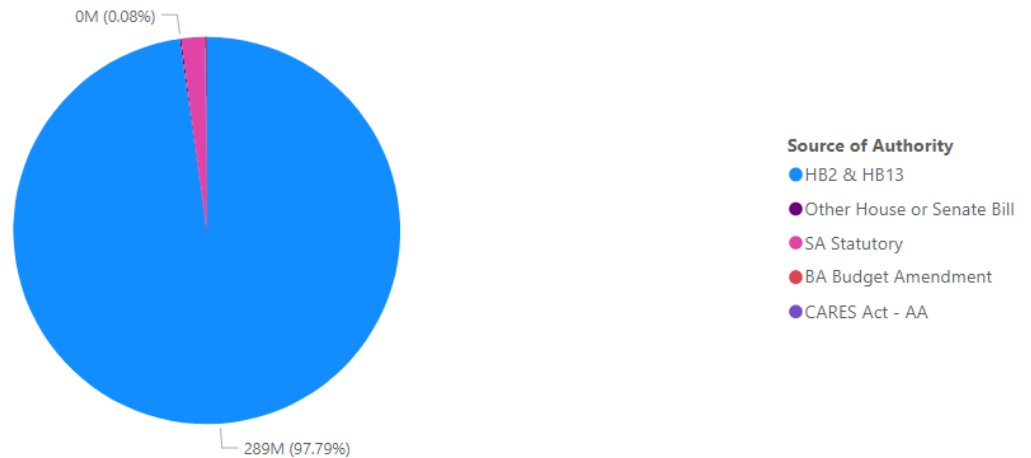


OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

TOTAL APPROPRIATION AUTHORITY

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

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	288,538,974	282,715,638	98.0%
BA Budget Amendment	232,050	90,189	38.9%
Other House or Senate Bill	250,001	250,000	100.0%
SA Statutory	5,867,210	5,171,062	88.1%
CARES	179,482	179,482	100.0%
Total	295,067,717	288,406,372	97.7%

Statutory Appropriations

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

- The Montana University System (MUS) retirement plan general fund transfer is for a 1.0% employer contribution reimbursement to the MUS, which was authorized by HB 95 (2007 Legislature) and codified in 19-21-203, MCA. Appropriations of approximately \$1.9 million are 97.9% expended
- The Bureau of Mines and Geology groundwater investigation state special revenue fund receives a general fund transfer by statute (85-2-526, MCA). This program collects and compiles ground water and aquifer data and prepares a detailed hydrogeological assessment report for each subbasin. The statutory appropriation of \$257,500 is 100.0% expended
- The accommodations tax state special revenue fund is for travel and visitor research at the University of Montana and is funded through an allocation of the 4.0% lodging facility use tax (15-65-121, MCA). Appropriations total approximately \$1.0 million, and 100.0% of these appropriations have been transferred to the University of Montana

- The Montana rural physicians incentive program state special revenue fund (20-26-1501, MCA through 15-26-1503, MCA) provides a financial incentive for physicians to practice in rural areas or medically underserved areas by paying up to \$150,000 of student loan debt. Funding comes from fees paid by medical students in the professional student exchange programs and state general fund. Appropriations total approximately \$1.7 million in FY 2022 and are 66.9% expended as of the end of FY 2022. Expenditures vary in this program based on the number of individuals practicing in an area for the full five years
- The science, technology, engineering, and math (STEM) scholarships state special revenue fund is funded through lottery proceeds (20-26-614, MCA through 20-26-617, MCA). The STEM scholarship program is designed to provide an incentive for Montana high school students to prepare for, enter into, and complete degrees in postsecondary fields related to STEM. Appropriations total approximately \$1.0 million in FY 2022 and are 90.2% expended as of the end of FY 2022

Overall, OCHE expended \$5.2 million, or 88.1%, of its statutory appropriations, which is in line with anticipated expenditures at this point in the fiscal year.

