0%
66000 Grants	1,788,083	-	1,788,083	0.0%
68000 Transfers-out	3,010,712	-	3,010,712	0.0%
Program Total	5,566,986	-	5,566,986	0.0%
09 Appropriation Distribution				
68000 Transfers-out	189,934,040	-	189,934,040	0.0%
Program Total	189,934,040	-	189,934,040	0.0%
10 Agency Funds				
68000 Transfers-out	28,123,890	-	28,123,890	0.0%
Program Total	28,123,890	-	28,123,890	0.0%
11 Tribal College Assistance Pgm				
66000 Grants	837,875	-	837,875	0.0%
Program Total	837,875	-	837,875	0.0%
12 Guaranteed Student Loan Pgm				
61000 Personal Services	2,340,793	-	2,340,793	0.0%
62000 Operating Expenses	3,119,359	-	3,119,359	0.0%
63000 Equipment & Intangible Assets	10,252	-	10,252	0.0%
67000 Benefits & Claims	48,825,537	-	48,825,537	0.0%
69000 Debt Service	12,682	-	12,682	0.0%
Program Total	54,308,623	-	54,308,623	0.0%
13 Board Of Regents-Admin				
61000 Personal Services	6,300	(6,300)	-	-100.0%
62000 Operating Expenses	61,050	-	61,050	0.0%
Program Total	67,350	(6,300)	61,050	9.4%
Grand Total	315,205,101	(6,300)	315,198,801	0.0%

The legislative budget for OCHE has remained mostly unchanged since special session. Two executive modifications occurred:

- A transfer of personal services to transfers-out to fund a joint education policy advisor between the Governor's Office, Department of Labor and Industry, and OCHE
- The executive reduced the personal services base in the Board of Regents

### *5.0% Plans*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2021 biennium 5.0% plan submitted for this agency is in the Budget Analysis Appendix.

The Commissioner of Higher Education submitted a 5.0% plan which would reduce general fund by \$10.9 million. The plan includes:

- A reduction of \$8.3 million to the educational units. Decreases to the educational units could warrant a tuition increase
- A reduction of approximately \$0.2 million to the Administration Program
  - A portion of this reduction is the necessary funds needed to maintain the minimum maintenance of effort requirement for Perkins which could prevent receiving the federal award
  - The reduction includes funds that have been earmarked for the American Indian/Minority Achievement component in the Educational Outreach & Diversity Program
- A reduction in the Student Assistance Program of \$0.5 million that would impact the availability of funds for need-based and low income students
- A reduction of \$0.6 million to the community colleges
- A decrease of approximately \$42,000 for assistance to Tribal College's for nonbeneficiary students
- A reduction of approximately \$3,000 to the Board of Regents
- A reduction of \$1.3 million to the Research & Development Agencies

### **Agency Personal Services**

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into four categories, as follows:

#### *1. Formula Based*

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

#### *2. Personal Services Management Decisions*

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

#### *3. Proposed Reinstatement of Personal Services Base Budget Reductions*

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

#### 4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 3

Personal Services Present Law DP 1 - FY 2020					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
01 ADMINISTRATION PROGRAM	(7,923)	156,410	304,849	22,773	476,109
02 STUDENT ASSISTANCE PROGRAM	4,857	(43,090)	6,621	-	(31,612)
06 EDUCATIONAL OUTREACH & DIVERSITY	29,912	(66,266)	57,278	-	20,924
08 WORK FORCE DEVELOPMENT PGM	8,912	89,890	16,449	-	115,251
12 GUARANTEED STUDENT LOAN PGM	(59,527)	(1,665,258)	63,127	-	(1,661,658)
Agency Total	(\$23,770)	(\$1,528,313)	\$448,324	\$22,773	(\$1,080,986)

Personal services are \$6.9 million, or 2.2% of total FY 2019 appropriations. The executive proposes a statewide present law adjustment decrease of approximately \$1.1 million in both FY 2020 and FY 2021. In addition to the formula based changes, the proposed reinstatement of personal services base budget reductions and management decisions are primarily contributing to the statewide present law adjustment for personal services.

