

COMMISSIONER OF HIGHER EDUCATION

Section E

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Office of Public Instruction	Montana Arts Council
Board of Public Education	Montana State Library
Office of Commissioner of Higher Education	Montana Historical Society
Montana School for Deaf & Blind	

-----Committee Members-----

House

Representative David Bedey (Chair)
Representative Brad Barker
Representative Llew Jones
Representative Connie Keogh
Representative Eric Matthews

Senate

Senator John Fuller (Vice Chair)
Senator Matt Regier
Senator Jonathan Windy Boy

-----Fiscal Division Staff-----

Julia Pattin
Katie Guenther
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Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	50.22	50.22	50.22	0.00	0.0%
General Fund	294,618,262	311,476,981	311,876,256	34,116,713	5.8%
State/Other Special Rev. Funds	34,517,406	38,171,423	38,630,074	7,766,685	11.3%
Federal Spec. Rev. Funds	18,423,077	18,841,378	19,056,826	1,052,050	2.9%
Proprietary Funds	723,465	723,465	723,465		0.0%
Total Funds	348,282,210	369,213,247	370,286,621	42,935,448	6.2%
Personal Services	6,423,672	6,012,156	6,048,431	(786,757)	(6.1%)
Operating Expenses	8,285,485	8,375,323	8,387,593	191,946	1.2%
Equipment & Intangible Assets	11,063	11,063	11,063		0.0%
Local Assistance	17,804,881	18,204,022	18,927,866	1,522,126	4.3%
Grants	19,747,079	20,515,265	21,592,018	2,613,125	6.6%
Transfers	295,358,604	315,092,960	314,316,772	38,692,524	6.6%
Debt Service	651,426	1,002,458	1,002,878	702,484	53.9%
Total Expenditures	348,282,210	369,213,247	370,286,621	42,935,448	6.2%
Total Ongoing	348,282,210	368,638,247	369,861,621	41,935,448	6.0%
Total One-Time-Only	4,000,000	575,000	425,000	(7,000,000)	(87.5%)

Agency Highlights

Office of the Commissioner of Higher Education Major Budget Highlights
<p>The Office of the Commissioner of Higher Education's 2027 biennium budget request is approximately \$20.9 million greater in FY 2026 and \$22.0 million greater in FY 2027 than the FY 2025 base budget. Significant proposals include:</p> <ul style="list-style-type: none"> • Increasing general fund appropriations by \$16.5 million in FY 2026 and \$15.4 million in FY 2027 for present law adjustments related to personal services, higher education fixed costs, and inflation in the Appropriation Distribution Program • Increasing general fund appropriations by \$2.3 million in FY 2026 and \$2.7 million in FY 2027 for present law adjustments related to personal services, fixed costs, and inflation in the Agency Funds Program • Decreasing general fund appropriations and increasing six-mill state special revenue appropriations by \$3.3 million in FY 2026 and \$3.8 million in FY 2027. The revenues in the state special revenue fund are expected to grow due to reappraisal • Increasing general fund appropriations and state special revenue appropriations by approximately \$1.0 million in FY 2026 and by \$2.0 million in FY 2027 in the Student Assistance Program. Increases are driven by cost changes in the professional student exchange programs such as increased support fee costs and additional students in these programs • Increasing general fund appropriations by \$392,000 in FY 2026 and \$1.1 million in FY 2027 for the statutory calculation of the community college funding formula • One-time-only general fund appropriations in the Administration Program of \$1.0 million through the 2027 biennium for start-up costs to develop a hybrid online J.D. program at the University of Montana

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Commissioner of Higher Education 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	294,618,262	34,517,406	18,423,077	348,282,210	94.3%	294,618,262	34,517,406	18,423,077	348,282,210	94.1%
Statewide PL										
Personal Services	(340,577)	(12,983)	(97,264)	(450,824)	(0.1%)	(324,001)	(12,332)	(91,814)	(428,147)	(0.1%)
Fixed Costs	18,360	0	0	18,360	0.0%	27,440	0	0	27,440	0.0%
Inflation Deflation	(826)	0	(425)	(1,251)	(0.0%)	(558)	0	(287)	(845)	(0.0%)
Total Statewide PL	(323,043)	(12,983)	(97,689)	(433,715)	(0.1%)	(297,119)	(12,332)	(92,101)	(401,552)	(0.1%)
Present Law (PL)	19,923,762	0	515,990	20,439,752	5.5%	20,905,113	0	725,850	21,630,963	5.8%
New Proposals	(2,742,000)	3,667,000	0	925,000	0.3%	(3,350,000)	4,125,000	0	775,000	0.2%
Total HB 2 Adjustments	16,858,719	3,654,017	418,301	20,931,037	5.7%	17,257,994	4,112,668	633,749	22,004,411	5.9%
Total Requested Budget	311,476,981	38,171,423	18,841,378	369,213,247		311,876,256	38,630,074	19,056,826	370,286,621	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications - This category includes other modifications to the FY 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Office of the Commissioner of Higher Education FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)				
Program	Legislative Changes	Management Decisions	Budget Modifications	Total DP 1
01 Administration Program	\$ (23,905)	\$ (185,449)	\$ (186,200)	\$ (395,554)
02 Student Assistance Program	(13,917)	41,050	-	27,133
06 Education Outreach & Diversity	(1,529)	29,709	-	28,180
08 Work Force Development Program	(19,184)	(2,746)	-	(21,930)
12 Guaranteed Student Loan Program	(11,971)	(71,082)	-	(83,053)
13 Board of Regents-Admin Program	-	(5,600)	-	(5,600)
Total	\$ (70,506)	\$ (194,118)	\$ (186,200)	\$ (450,824)

The proposed statewide personal services present law adjustment (DP 1) decreases appropriations by approximately \$397,000 in FY 2026. The decrease in the legislative changes category is largely due to reduced expenditures for benefits across programs. The decrease in the management decisions category is due to several positions that were either terminated or rehired at lower pay rates, though there were pay increases for other positions as well. The decrease in funding as a result of budget modifications is due to a program transfer and is discussed in the Administration Program section.

Funding

The following table shows proposed agency funding for all sources of authority.