Budget Amendment

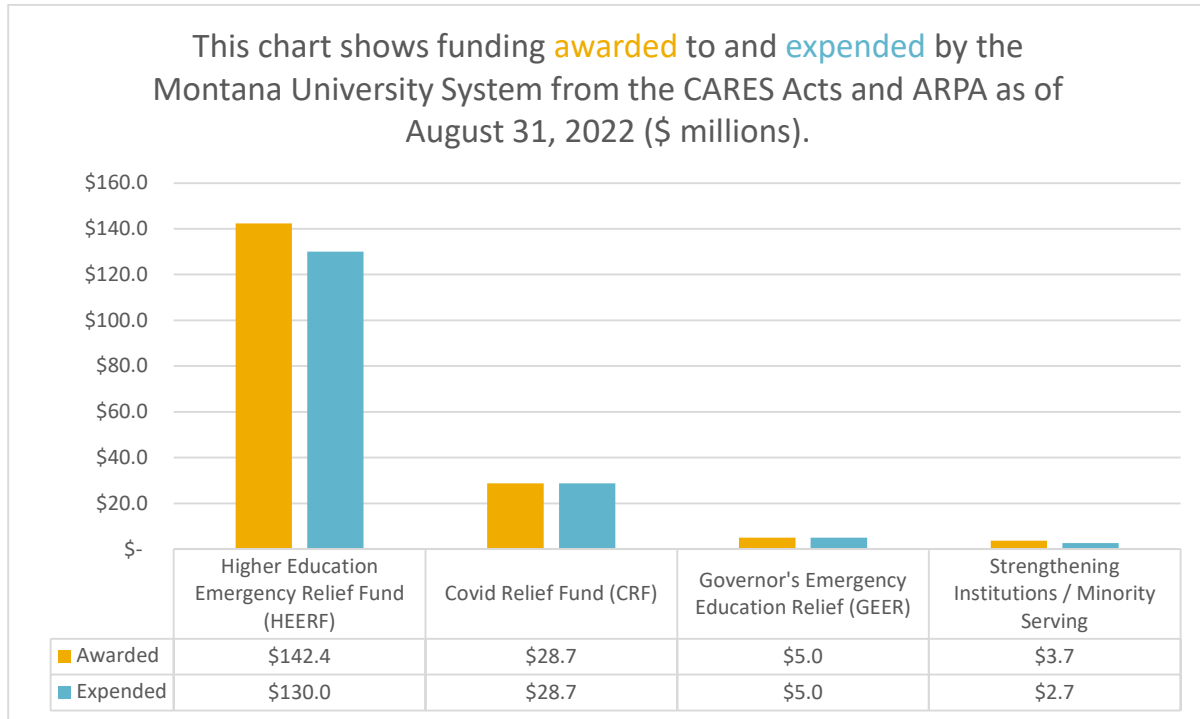
The Office of the Commissioner of Higher Education has authority for one budget amendment, which was included in the March report. This amendment increases federal special revenue authority by \$232,000 in FY 2022. This is a discretionary TRIO educational opportunity center grant and will be used to provide a series of new trainings, outreach, and associated staff for encouraging disadvantaged students, including low-income and first-generation college students, to attend postsecondary educational opportunities. OCHE expended approximately \$90,000 or 38.9% in FY 2022. Authority for this budget amendment continues into FY 2023.

Other Bills

HB 648, passed by the 2021 Legislature, appropriated \$250,000 to the Montana Bureau of Mines and Geology (MBMG) to establish a hydrocarbon and geology investigation program to determine the existence of oil and gas deposits in the state. The purpose of the program is to determine if new methods of oil and gas production will improve production in existing oil and gas fields and to locate new fields containing oil and gas resources. This appropriation is 100.0% expended as of the end of FY 2022.

COVID-19 Authority

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



Funding received by the Montana University System from CARES I, CARES II, and ARPA currently totals \$179.8 million. Approximately \$152.1 million, or 92.6%, has been expended as of August 31, 2022.

The majority of the funding received, \$142.4 million, is from the higher education emergency relief fund. Federal legislation has specific requirements for HEERF on the minimum amounts that higher education institutions must use for student assistance. The remainder of the funding is for institutions to offset, manage, and mitigate the impacts of the COVID-19 pandemic. The Montana University System has expended \$130.0 million of their HEERF through August 31, 2022, and \$12.4 million remains.