The Office of the Commissioner of Higher Education's personal services calculation includes several management decisions which impact the total statewide present law adjustment for the agency:

- The most significant change is to the Guaranteed Student Loan program with the reduction in workforce and the need to reduce the personal services appropriation
- A portion of the wage changes is due to pay increases approved by the Board of Regents

The Office of the Commissioner of Higher Education is not subject to the broadband pay plan referenced in 2-18-201, MCA or with its associated pay rules. OCHE complies with the compensation policies and procedures adopted by the Montana Board of Regents. OCHE strives to improve the ability of the Montana University System to recruit and retain capable employees to service Montana students, within available resources.

#### Funding

The following table shows proposed agency funding by source of authority.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	477,921,018	327,040	0	3,570,048	481,818,106	53.74 %
State Special Total	47,702,616	0	0	7,690,792	55,393,408	6.18 %
Federal Special Total	36,006,858	0	0	0	36,006,858	4.02 %
Proprietary Total	1,211,987	0	322,179,375	0	323,391,362	36.07 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$562,842,479</b>	<b>\$327,040</b>	<b>\$322,179,375</b>	<b>\$11,260,840</b>	<b>\$896,609,734</b>	
<b>Percent - Total All Sources</b>	<b>62.77 %</b>	<b>0.04 %</b>	<b>35.93 %</b>	<b>1.26 %</b>		

Nearly two-thirds of the funding proposed by the executive for the agency is appropriated in HB 2, approximately one-third of the proposed funding does not require an appropriation as the funds are enterprise funds, and the remaining one percent is statutory appropriation authority.

HB 2 funds are primarily general fund. Also included is state special revenue, with the majority being from the six-mill levy and federal funds from various federal education grant programs.

*Non-Budgeted Proprietary Funds*

The agency administers two programs funded by enterprise funds:

- MUS Self-Funded Workers' Compensation
- MUS Group Health Insurance

The legislature does not appropriate enterprise funds or approve rates for the programs. Instead, the legislature reviews the funds and identifies any concerns with the financial position of the funds. Revenues, expenditures, and fund balances for the enterprise funds for the current and projected biennia are detailed in the program.

*Statutory Appropriations*

The agency receives several statutory appropriations that are not included in HB 2. The MUS RP Retirement program is a general fund statutory appropriation. The majority of the agency's statutory appropriations are from state special revenue, including:

- Montana Rural Physicians Incentive Program
- STEM Scholarships
- UM Bed Tax

**Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	223,985,772	223,985,772	447,971,544	93.67 %	315,198,801	315,198,801	630,397,602	111.94 %
SWPL Adjustments	416,519	340,128	756,647	0.16 %	(1,089,870)	(1,168,599)	(2,258,469)	(0.40)%
PL Adjustments	10,961,935	12,530,892	23,492,827	4.91 %	(36,565,940)	(34,430,714)	(70,996,654)	(12.61)%
New Proposals	3,013,520	3,013,520	6,027,040	1.26 %	3,013,520	3,013,520	6,027,040	1.07 %
<b>Total Budget</b>	<b>\$238,377,746</b>	<b>\$239,870,312</b>	<b>\$478,248,058</b>		<b>\$280,556,511</b>	<b>\$282,613,008</b>	<b>\$563,169,519</b>	

**Language and Statutory Authority -**

The following language is requested in HB 2:

"Items designated as OCHE Administration(01), Student Assistance (02), Improving Teacher Quality (03), Educational Outreach and Diversity (06), Workforce Development (08), Appropriation Distribution Transfers (09), Guaranteed Student Loan (12), and the Board of Regents (13) are designated as biennial appropriations."

"General fund money, state and federal special revenue and proprietary fund revenue appropriated to the Board of Regents are included in all Montana university system programs. All other public funds received by units of the Montana university system (other than plant funds appropriated in 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), MCA. The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), MCA, according to board policy."

"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 information system, except for information pertaining to individual students and individual employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, MCA, or the Family Educational Rights and Privacy Act of 1974, 20 U.S. C. 1232g."