Total Commissioner of Higher Education Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	622,353,237	1,000,000		8,177,875	631,531,112	57.8%
02443 University Millage	71,986,532				71,986,532	6.6%
02943 Rural Physicians Account				3,335,360	3,335,360	0.3%
02111 Accommodation Tax Account				2,932,888	2,932,888	0.3%
02027 STEM Scholarships				2,111,054	2,111,054	0.2%
02944 Motorcycle Safety Training	1,160,318				1,160,318	0.1%
Other State Special Revenue	3,654,647				3,654,647	0.3%
State Special Revenue Total	76,801,497		-	8,379,302	85,180,799	7.8%
03215 Carl Perkins Federal Funds	13,951,935				13,951,935	1.3%
03042 2nd GEAR UP Grant	13,768,862				13,768,862	1.3%
03400 Guaranteed Std. Loan-Admin.	4,649,842				4,649,842	0.4%
03412 GEAR UP Federal Schol 2005	3,290,686				3,290,686	0.3%
03806 Talent Search	2,122,811				2,122,811	0.2%
Other Federal Special Revenue	114,068				114,068	0.0%
Federal Special Revenue Total	37,898,204		-	-	37,898,204	3.5%
06008 MUS Group Insurance Program			301,147,260		301,147,260	27.5%
06009 MUS Flexible Spending Account			26,793,976		26,793,976	2.5%
06082 MUS Self-Funded Workers Comp			9,501,853		9,501,853	0.9%
06539 Indirect Costs OCHE	1,446,930				1,446,930	0.1%
Proprietary Fund Total	1,446,930		337,443,089	-	338,890,019	31.0%
Total of All Funds	738,499,868	1,000,000	337,443,089	16,557,177	1,093,500,134	
Percent of All Sources of Authority	67.5%	0.1%	30.9%	1.5%		

HB 2 Appropriations

Approximately two-thirds of the funding proposed by the executive for the Office of the Commissioner of Higher Education is appropriated in HB 2. Approximately one-third of the proposed funding does not require an appropriation as the authority comes from enterprise-type proprietary funds. The remaining one percent is statutory appropriation authority.

Non-Budgeted Proprietary Funds

The agency administers two programs funded by enterprise funds:

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

These funds are discussed in the Legislative Fiscal Division Section E Proprietary Budget Analysis.

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 respective 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 Accommodations Tax Revenue

More detail about statutory appropriations is provided in the program analyses below.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	50.22	50.22	50.22	50.22
Personal Services	5,044,628	5,894,814	6,423,672	6,012,156	6,048,431
Operating Expenses	4,557,928	9,622,306	9,635,485	8,375,323	8,387,593
Equipment & Intangible Assets	10,311	11,063	11,063	11,063	11,063
Local Assistance	16,315,492	16,315,927	17,804,881	18,204,022	18,927,866
Grants	16,103,231	18,558,987	19,847,079	20,515,265	21,592,018
Transfers	271,194,718	276,213,828	297,908,604	315,092,960	314,316,772
Debt Service	244,521	651,439	651,426	1,002,458	1,002,878
Total Expenditures	\$313,470,829	\$327,268,364	\$352,282,210	\$369,213,247	\$370,286,621
General Fund	266,687,624	273,133,217	298,618,262	311,476,981	311,876,256
State/Other Special Rev. Funds	35,011,519	35,110,764	34,517,406	38,171,423	38,630,074
Federal Spec. Rev. Funds	11,144,469	18,300,918	18,423,077	18,841,378	19,056,826
Proprietary Funds	627,217	723,465	723,465	723,465	723,465
Total Funds	\$313,470,829	\$327,268,364	\$352,282,210	\$369,213,247	\$370,286,621
Total Ongoing	\$311,917,848	\$324,548,364	\$348,282,210	\$368,638,247	\$369,861,621
Total OTO	\$1,552,981	\$2,720,000	\$4,000,000	\$575,000	\$425,000

Agency Description

Agency Mission: To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana’s economy and society.

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

Please refer to the agency profile at <https://www.legmt.gov/lfd/committees/section-e/office-of-commissioner-of-higher-education/> for additional information about the agency’s organization structure, historical expenditures, goals and objectives, and recent studies and audits.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Overall, the Office of the Commissioner of Higher Education expended 95.8% of its \$327.3 million HB 2 modified budget in FY 2024. General fund appropriations of \$273.1 million were 97.6% expended, which is in line with typical expenditures at the end of the fiscal year. Federal special revenue appropriations of \$18.3 million were 60.9% expended, and state special revenue funds of \$35.1 million were 99.7% expended.

Lower federal special revenue expenditures were seen in two programs: Education Outreach and Diversity Program and Guaranteed Student Loan Program. Lower expenditures in these programs are typical. These and other low-expenditure areas are explained below:

- HB 5 appropriated approximately \$3.6 million to OCHE to account for the operations and maintenance of new facilities authorized as part of the state's long-range building program. At the end of FY 2024, no expenditures had been made. This is to be expected, as the construction of these projects have not been completed yet, and appropriations were set aside to ensure that there is sufficient funding once the buildings are completed
- HB 10 appropriated approximately \$6.6 million for the CyberMontana cybersecurity initiative. As of the end of FY 2024, \$3.0 million, or 45.2% of appropriations were expended. This was a biennial appropriation, so it is expected that not all funds will be expended by the end of FY 2024
- The Education Outreach & Diversity program expended 42.4% of its approximately \$9.7 million appropriation. Most funding within this program comes from federal grants which span several years, and lower expenditures in these programs are often due to the timing of grant activities. Specific details are provided at the program level
- The Guaranteed Student Loan Program expended 34.9% of its approximately \$2.4 million appropriation. This is typical, as the program no longer manages actual student loans, and instead administers financial literacy and education activities. This program is funded entirely with federal funds from the U.S. Department of Education
- The Montana Rural Physicians Incentive Program state special revenue fund received approximately \$1.7 million in FY 2024 which was 53.8% expended. Lower expenditure rates are not unusual for this program. The number of physicians participating in this program can vary from year to year, and disbursements can vary depending on how physician participation other loan repayment programs affect the needs for disbursements

FY 2024 Appropriations Compared to FY 2025 Appropriations

The HB 2 FY 2025 appropriations for OCHE were approximately \$25.0 million, or 7.6% higher than appropriations in FY 2024. Much of this increase is due to higher general fund appropriations in HB 13 for increasing MUS employee pay, which appropriated approximately \$11.3 million more in FY 2025 for this purpose. Other notable differences include:

- Approximately \$9.4 million of appropriation increases in FY 2025 due to funding for risk management and tort defense being added back into the base budget. This funding had been eliminated for FY 2024 as a one-time-only reduction which resulted in savings, but the base budget was adjusted for FY 2025
- HB 2 appropriations for OCHE in FY 2025 included \$1.4 million in one-time-only appropriations for the 1-2 Free Program that were not included in the FY 2024 appropriation
- Approximately \$1.5 million increased appropriations for Community College Assistance in FY 2025 over FY 2024 as a result of the statutory funding formula calculation for Dawson Community College, Flathead Valley Community College, and Miles Community College
- Approximately \$1.0 million increased appropriations in FY 2025 for present law increases for the professional student exchange program