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

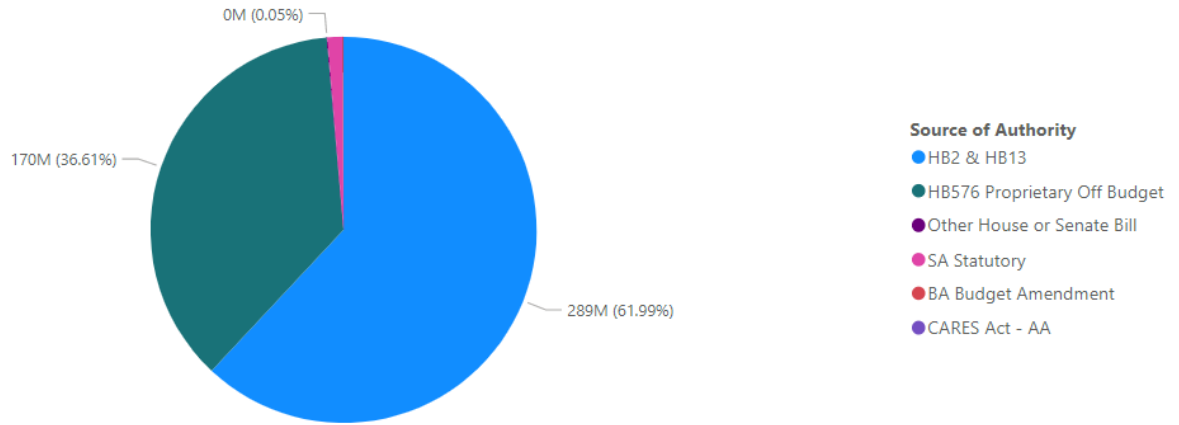
- The MUS campuses have until June 30, 2023 to expend all HEERF funding. This deadline was extended by the United States Department of Education in April
- The CRF funds were required to be expended by December 31, 2021, and the Office of the Commission of Higher Education has expended all of these funds
- The GEER funds had a September 30, 2021 deadline, and all of these funds are expended
- The strengthening institutions programs/minority serving institutions funds must be expended by June 30, 2023

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

TOTAL EXPENDITURE AUTHORITY

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

Modified Budget and Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	288,538,974	282,715,638	98.0%
BA Budget Amendment	232,050	90,189	38.9%
HB576 Proprietary Off Budget	170,407,348	125,740,061	73.8%
NB Non-Budgeted		616,636	Infinity
Other House or Senate Bill	250,001	250,000	100.0%
SA Statutory	5,867,210	5,171,062	88.1%
CARES	179,482	179,482	100.0%
Total	465,475,065	414,763,069	89.1%

Non-Budgeted Proprietary Funds

A significant portion, or 36.6%, of the funding for the Office of the Commissioner of Higher Education is from non-budgeted proprietary funds and totals \$170.4 million. This includes:

- The MUS Group Insurance Program that is budgeted at approximately \$152.4 million and is 79.2% expended
- The MUS flexible spending account that is budgeted at \$13.4 million and is 27.2% expended
- The MUS Workers' Compensation Program that is budgeted at \$4.7 million and is 30.8% expended

Overall, non-budgeted proprietary funds are 73.8% expended as of the end of FY 2022. This is in line with the 5-year average from FY 2016 through FY 2020 of 77.4% (FY 2021 is excluded in this comparison because of abnormal expenditures due to the COVID-19 pandemic).