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

"The average budgeted amount for each full-time equivalent student at the community colleges, includes \$3,200 for each year of the 2021 biennium. The general fund appropriation for OCHE – Community College Assistance provides 48.2% in FY 2020 and 48.2% in FY 2021 of the budget amount for each full-time equivalent student each year of the 2021 biennium. The remaining 51.8% of the budget amount for each full-time equivalent student must be paid from funds other than those appropriated for OCHE – Community College Assistance."

"The commissioner may adjust the funding distribution between community colleges based on actual enrollment."

"The general fund appropriation for OCHE -- Community College Assistance is calculated to fund education in the community colleges for an estimated 2,083 resident FTE in FY 2020 and 2,143 in FY 2021. 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 numbers for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142."

"Funding to be transferred to the state energy conservation program debt service account for energy improvements are as followed. Transferred funding for each year of the biennium to retire bonded projects are University of Montana \$26,500, UM Western \$98,000, UM Helena \$6,000, MSU Northern \$16,700 in FY 2020 and \$16,200 in FY 2021, MSU Billings \$45,519, Great Falls \$86,500. Funding to be transferred for each year of the biennium for state energy revolving projects are UM Western \$41,885 in FY 2020 and \$41,205 in FY 2021, UM Helena \$55,649, UM Montana Tech \$90,266, MSU Billings \$55,323, MSU Northern \$64,576, Miles Community College \$23,553, University of Montana \$294,875. Montana State University transfers are \$277,611 in FY 2020 and \$254,753 in FY 2021."

"Total audit costs are estimated to be \$197,329 for the community colleges for the biennium. The general fund appropriation for each community college provides 48.2% of the total audit costs in the 2021 biennium. The remaining 51.8% of these cost must be paid from funds other than those appropriated from OCHE – Community College Assistance – Legislative Audit. Audit costs charged to the community colleges for the biennium may not exceed \$62,577 for Flathead Valley CC, \$56,987 for Miles CC, and \$77,765 for Dawson CC. Total audit cost for OCHE/BOR \$65,951, UM- Missoula \$286,054, MSU – Bozeman \$286,054."

"The Montana university system shall pay \$88,506 for the 2021 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 appropriated."

**LFD  
COMMENT**

The first paragraph of the requested language for HB 2 identifies a program that no longer exists. Improving Teacher Quality (3) should not be include in Line 1.

### Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	4,624,704	176,166	(4,448,538)	(96.19)%
Operating Expenses	12,048,875	4,283,439	(7,765,436)	(64.45)%
Equipment & Intangible Assets	20,504	0	(20,504)	(100.00)%
Benefits & Claims	90,937,952	0	(90,937,952)	(100.00)%
Debt Service	25,364	0	(25,364)	(100.00)%
<b>Total Expenditures</b>	<b>\$107,657,399</b>	<b>\$4,459,605</b>	<b>(\$103,197,794)</b>	<b>(95.86)%</b>
Federal Spec. Rev. Funds	107,657,399	4,459,605	(103,197,794)	(95.86)%
<b>Total Funds</b>	<b>\$107,657,399</b>	<b>\$4,459,605</b>	<b>(\$103,197,794)</b>	<b>(95.86)%</b>
<b>Total Ongoing</b>	<b>\$107,657,399</b>	<b>\$4,459,605</b>	<b>(\$103,197,794)</b>	<b>(95.86)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>

### Program Description

The Guaranteed Student Loan Program (GSL) provides student financial aid related services to campuses and students across the Montana University System. GSL administers financial literacy education grants and targeted financial aid grants, the FAFSA Completion Initiative and supports campus financial education programs and other programs aimed at improving college affordability. In addition, GSL provides outreach activities focused on planning for and paying for college, saving for college, and the availability of financial aid.

### Program Highlights

<b>Guaranteed Student Loan Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The executive proposed budget is a decrease of \$103.2 million federal special revenue for the biennium</li> <li>• This decrease includes the recommendation to reduce the program by 41.02 FTE, leaving 1.00 FTE to provide student financial aid related services to campuses and students</li> <li>• The loan portfolio for the Guaranteed Student Loan Program was transitioned to a federally approved loan servicing provider as of October 1, 2017, thus the corresponding federal funds are no longer required</li> </ul>

### Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.



Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	41.02	41.02	1.00	1.00
Personal Services	456,232	2,283,911	2,340,793	88,079	88,087
Operating Expenses	7,755,943	8,929,516	3,119,359	2,141,697	2,141,742
Equipment & Intangible Assets	0	10,252	10,252	0	0
Benefits & Claims	11,046,860	42,112,415	48,825,537	0	0
Debt Service	0	12,682	12,682	0	0
<b>Total Expenditures</b>	<b>\$19,259,035</b>	<b>\$53,348,776</b>	<b>\$54,308,623</b>	<b>\$2,229,776</b>	<b>\$2,229,829</b>
Federal Spec. Rev. Funds	19,259,035	53,348,776	54,308,623	2,229,776	2,229,829
<b>Total Funds</b>	<b>\$19,259,035</b>	<b>\$53,348,776</b>	<b>\$54,308,623</b>	<b>\$2,229,776</b>	<b>\$2,229,829</b>
<b>Total Ongoing</b>	<b>\$19,259,035</b>	<b>\$53,348,776</b>	<b>\$54,308,623</b>	<b>\$2,229,776</b>	<b>\$2,229,829</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Discussion -

#### 2018 Appropriations Compared to FY 2018 Actual Expenditures

GSL only expended 36.1% of their \$53.3 million FY 2018 budgeted federal spending authority as this program continues to transition. GSL has not issued loans since July 2010 and has been managing the existing loan portfolio. As of October 1, 2017, GSL transferred their loan portfolio to a federally approved loan servicing provider. As required by the Department of Education, OCHE was required to return \$6.6 million of the federal funds provided for loan servicing. GSL will continue to offer other student financial aid related activities for the benefit of students as determined by the Board of Regents in future years.

#### FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 total appropriations are \$1.0 million, or 1.8% higher than the FY 2018 total appropriation due to:

- A program transfer which moved approximately \$920,000 from GSL to the Workforce Development program in FY 2018
- SB 294 pay plan increase in FY 2019

#### Executive Request

The executive budget request is a reduction of 95.8%, or \$103.2 million for the 2021 biennium. The reduction is entirely from federal funds that previously supported the loan servicing program. Due to the loan portfolio being transferred to a federal loan servicing agency, the program has adjusted to the levels needed to continue basic operations of providing financial aid support to students and campuses.

### Program Personal Services Narrative

Figure 23

Guaranteed Student Loan Program Personal Services Present Law Request	
DP 1 Personal Services	
Formula Based Changes	(59,527)
Management Decisions	(1,665,258)
Reinstatement of PS	63,127
Modifications to PS Base	-
Total Present Law Adjustment	(1,661,658)

Personal services are \$2.3 million or 4.3% of total FY 2019 appropriations. The executive proposes a decrease of approximately \$1.7 million in both FY 2020 and FY 2021. In addition to the expected changes, management decisions is the primary contributing factor to the statewide present law adjustment for personal services. The management decisions associated with the GSL program are directly related to the transition of the program and the reduction in workforce.

The executive has proposed reducing the FTE of the program from 41.02 to 1.00 as part of the personal services changes.

### Funding

The following table shows proposed program funding by source of authority.

Commissioner of Higher Education, 12-Guaranteed Student Loan Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
03400 Guaranteed Std. Loan-Admin.	4,459,605	0	0	0	4,459,605	100.00 %	
03401 U.S. Dept Ed / GSL Recall Acct	0	0	0	0	0	0.00 %	
03410 Gear Up Essay Scholarship	0	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$4,459,605</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,459,605</b>	<b>100.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$4,459,605</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,459,605</b>		

This program is funded entirely with federal funds from the U.S. Department of Education.