Comparison of FY 2024 Legislative Budget to FY 2024 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Office of the Commissioner of Higher Education Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
Administration Program				
Personal Services	\$ 3,744,063	\$ 186,200	\$ 3,930,263	5.0%
Operating Expenses	1,012,873	-	1,012,873	0.0%
Equipment & Intangible Assets	11,063	-	11,063	0.0%
Transfers	22,773	-	22,773	0.0%
Debt Service	175,193	-	175,193	0.0%
Total	4,965,965	186,200	5,152,165	3.7%
Student Assistance Program				
Personal Services	406,060	-	406,060	0.0%
Operating Expenses	440,884	-	440,884	0.0%
Local Assistance	169,000	-	169,000	0.0%
Grants	13,019,810	-	13,019,810	0.0%
Transfers	115,631	-	115,631	0.0%
Total	14,151,385	-	14,151,385	0.0%
Community College Assistance Program				
Local Assistance	16,421,848	1,214,033	17,635,881	7.4%
Transfers	1,214,033	(1,214,033)	-	-100.0%
Total	17,635,881	-	17,635,881	0.0%
Education Outreach & Diversity Program				
Personal Services	1,450,055	-	1,450,055	0.0%
Operating Expenses	4,910,476	-	4,910,476	0.0%
Grants	3,377,000	-	3,377,000	0.0%
Debt Service	57,328	-	57,328	0.0%
Total	9,794,859	-	9,794,859	0.0%
Workforce Development Program				
Personal Services	394,371	-	394,371	0.0%
Operating Expenses	76,942	-	76,942	0.0%
Grants	2,431,869	-	2,431,869	0.0%
Transfers	3,552,678	-	3,552,678	0.0%
Debt Service	23,490	-	23,490	0.0%
Total	6,479,350	-	6,479,350	0.0%
Appropriation Distribution Program				
Transfers	254,596,736	(186,200)	254,410,536	-0.1%
Total	254,596,736	(186,200)	254,410,536	-0.1%
Research and Development Agencies				
Transfers	37,256,986	-	37,256,986	0.0%
Total	37,256,986	-	37,256,986	0.0%
Tribal College Assistance Program				
Grants	918,400	-	918,400	0.0%
Total	918,400	-	918,400	0.0%

Guaranteed Student Loan Program				0.0%
Personal Services	231,023	-	231,023	0.0%
Operating Expenses	2,168,661	(387,028)	1,781,633	-17.8%
Debt Service	8,387	387,028	395,415	4,614.6%
Total	2,408,071	-	2,408,071	0.0%
Board of Regents				0.0%
Personal Services	11,900	-	11,900	0.0%
Operating Expenses	62,677	-	62,677	0.0%
Total	74,577	-	74,577	0.0%
Agency Total	\$ 696,564,420	\$ -	\$ 696,564,420	0.0%

There were several executive modifications made to the budget passed by the 2023 Legislature which affected the FY 2025 base budget. These include:

- The reclassification of approximately \$1.2 million of appropriations within the Community Colleges Program so that the appropriation could be utilized by the community colleges
- The reclassification of approximately \$387,000 of appropriations for long-term software subscriptions within the Guaranteed Student Loan Program from operating expenses to debt service as per accounting standards
- A program transfer of approximately \$186,000 from the Appropriation Distribution Program which utilized regents priority funds to fund a position to support the Long-Range Building Program in FY 2025

HB 2 Language -

LFD COMMENT Historically, certain language has been included in HB 2 for the Office of the Commissioner of Higher Education. The legislature may wish to include this language, or similar language, in HB 2 again:

"Items designated as OCHE Administration Program, Student Assistance Program, Educational Outreach and Diversity, Workforce Development Program, Appropriation Distribution, Guaranteed Student Loan, and Board of Regents Administration 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 House Bill 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(15), according to board policy."

"The Montana university system, except for 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, 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. The salary and benefit data provided must reflect approved board of regents operating budgets."

"The community college FTE decrease funding factor is \$3,125 for fiscal year 2026 and \$3,125 for fiscal year 2027. The community college FTE increase funding factor is \$6,500 for fiscal year 2026 and \$6,500 for fiscal year 2027. The community college weighting factors for the 2027 biennium are 1.50 for CTE FTE, 1.00 for general education FTE, 0.50 for early college FTE, and 0.25 for concurrent enrollment FTE."

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

"The general fund appropriation for Community College Assistance is calculated to fund education in the community colleges for an estimated 1,911 resident FTE in fiscal year 2026 and 1,996 in fiscal year 2027. If total weighted resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges must receive a reimbursement for the underpayment from the community college FTE adjustment account. If actual resident FTE student enrollment is less than the estimated numbers for the biennium, the community colleges shall pay a fee equal to the overpayment amount to be deposited in the FTE adjustment account in accordance with 20-15-328."

In the line below, fund amounts have not been updated from the amounts requested for the 2025 biennium. The legislature should review amounts for the state energy conservation debt service program if the language is requested.

"Funding to be transferred to the state energy conservation program debt service account for energy improvements are as follows: Transferred funding for each year of the biennium to retire bonded projects are MSU Northern \$16,200 in fiscal year 2026 and \$16,200 in fiscal year 2027, MSU Billings \$45,519 in both fiscal year 2026 and fiscal year 2027, MSU Great Falls \$86,500 in fiscal year 2026 and \$80,000 for fiscal year 2027. Funding to be transferred for each year of the biennium for state energy revolving projects are MSU Billings \$55,323, MSU Northern \$69,099, and Miles Community College \$23,553. Montana State University transfers are \$254,753 in fiscal year 2026 and \$253,822 in fiscal year 2027."

"Total audit costs are estimated to be \$358,000 for the community colleges for the biennium. Audit costs charged to the community colleges for the biennium may not exceed \$60,500 for Flathead Valley Community College, \$188,000 for Miles Community College, and \$110,000 for Dawson Community College. Total audit costs for UM - Missoula is \$549,653 and MSU - Bozeman is \$542,688."

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	23.28	23.28	23.28	0.00	0.0%	
General Fund	4,428,701	4,625,706	4,500,094	268,398	3.0%	
Proprietary Funds	723,465	723,465	723,465		0.0%	
Total Funds	5,152,166	5,349,171	5,223,559	268,398	2.6%	
Personal Services	3,930,263	3,534,709	3,549,757	(776,060)	(9.9%)	
Operating Expenses	1,012,874	1,030,433	1,039,773	44,458	2.2%	
Equipment & Intangible Assets	11,063	11,063	11,063		0.0%	
Transfers	22,773	597,773	447,773	1,000,000	2,195.6%	
Debt Service	175,193	175,193	175,193		0.0%	
Total Expenditures	5,152,166	5,349,171	5,223,559	268,398	2.6%	
Total Ongoing	5,152,166	4,774,171	4,798,559	(731,602)	(7.1%)	
Total One-Time-Only	3,900,000	575,000	425,000	(6,800,000)	(87.2%)	