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget between June 1, 2022 and the end of FY 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	June Modified Budget	FYE22 Modified Budget	Net Modifications
<input type="checkbox"/> Commissioner of Higher Ed	288,538,974	288,538,974	0
ADMINISTRATION PROGRAM	4,444,740	4,444,740	0
AGENCY FUNDS	31,110,632	31,110,632	
APPROPRIATION DISTRIBUTION	207,369,391	207,369,391	
BOARD OF REGENTS-ADMIN	67,350	67,350	
COMMUNITY COLLEGE ASSISTANCE	14,858,699	14,858,699	
EDUCATION OUTREACH & DIVERSITY	9,488,901	9,488,901	0
GUARANTEED STUDENT LOAN PGM	2,354,425	2,354,425	
STUDENT ASSISTANCE PROGRAM	11,370,546	11,370,546	0
TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	1,012,875	
WORK FORCE DEVELOPMENT PROGRAM	6,461,415	6,461,415	0
Total	288,538,974	288,538,974	0

Acct & Lvl 1 DESC	June Modified Budget	FYE22 Modified Budget	Net Modifications
<input type="checkbox"/> 61000 Personal Services	5,364,399	5,408,399	44,000
<input type="checkbox"/> 62000 Operating Expenses	8,424,422	8,357,904	-66,518
<input type="checkbox"/> 63000 Equipment & Intangible Assets	11,063	11,063	
<input type="checkbox"/> 65000 Local Assistance	15,020,699	15,020,699	
<input type="checkbox"/> 66000 Grants	17,418,390	17,418,418	28
<input type="checkbox"/> 68000 Transfers-out	242,055,474	242,077,950	22,476
<input type="checkbox"/> 69000 Debt Service	244,527	244,541	14

Fund Type	June Modified Budget	FYE22 Modified Budget	Net Modifications
<input type="checkbox"/> 01 General	244,912,809	244,912,809	0
<input type="checkbox"/> 02 State/Other Spec Rev	24,949,790	24,949,790	
<input type="checkbox"/> 03 Fed/Other Spec Rev	18,065,821	18,065,821	0
<input type="checkbox"/> 06 Internal Service	610,554	610,554	

The Office of the Commissioner of Higher Education had a few budget modifications between June 1, 2022 and July 31, 2022. Significant modifications include:

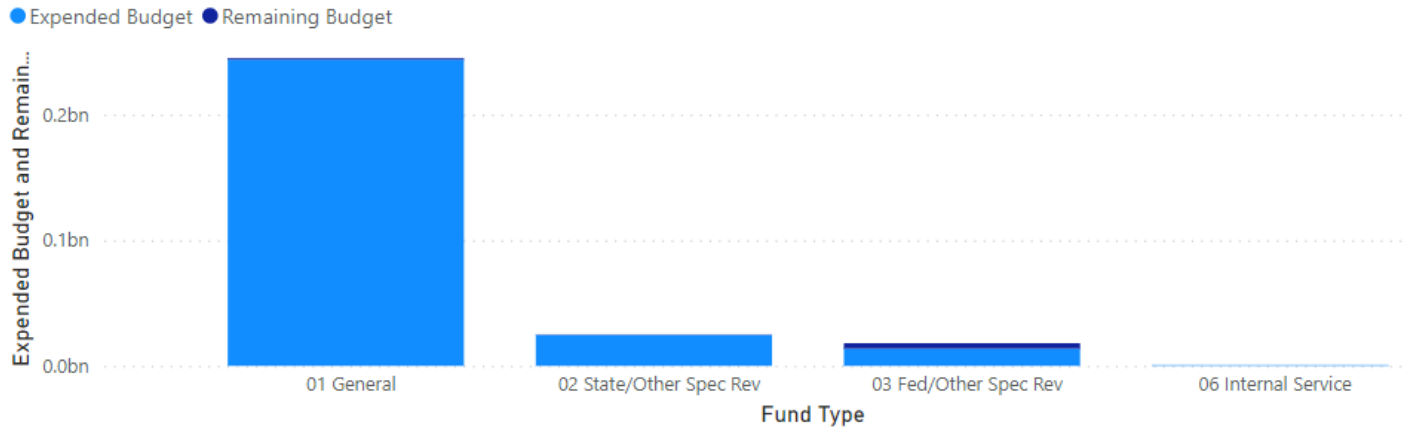
- The transfer of \$44,000 general fund from operating expenses to personal services in the Administration Program to cover personal services costs

- The transfer of approximately \$22,000 federal special revenue (Carl Perkins federal funds) from operating expenses to transfers out in the Workforce Development Program