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	0	0	0	0.00 %	54,308,623	54,308,623	108,617,246	2,435.58 %
SWPL Adjustments	0	0	0	0.00 %	(1,720,468)	(1,720,684)	(3,441,152)	(77.16)%
PL Adjustments	0	0	0	0.00 %	(50,358,379)	(50,358,110)	(100,716,489)	(2,258.42)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,229,776</b>	<b>\$2,229,829</b>	<b>\$4,459,605</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	(1,661,658)	(1,661,658)	0.00	0	0	(1,661,919)	(1,661,919)
DP 2 - Fixed Costs	0.00	0	0	(58,993)	(58,993)	0.00	0	0	(58,993)	(58,993)
DP 3 - Inflation Deflation	0.00	0	0	183	183	0.00	0	0	228	228
DP 1201 - Reduce Federal Authority for GSL (40.02)		0	0	(50,358,379)	(50,358,379)	(40.02)	0	0	(50,358,110)	(50,358,110)
<b>Grand Total All Present Law Adjustments (40.02)</b>		<b>\$0</b>	<b>\$0</b>	<b>(\$52,078,847)</b>	<b>(\$52,078,847)</b>	<b>(40.02)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$52,078,794)</b>	<b>(\$52,078,794)</b>

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others

DP 1201 - Reduce Federal Authority for GSL -

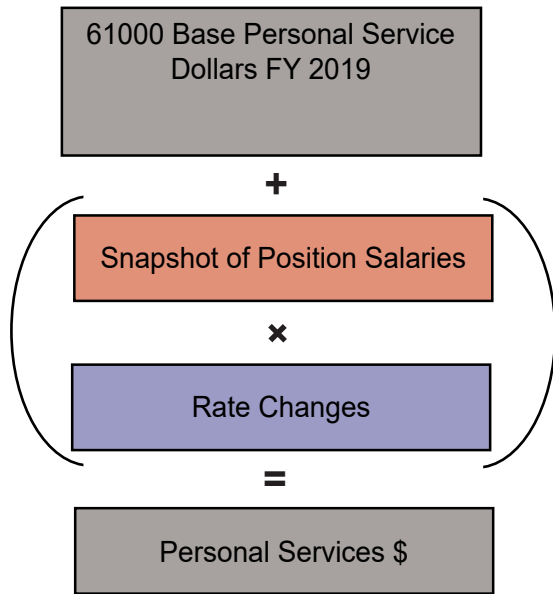
The executive requests a decrease in each year of the biennium of federal authority to the reduced operating plan as approved by the Board of Regents. In addition, the executive requests to reduce the FTE associated with the decrease in authority.

Six Mill Levy (02443)  
Fund Balance Projection, 2021 Biennium

	Actual FY 2018	Appropriated FY 2019	Budget Request	
			FY 2020	FY 2021
Beginning Fund Balance	\$ 8,717	\$ 869,451	\$ 1,945,075	\$ 1,567,648
Revenue	19,887,987	20,108,350	21,374,573	21,716,116
Proposed Expenditures				
Educational Units	19,027,253	19,032,726	21,752,000	22,218,000
Total Expenditures	19,027,253	19,032,726	21,752,000	22,218,000
Estimated Ending Fund Balance	<u>\$ 869,451</u>	<u>\$ 1,945,075</u>	<u>\$ 1,567,648</u>	<u>\$ 1,065,764</u>

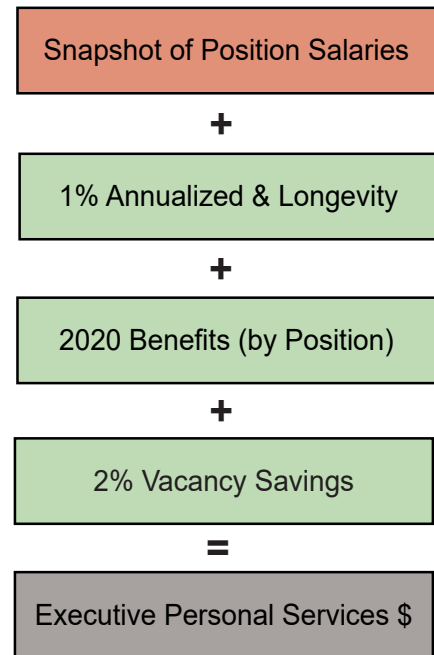
# 2021 Biennium Personal Services Comparison

## Expected PS Calculations



Personal Services  
- 61000 FY 2019 Personal Services Base  
= Compare to DP1

## Executive



Executive Personal Services  
- 61000 FY 2019 Personal Services Base  
= DP1 Statewide Present Law Adjustment

## Expected Personal Services Calculation Details

(Base 61000 Amount plus Expected-Benefit-Changes-Amount)