Program Highlights

Administration Program Major Budget Highlights
<p>The Administration Program's 2027 biennium requested appropriations are approximately \$268,000, or 2.6% higher than the FY 2025 base budget. Significant proposals include:</p> <ul style="list-style-type: none"> • A one-time-only appropriation of \$1.0 million throughout the biennium to develop a hybrid online J.D. Program at the University of Montana's law school • Statewide present law adjustments that decrease general fund appropriations by approximately \$732,000 as compared to the previous biennium <ul style="list-style-type: none"> ◦ DP 1 personal services adjustments reduce appropriations by approximately \$776,000 ◦ DP 2 fixed cost adjustments increase operating expense appropriations by approximately \$46,000 ◦ DP 3 adjustments for inflation lower operating expense appropriations by approximately \$1,000 as a result of adjustments to state motor pool rates

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Administration Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	4,428,701	0	0	5,152,166	96.3%	4,428,701	0	0	5,152,166	98.6%
Statewide PL										
Personal Services	(395,554)	0	0	(395,554)	(7.4%)	(380,506)	0	0	(380,506)	(7.3%)
Fixed Costs	18,360	0	0	18,360	0.3%	27,440	0	0	27,440	0.5%
Inflation Deflation	(801)	0	0	(801)	(0.0%)	(541)	0	0	(541)	(0.0%)
Total Statewide PL	(377,995)	0	0	(377,995)	(7.1%)	(353,607)	0	0	(353,607)	(6.8%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	575,000	0	0	575,000	10.7%	425,000	0	0	425,000	8.1%
Total HB 2 Adjustments	197,005	0	0	197,005	3.7%	71,393	0	0	71,393	1.4%
Total Requested Budget	4,625,706	0	0	5,349,171		4,500,094	0	0	5,223,559	

The executive is requesting an increase of approximately \$197,000 in FY 2026 and \$71,000 in FY 2027 above the FY 2025 base appropriations. Changes include:

- One-time-only appropriations of \$575,000 in FY 2026 and \$425,000 in FY 2027 to develop a hybrid online J.D. program at the University of Montana law school. The hybrid program would aid in meeting Montana’s need for lawyers in rural areas and would become operational in academic year 2027-2028
- Overall statewide present law reductions. Most of these reductions are due to decreases in personal services, and result from management decisions and a program transfer that reduced overall personal services authority by approximately \$186,000 in FY 2027 and FY 2027

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 01-Administration Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	8,125,800	1,000,000	0	0	9,125,800	86.3%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
06539 Indirect Costs OCHE	1,446,930	0	0	0	1,446,930	100.0%	
Proprietary Total	\$1,446,930	\$0	\$0	\$0	\$1,446,930	13.7%	
Total All Funds	\$9,572,730	\$1,000,000	\$0	\$0	\$10,572,730		

HB 2 Appropriations

The Administration Program is primarily funded with general fund. The remaining funding in the 2027 biennium is from a budgeted proprietary fund. The proprietary fund receives revenues from an indirect costs rate charged to other programs and supports the administrative overhead activities for those programs (e.g., Talent Search, GEAR-UP, Perkins, MUS Group Insurance, and MUS Workers’ Compensation).

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	23.28	23.28	23.28	23.28
Personal Services	3,429,718	3,583,342	3,930,263	3,534,709	3,549,757
Operating Expenses	1,251,318	2,369,114	2,362,874	1,030,433	1,039,773
Equipment & Intangible Assets	10,311	11,063	11,063	11,063	11,063
Transfers	626,488	1,055,598	2,572,773	597,773	447,773
Debt Service	155,311	175,193	175,193	175,193	175,193
Total Expenditures	\$5,473,146	\$7,194,310	\$9,052,166	\$5,349,171	\$5,223,559
General Fund	4,845,929	6,470,845	8,328,701	4,625,706	4,500,094
Proprietary Funds	627,217	723,465	723,465	723,465	723,465
Total Funds	\$5,473,146	\$7,194,310	\$9,052,166	\$5,349,171	\$5,223,559
Total Ongoing	\$4,140,160	\$4,694,310	\$5,152,166	\$4,774,171	\$4,798,559
Total OTO	\$1,332,986	\$2,500,000	\$3,900,000	\$575,000	\$425,000

Program Description

The Administration Program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration. Article X, Section 9, of the Montana Constitution requires that the Board of Regents appoints the commissioner and prescribes his/her powers and duties.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Administration Program expended approximately \$5.5 million, or 76.1% of its FY 2024 appropriations as of the end of FY 2024. The bulk of unspent authority was restricted authority designated for the Seamless System initiative, which developed and implemented a single learning management system for the Montana University System and community colleges. As of the end of FY 2024, approximately \$724,000 of the \$1.5 million budget was expended.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations for the Administration Program are approximately \$1.9 million, or 25.8% larger for FY 2025 than for FY 2024. There is a restricted, one-time-only general fund appropriation of \$1.4 million for FY 2025 in the Administration Program for the One-Two-Free program, which allows for up to six credits to receive dual credit for free for eligible high school students. Personal Services authority also increased as a result of an approximately \$186,000 program transfer from Appropriation Distribution to support a modified PB in FY 2025.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(395,554)	0	0	(395,554)	0.00	(380,506)	0	0	(380,506)
DP 2 - Fixed Costs	0.00	18,360	0	0	18,360	0.00	27,440	0	0	27,440
DP 3 - Inflation Deflation	0.00	(801)	0	0	(801)	0.00	(541)	0	0	(541)
Grand Total All Present Law Adjustments	0.00	(\$377,995)	\$0	\$0	(\$377,995)	0.00	(\$353,607)	\$0	\$0	(\$353,607)

*"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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Administration Program	
Office of the Commissioner of Higher Education	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ (23,905)
Management Changes	(185,449)
Total Budget Modifications	<u>(186,200)</u>
Total	<u>\$ (395,554)</u>

Legislative changes in this program include increased appropriations for longevity and benefits and a reduction in appropriations to account for the previous indirect cost increases passed by the 2023 legislature, which results in negative overall adjustments. Management changes are negative due to reductions in pay associated with turnover within positions in the program. There was a budget modification in FY 2025 that transferred personal services authority into the Administration Program for a modified PB. The negative modification here reduces the personal services adjustment by the amount budgeted for that position (since authority had increased in the base budget by the same amount).