HB 2 APPROPRIATION AUTHORITY

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

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



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
<input type="checkbox"/> Personal Services	5,408,399	5,061,930	93.6%
<input type="checkbox"/> Operating Expenses	8,357,904	5,211,391	62.4%
<input type="checkbox"/> Equipment & Intangible Assets	11,063		
<input type="checkbox"/> Local Assistance	15,020,699	15,017,699	100.0%
<input type="checkbox"/> Grants	17,418,418	15,404,616	88.4%
<input type="checkbox"/> Transfers-out	242,077,950	241,775,481	99.9%
<input type="checkbox"/> Debt Service	244,541	244,521	100.0%

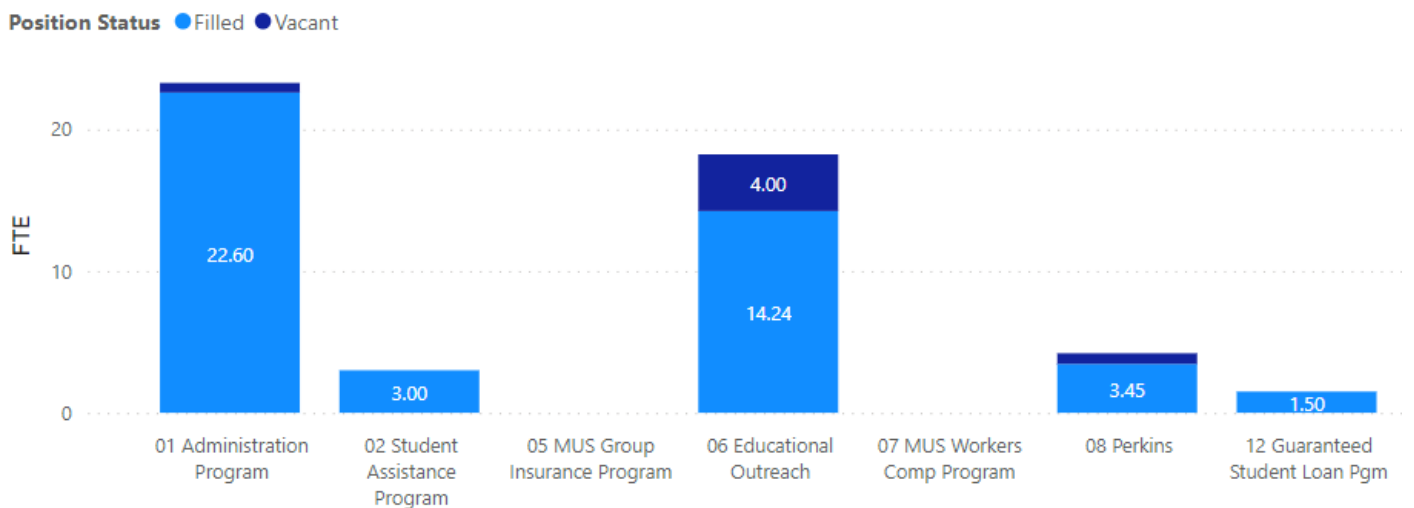
Program Name	Modified Budget	Expended Budget	Percent Expended
<input type="checkbox"/> ADMINISTRATION PROGRAM	4,444,740	3,969,116	89.3%
<input type="checkbox"/> AGENCY FUNDS	31,110,632	31,110,631	100.0%
<input type="checkbox"/> APPROPRIATION DISTRIBUTION	207,369,391	207,042,129	99.8%
<input type="checkbox"/> BOARD OF REGENTS-ADMIN	67,350	65,917	97.9%
<input type="checkbox"/> COMMUNITY COLLEGE ASSISTANCE	14,858,699	14,858,699	100.0%
<input type="checkbox"/> EDUCATION OUTREACH & DIVERSITY	9,488,901	5,948,615	62.7%
<input type="checkbox"/> GUARANTEED STUDENT LOAN PGM	2,354,425	1,666,021	70.8%
<input type="checkbox"/> STUDENT ASSISTANCE PROGRAM	11,370,546	10,710,782	94.2%
<input type="checkbox"/> TRIBAL COLLEGE ASSISTANCE PGM	1,012,875	950,851	93.9%
<input type="checkbox"/> WORK FORCE DEVELOPMENT PROGRAM	6,461,415	6,392,877	98.9%
Total	288,538,974	282,715,638	98.0%