LFD COMMENT	The \$186,200 reduction in personal services authority was due to a technical issue where funding was moved to support a modified position in FY 2025. Since that base funding transfer was captured in the calculation, funding is reduced by an equivalent amount. However, the modified PB and funding for that position was not budgeted for FY 2026 and FY 2027. The DP 1 calculation results in a reduction of approximately \$186,200 of in each fiscal year without increasing funding by an equivalent amount elsewhere.
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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: audit fees, Capitol complex rent, information technology services, 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 in-state state motor pool and motor pool leased vehicles.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 106 - Online J.D. Program (OTO)	0.00	575,000	0	0	575,000	0.00	425,000	0	0	425,000
Total	0.00	\$575,000	\$0	\$0	\$575,000	0.00	\$425,000	\$0	\$0	\$425,000

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

DP 106 - Online J.D. Program (OTO) -

The executive requests general fund authority to provide start-up funding to develop a hybrid online J.D. Program at the University of Montana's law school. The development of a hybrid online J.D. program will aid in meeting Montana's need for lawyers in rural areas and would focus on agricultural law, natural resources law, and Indian law. The program would become operational in academic year 2027-2028.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	3.00	3.00	3.00	0.00	0.0%	
General Fund	13,781,373	14,467,317	15,473,745	2,378,316	8.6%	
State/Other Special Rev. Funds	370,013	707,030	707,681	674,685	91.2%	
Total Funds	14,151,386	15,174,347	16,181,426	3,053,001	10.8%	
Personal Services	406,060	433,193	435,372	56,445	7.0%	
Operating Expenses	440,885	507,767	508,200	134,197	15.2%	
Local Assistance	169,000	176,352	184,023	22,375	6.6%	
Grants	13,019,810	13,591,404	14,588,200	2,139,984	8.2%	
Transfers	115,631	115,631	115,631		0.0%	
Debt Service		350,000	350,000	700,000	0.0%	
Total Expenditures	14,151,386	15,174,347	16,181,426	3,053,001	10.8%	
Total Ongoing	14,151,386	15,174,347	16,181,426	3,053,001	10.8%	
Total One-Time-Only					0.0%	

Program Highlights

<p>Student Assistance Program Major Budget Highlights</p>
<p>The Student Assistance Program’s 2027 biennium budget request is approximately \$3.1 million, or 10.8% higher than the base FY 2025 budget. Changes include:</p> <ul style="list-style-type: none"> • Statewide present law adjustments account for an approximately \$56,000 increase in appropriation requests. These are split between personal service increases of \$82,000 in the general fund, and a decrease of \$25,000 in state special revenue appropriations • A funding request to support the central application system for the MUS. This proposal would provide authority of \$350,000 in each fiscal year to utilize funds collected from non-resident student application fees • A present law increase of approximately \$646,000 in FY 2026 and \$1.7 million in FY 2027 for the professional student exchange program. These adjustments primarily provide grant funding for students who participate in exchange programs

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Student Assistance Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	13,781,373	370,013	0	14,151,386	93.3%	13,781,373	370,013	0	14,151,386	87.5%
Statewide PL										
Personal Services	40,116	(12,983)	0	27,133	0.2%	41,644	(12,332)	0	29,312	0.2%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	40,116	(12,983)	0	27,133	0.2%	41,644	(12,332)	0	29,312	0.2%
Present Law (PL)	645,828	0	0	645,828	4.3%	1,650,728	0	0	1,650,728	10.2%
New Proposals	0	350,000	0	350,000	2.3%	0	350,000	0	350,000	2.2%
Total HB 2 Adjustments	685,944	337,017	0	1,022,961	6.7%	1,692,372	337,668	0	2,030,040	12.5%
Total Requested Budget	14,467,317	707,030	0	15,174,347		15,473,745	707,681	0	16,181,426	

The executive is requesting an increase in general and state special revenue funds of approximately \$1.0 million in FY 2026 and \$2.0 million in FY 2027 above FY 2025 base appropriations. The increase is primarily due to requested present law adjustment for the professional student exchange program offered to Montana residents. The figure below summarizes the proposed budgets for the student assistance programs for the 2025 biennium.

Commissioner of Higher Education Student Assistance Program 2027 Biennium Executive Budget Across Functional Areas General Fund and State Special Revenue Only						
Budget Item	Appropriated FY 2024	Appropriated FY 2025	Requested FY 2026	Requested FY 2027	Change 25-27 Bien.	% Change 25-27 Bien.
<u>Grants, Loans, Work Study</u>						
Supplemental Ed Opportunity	\$ 737,160	\$ 737,160	\$ 737,160	\$ 737,160	\$ -	0.0%
Work Study	815,781	815,781	815,781	815,781	-	0.0%
Foster Care Youth Assistance	56,132	115,631	115,631	115,631	59,499	34.6%
Central Application System	-	-	350,000	350,000	700,000	0.0%
<u>Professional Student Exchange</u>						
WICHE	2,935,750	2,950,892	3,198,077	3,539,225	850,660	14.5%
WWAMI	5,874,930	6,542,280	7,020,593	7,328,676	1,932,059	15.6%
MN Dentistry	175,500	179,400	123,188	126,884	(104,828)	-29.5%
WIMU Veterinary Program	1,128,240	1,151,940	1,177,260	1,201,980	99,060	4.3%
ICOM	501,000	768,000	836,250	1,163,503	730,753	57.6%
<u>Student Loan Assistance</u>						
Institutional Nursing Incentive	43,388	43,388	43,388	43,388	-	0.0%
<u>Administrative Costs</u>						
Student Assistance Admin	417,495	470,819	400,020	401,548	(86,746)	-9.8%
Family Savings Program (SSR)	<u>360,542</u>	<u>364,220</u>	<u>357,030</u>	<u>357,681</u>	<u>(10,051)</u>	-1.4%
Total Costs	<u>13,045,918</u>	<u>14,139,511</u>	<u>15,174,378</u>	<u>16,181,457</u>	<u>4,170,406</u>	15.3%
<u>Funding</u>						
General Fund	12,685,376	13,775,291	14,467,317	15,473,745	3,480,395	13.2%
State Special	<u>360,542</u>	<u>364,220</u>	<u>707,030</u>	<u>707,681</u>	<u>689,949</u>	95.2%
Total Funding	<u>\$ 13,045,918</u>	<u>\$ 14,139,511</u>	<u>\$ 15,174,347</u>	<u>\$ 16,181,426</u>	<u>\$ 4,170,344</u>	15.3%

The 2027 biennium appropriations for the Western Interstate Commission for Higher Education (WICHE) program are proposed to increase by approximately \$851,000, or 14.5% when compared to the 2025 biennium. The increase in appropriations is primarily due to increased support fees for several of the programs.

The 2027 biennium appropriations for the Idaho College of Osteopathic Medicine (ICOM) program are proposed to increase by approximately \$731,000, or 57.6% when compared to the 2025 biennium. The increase in appropriations is primarily due to additional slots being added for students in FY 2026 and in FY 2027. The 2019 Legislature passed HB 716 which directed the Office of the Commissioner of Higher Education to negotiate the terms of a memorandum of understanding between the Board of Regents and the Idaho College of Medicine. The bill stated that "if the college is accredited by July 1, 2022, the program will make up to 10 slots available for Montana residents that fiscal year, with an additional maximum of 10 slots available each additional fiscal year until the program has a total of up to 40 slots for Montana residents." The executive is requesting funding for 10 new slots for new students in each fiscal year in addition to funding for continuing students. The program is expected to be fully loaded in FY 2027.

The 2027 biennium appropriations for the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) program are proposed to increase by approximately \$1.9 million, or 15.6% when compared to the 2025 biennium. The increased funding request is related to student support fee changes from the University of Washington, which is largely due to tuition increases. According to OCHE, the University of Washington manages clinical sites, preceptorships, and all associated administrative costs that are built into the support fee.

Office of the Commissioner of Higher Education Student Assistance Program Support Fees for Professional Student Exchange Programs				
	FY 2025	FY 2026	FY 2027	2027 Biennium Growth Compared to FY 2025 Base
WICHE				
Medicine (Allopathic)	\$ 35,700	\$ 38,875	\$ 40,566	11.3%
Osteopathic Medicine	25,600	27,875	29,088	11.3%
Dentistry	29,900	32,550	33,966	11.2%
Veterinary Medicine	35,400	38,550	40,227	11.3%
Podiatry	17,750	19,325	20,166	11.2%
Optometry	20,575	22,400	23,374	11.2%
Occupational Therapy	15,625	17,025	17,766	11.3%
Minnesota Dental	29,900	30,797	31,721	4.5%
WWAMI	72,692	75,963	79,381	6.9%
Idaho College of Osteopathic Medicine	25,600	27,875	29,088	11.3%
WIMU	38,398	39,242	40,066	3.3%

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 02-Student Assistance Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	29,941,062	0	0	0	29,941,062	81.4%	
02027 STEM Scholarships	0	0	0	2,111,054	2,111,054	30.8%	
02350 Single Application Portal	700,000	0	0	0	700,000	10.2%	
02846 Family Ed Savings Admin Fee	714,711	0	0	0	714,711	10.4%	
02943 Rural Physicians Account	0	0	0	3,335,360	3,335,360	48.6%	
State Special Total	\$1,414,711	\$0	\$0	\$5,446,414	\$6,861,125	18.6%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$31,355,773	\$0	\$0	\$5,446,414	\$36,802,187		

HB 2 Appropriations

The Student Assistance Program is funded primarily with general fund in HB 2. State special revenue supports the administration of the Family Education Savings Program. The state special revenue fund receives revenue from annual account maintenance fees paid by non-resident participants and Board of Investments earnings.

Statutory Appropriations

The Student Assistance Program has statutory appropriations from two state special revenue funds, which include:

- The Montana Rural Physicians Incentive Program (MRPIP)
- Science, technology, engineering, math, and healthcare (STEM) scholarships

MRPIP 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 for the program comes from fees paid by medical students in the professional student exchange programs and state general fund. Statutes governing MRPIP also allow administrative costs to be paid up to 10.0% of the annual fees assessed.

The STEM scholarship is a statutory appropriation funded through lottery proceeds. 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 science, technology, engineering, mathematics, and healthcare. The goal of this program is to increase the number of STEM degree recipients participating in Montana’s workforce.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	3.00	3.00	3.00	3.00
Personal Services	305,332	356,233	406,060	433,193	435,372
Operating Expenses	380,408	435,017	440,885	507,767	508,200
Local Assistance	164,000	164,435	169,000	176,352	184,023
Grants	11,858,418	12,047,718	13,019,810	13,591,404	14,588,200
Transfers	37,283	55,697	115,631	115,631	115,631
Debt Service	0	0	0	350,000	350,000
Total Expenditures	\$12,745,441	\$13,059,100	\$14,151,386	\$15,174,347	\$16,181,426
General Fund	12,481,315	12,695,729	13,781,373	14,467,317	15,473,745
State/Other Special Rev. Funds	264,126	363,371	370,013	707,030	707,681
Total Funds	\$12,745,441	\$13,059,100	\$14,151,386	\$15,174,347	\$16,181,426
Total Ongoing	\$12,745,441	\$13,059,100	\$14,151,386	\$15,174,347	\$16,181,426
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

All student grant funding is included in this program. Types of grants include: work study, state grants, federal grant matching programs, and student grants for attending professional schools which are not available in Montana such as medicine, dentistry, and veterinary medicine. Title 20, Chapters 25 and 26, MCA, govern the program.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Student Assistance Program is primarily funded with general fund in HB 2. The appropriations in HB 2 of approximately \$13.1 million were 97.6% expended as of the end of FY 2024.

Appropriations for grants comprise the majority of the Student Assistance Program’s budget in FY 2024. Appropriations totaled approximately \$12.0 million and were 98.4% expended. Grants are primarily for the professional student exchange program, and appropriations for that program of \$10.5 million were 98.5% expended. The agency may transfer authority between orgs within a program to address needs for exchange program activity. Expenditures by individual student exchange program vary and include:

- The Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) Medical Education Program had appropriations of \$5.9 million in HB 2 that were \$6.1 million expended. This is because student slots WAAMI are completely filled, and tuition has increased
- The Western Interstate Commission for Higher Education (WICHE) Professional Student Exchange Program had appropriations of approximately \$3.0 million that were \$2.6 million expended. WICHE has several options that students can choose depending on their field, and that all have a different student support fee. Expenditures can fluctuate from year to year
- The Washington-Idaho-Montana-Utah (WIMU) Veterinary Program had appropriations of \$1.1 that were fully expended
- The Minnesota Dental Program (MN Dental) program had appropriations of approximately \$179,000 that were \$117,000 expended. MN Dental is seeing a decline in students selecting this option. Since WICHE also has dentistry, students have more options
- The Idaho College of Osteopathic Medicine (ICOM) program had appropriations of approximately \$501,000 that were \$338,000 expended. ICOM was new in the 2023 biennium and is still in the process of building to fill all slots. All 40 slots are expected to be filled in FY 2027

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is approximately \$1.1 million, or 8.4% higher than the FY 2024 appropriation. This is primarily due to a present law increase associated with support for first year and continuing student slots and anticipated increases in tuition levels for each professional student exchange program.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	40,116	(12,983)	0	27,133	0.00	41,644	(12,332)	0	29,312
DP 201 - Professional Student Exchange Programs	0.00	645,828	0	0	645,828	0.00	1,650,728	0	0	1,650,728
Grand Total All Present Law Adjustments	0.00	\$685,944	(\$12,983)	\$0	\$672,961	0.00	\$1,692,372	(\$12,332)	\$0	\$1,680,040

***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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Student Assistance Program	
Office of the Commissioner of Higher Education	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ (13,917)
Management Changes	41,050
Total Budget Modifications	-
Total	\$ 27,133

Legislative changes in this program include increased funding for longevity and benefits and a reduction to account for increased personal services funding which resulted from HB 833, which was passed by the 2023 legislature and appropriated funds to administer the teacher residency program. Increased appropriations attributable to management changes are largely the result of pay rate changes, as well as some promotion and retention adjustments.

DP 201 - Professional Student Exchange Programs -

The executive requests continued state support to fund first year and continuing student slots at anticipated increased student support fees for the WICHE, WWAMI, MN Dental, WIMU, and ICOM professional student exchange programs.