Overall, the Office of the Commissioner of Higher Education expended 98.0% of its \$288.5 million HB 2 modified budget as of the end of FY 2022. General fund appropriations of \$244.9 million are 99.5% expended, and state special revenue appropriations of \$24.9 million are 98.6% expended, which is in line with anticipated expenditures at this point in the fiscal year. Federal special revenue appropriations of \$18.1 million are 76.2% expended. Additional details on federal special revenue expenditures are included below.

Lower federal special revenue expenditures are in two programs: Education Outreach and Diversity Program and Guaranteed Student Loan Program. HB 2 federal special revenue of \$9.4 million in the Education Outreach and Diversity Program is 62.2% expended. Lower expenditures in these programs were due to the timing of grant activities. The Guaranteed Student Loan Program expended 70.8% of its \$2.4 million HB 2 federal special revenue appropriation. A low percentage expended is typical in this program since it has transitioned to administering financial literacy and education programs and outreach activities.

Personal Services

Appropriations for personal services in the Office of the Commissioner of Higher Education total approximately \$5.4 million and are 93.6% expended as of the end of FY 2022. OCHE has 50.22 HB 2 FTE and approximately 88.2% of these positions are filled as of August 1, 2022. Of the 5.93 FTE that are vacant, 4.00 FTE have been vacant for seven months or less (since January 2022). As of July 20, 2022, the department was in the process of recruiting for 1.00 FTE. The following chart shows the filled and vacant FTE within the agency.



APPENDIX A

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

As of 8.31.2022

	MSU Bozeman	MSU Billings	MSU Northern	Great Falls College MSU	UM Missoula	MT Tech	UM Western	Helena College UM	MUS System Total
Higher Education Emergency Relief (HEERF)									
Awarded	56,048,434	13,596,045	5,264,249	5,422,007	41,832,333	9,319,456	6,372,008	4,547,349	142,401,881
Expenditures	45,756,907	12,956,542	4,994,435	5,422,007	41,531,511	9,173,887	6,039,599	4,161,713	130,036,601
Balance	10,291,527	639,503	269,814	-	300,822	145,569	332,409	385,636	12,365,280
Strengthening Institutions / Minority Serving									
Awarded	-	597,834	538,851	-	1,880,386	201,894	281,892	205,409	3,706,266
Expenditures	-	263,859	35,628	-	1,880,386	201,894	184,895	130,950	2,697,612
Balance	-	333,975	503,223	-	-	-	96,997	74,459	1,008,654
Gov's Emergency Education Relief (GEER)									
Awarded	880,499	555,980	413,469	365,545	1,357,944	216,722	498,995	710,223	4,999,377
Expenditures	880,499	555,980	413,469	365,545	1,357,944	216,722	498,995	710,223	4,999,377
Balance	-	-	-	-	-	-	-	-	-
Covid Relief Fund (CRF)									
Awarded	10,551,997	3,148,275	2,315,276	224,960	7,738,351	2,490,579	1,947,001	317,298	28,733,737
Expenditures	10,551,997	3,148,275	2,315,276	224,960	7,738,351	2,490,579	1,947,001	317,298	28,733,737
Balance	-	-	-	-	-	-	-	-	-
Total COVID Relief Funding	67,480,930	17,898,134	8,531,845	6,012,512	52,809,014	12,228,651	9,099,896	5,780,279	179,841,261
Total Expenditures	57,189,403	16,924,656	7,758,808	6,012,512	52,508,192	12,083,082	8,670,490	5,320,184	166,467,327
Campus Balance	10,291,527	973,478	773,037	-	300,822	145,569	429,406	460,095	13,373,934

There may be some residual fund balances due to encumbrances

*Provided by the Office of the Commissioner of Higher Education