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 204 - Central Application System	0.00	0	350,000	0	350,000	0.00	0	350,000	0	350,000
Total	0.00	\$0	\$350,000	\$0	\$350,000	0.00	\$0	\$350,000	\$0	\$350,000

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

DP 204 - Central Application System -

The executive requests funding to support the central application system for the Montana University System. This proposal will provide authority to utilize the application fees collected from non-resident students applying to the Montana University System via the single application portal. Non-resident students are required to pay the application fee to apply, while it remains free for all resident students. The fees collected in the state special revenue account will be used to offset a portion of the annual operating costs of the central application system and for the OCHE to administer and manage the program.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
General Fund	17,635,881	18,027,670	18,743,843	1,499,751	4.3%
Total Funds	17,635,881	18,027,670	18,743,843	1,499,751	4.3%
Local Assistance	17,635,881	18,027,670	18,743,843	1,499,751	4.3%
Total Expenditures	17,635,881	18,027,670	18,743,843	1,499,751	4.3%
Total Ongoing	17,635,881	18,027,670	18,743,843	1,499,751	4.3%
Total One-Time-Only					0.0%

Program Highlights

Community College Assistance Program Major Budget Highlights
<p>The Community College Assistance Program’s 2027 biennium budget request is approximately \$1.5 million, or 4.3% higher than the base FY 2025 budget. This request includes:</p> <ul style="list-style-type: none"> • Increased general fund appropriations of approximately \$33,000 in FY 2026 and \$1.1 million in FY 2027 for present law adjustments for Dawson Community College, Flathead Valley Community College, and Miles City Community College • \$359,000 of appropriations for audit costs in FY 2026 • The executive request includes several modifications to the community college funding formula from the formula used in the 2025 biennium. These include: <ul style="list-style-type: none"> ◦ An increase in the weight used for general education Full Time Equivalent (FTE) is from 1.00 to 1.35 ◦ An higher "FTE increase funding factor" of \$6,500, as opposed to \$6,250 used previously
Legislative Action Items
<ul style="list-style-type: none"> • The executive's request calculation for the adjusted base of each community college uses the unweighted FTE difference in the calculation, rather than the weighted FTE difference • The executive's request uses different FTE weights and a different FTE increase than was approved by the 2023 legislature. These changes should be reviewed by the legislature

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Community College Assistance 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	17,635,881	0	0	17,635,881	97.8%	17,635,881	0	0	17,635,881	94.1%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	391,789	0	0	391,789	2.2%	1,107,962	0	0	1,107,962	5.9%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	391,789	0	0	391,789	2.2%	1,107,962	0	0	1,107,962	5.9%
Total Requested Budget	18,027,670	0	0	18,027,670		18,743,843	0	0	18,743,843	

The executive is requesting an increase of approximately \$392,000 in FY 2026 and \$1.1 million in FY 2027 above the FY 2025 base appropriations. The executive calculated a present law adjustment for Dawson, Flathead Valley, and Miles community colleges using the funding formula included in statute.

The executive is proposing the following factors in the community college funding formula:

- FTE funding factor
 - \$6,500 – Increase in FTE
 - \$3,125 – Decrease in FTE
- FTE Weights
 - 1.50 – Career and Technical Education (CTE)
 - 1.35 – General Education
 - 0.50 – Dual Enrollment – College
 - 0.25 – Dual Credit – High School

Using these factors, the executive proposes present law adjustment increases that total approximately \$1.1 million throughout the 2027 biennium. In addition, the executive request includes funding for community college audit costs that total approximately \$359,000 in FY 2026.

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 04-Community College Assistance Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	36,771,513	0	0	0	36,771,513	100.0%
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$36,771,513	\$0	\$0	\$0	\$36,771,513	

HB 2 Appropriations

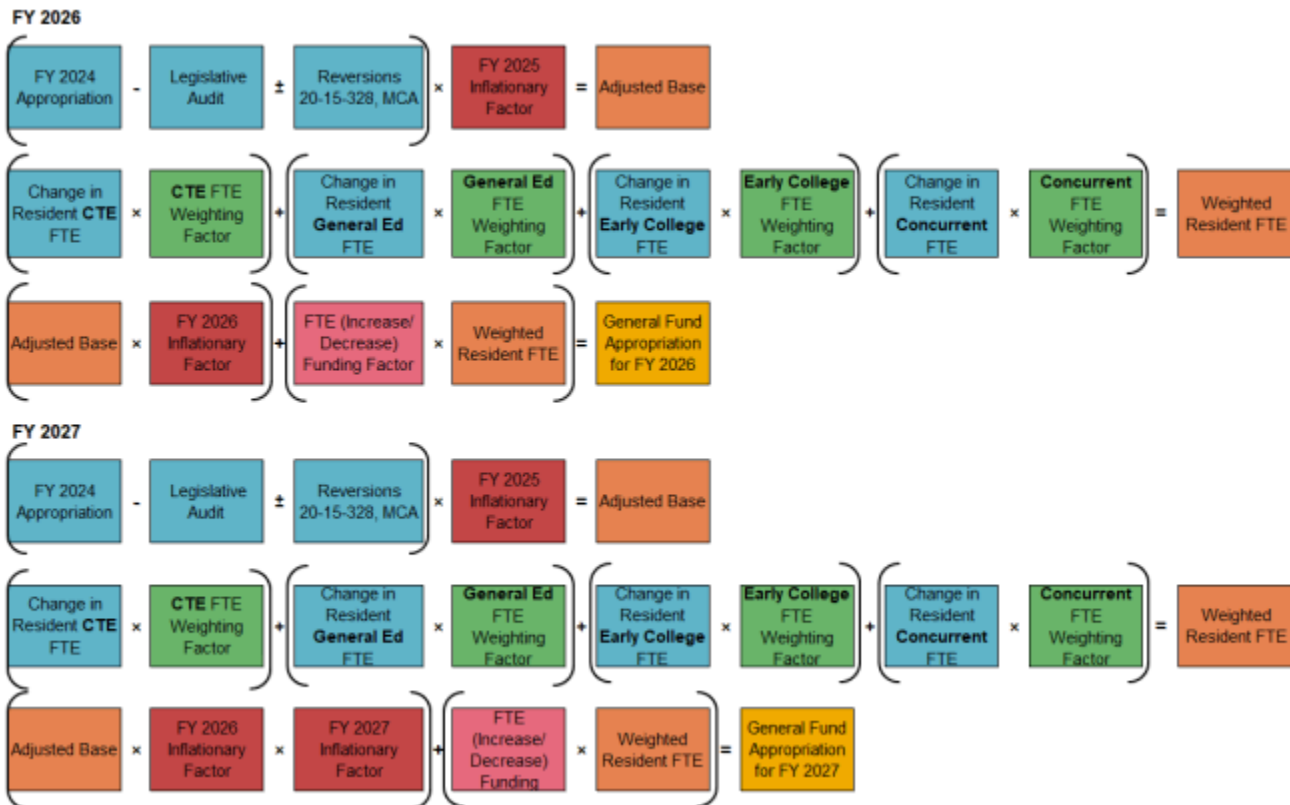
The Community College Assistance Program is entirely funded in HB 2 with general fund. The state general fund appropriations for each community college are primarily provided using a funding formula that is defined in Montana statute (20-15-310, MCA). The purpose of the community college funding formula is to provide a tool for the legislature to establish the state general fund appropriation for the community colleges each biennium. There are two primary components to the funding formula: the prior biennia base budget plus inflation, and funding for additional FTE by area of study.

For the 2027 biennium, the community college funding formula begins with state appropriations from FY 2024 for each community college. This base is then adjusted for legislative audit appropriations and reversions as calculated in 20-15-328, MCA. The result is then multiplied by inflation factors.

The community college funding formula includes weighted FTE in certain areas of study. The community colleges estimate resident FTE in four areas: career and technical education (CTE), general education, early college, and concurrent enrollment. The legislature establishes weights to apply to each area of study. Weighted FTE are then multiplied by either a decreasing or increasing FTE funding factor. The factors adopted by the 2023 legislature include:

- FTE weighting factor
 - 1.50 – career and technical education
 - 1.00 – general education
 - 0.50 – early college
 - 0.25 – concurrent enrollment
- FTE funding factor
 - \$3,125 – decrease in FTE
 - \$6,250 – increase in FTE

The following graphic represents the funding formula:



The table below shows actual resident FTE in FY 2024 for each community college and projected resident FTE in FY 2026 and FY 2027 by area of study.

Community College Assistance Program Community College Funding Formula Actual and Projected Resident FTE			
	Actual FY 2024	Projected FY 2026	Projected FY 2027
Dawson Community College			
Career and Technical Education	80	90	95
General Education	76	105	105
Early College	5	10	10
Concurrent Enrollment	39	40	50
Total	200	245	260
Flathead Valley Community College			
Career and Technical Education	601	700	700
General Education	401	430	440
Early College	71	90	95
Concurrent Enrollment	80	112	131
Total	1,153	200	1,366
Miles Community College			
Career and Technical Education	155	155	160
General Education	176	185	195
Early College	22	28	30
Concurrent Enrollment	45	40	45
Total	398	408	430

The tables below show the community college funding formula calculation for the 2027 biennium using the FTE projections provided by the community colleges.

Community College Assistance Program 2027 Biennium General Fund Appropriation Statutory Funding Formula and Legislative Audit Appropriations				
FY 2026				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	39	80	45	164
Total	200	1,152	399	1,751
FY 2026 Projected Resident Student FTE				
Career and Technical Education	90	626	155	871
General Education	105	430	185	720
Early College	10	90	28	128
Concurrent Enrollment	40	112	40	192
Total	245	1,258	408	1,911
FY 2024 Appropriation	2,252,424	10,262,889	3,458,079	15,973,392
FY 2024 Projected Resident FTE - 25B	270.00	1,203.00	392.00	1,865.00
FY 2024 Actual Resident FTE - 25B	200.00	1,152.00	399.00	1,751
FY 2024 Actual FTE Adjustment	(218,750)	(159,375)	45,500	(332,625)
Adjusted Base	\$ 2,094,684	\$ 10,406,619	\$ 3,608,686	\$ 16,109,990
FY 2024 Inflationary Factor	3.0%	3.0%	3.0%	3.0%
FY 2026 Adjusted Base with Inflationary Factor	\$ 2,157,525	\$ 10,718,818	\$ 3,716,947	\$ 16,593,290
Adjustment for Weighted FTE				
Career and Technical Education	\$ 99,158	\$ 245,408	\$ (1,950)	\$ 342,615
General Education	256,230	258,599	75,728	590,558
Early College	15,600	63,148	18,298	97,045
Concurrent Enrollment	1,788	51,399	(7,524)	45,663
Total	\$ 372,775	\$ 618,553	\$ 84,552	\$ 1,075,880
Funding Formula Total	\$ 2,530,300	\$ 11,337,371	\$ 3,801,499	\$ 17,669,170
Other State Funding				
Legislative Audit	\$ 110,000	\$ 60,500	\$ 188,000	\$ 358,500
Total FY 2026 Appropriation	\$ 2,640,300	\$ 11,397,871	\$ 3,989,499	\$ 18,027,670

FY 2027				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	39	80	45	164
Total	200	1,152	399	1,751
FY 2027 Projected Resident Student FTE				
Career and Technical Education	95	651	160	906
General Education	105	440	195	740
Early College	10	95	30	135
Concurrent Enrollment	50	120	45	215
Total	260	1,306	430	1,996
Adjusted Base with FY 2026 Inflationary Factor	\$ 2,157,525	\$ 10,718,818	\$ 3,716,947	\$ 16,593,290
FY 2027 Inflationary Factor	3.0%	3.0%	3.0%	3.0%
FY 2027 Adjusted Base with Inflationary Factor	\$ 2,222,250	\$ 11,040,383	\$ 3,828,455	\$ 17,091,088
Adjustment for Weighted FTE				
Career and Technical Education	\$ 147,908	\$ 489,158	\$ 46,800	\$ 683,865
General Education	256,230	346,349	163,478	766,058
Early College	15,600	79,398	24,798	119,795
Concurrent Enrollment	18,038	64,399	601	83,038
Total	\$ 437,775	\$ 979,303	\$ 235,677	\$ 1,652,755
Funding Formula Total	\$ 2,660,025	\$ 12,019,686	\$ 4,064,132	\$ 18,743,843
Other State Funding	\$ -	\$ -	\$ -	\$ -
Total FY 2027 Appropriation	\$ 2,660,025	\$ 12,019,686	\$ 4,064,132	\$ 18,743,843

LFD ISSUE

The Adjusted Base Calculation Uses an Incorrect Measurement for the FTE Adjustment Calculation

The executive used unweighted FTE in the FTE adjustment step to establish an adjusted base for each college and for each fiscal year. 12-15-310, MCA, specifies that actual weighted FTE should be used to establish an adjusted base. This is directed in 20-15-328, MCA which specifies that the difference in funding between colleges' projected weighted FTE and the funding that would have resulted had actual weighted FTE been used shall determine any overpayment or underpayment to the community college for that fiscal year. The executive calculation uses unweighted actual FTE multiplied by the appropriate FTE increase or decrease factors, rather than weighted FTE. Using the weighted FTE adjustment in the statutory formula with the same proposed weights and funding factors results in appropriations that are approximately \$210,000 lower in FY 2026 and \$215,000 lower in FY 2027. The tables below lay out the calculations using the weighted FTE calculation to determine the adjusted base.

The tables below show the community college funding formula calculation for the 2027 biennium using a weighted FTE adjustment to adjust the FY 2025 base appropriations and using the weights and FTE funding factors proposed by the executive.

Community College Assistance Program 2027 Biennium General Fund Appropriation Statutory Funding Formula and Legislative Audit Appropriations				
FY 2026				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	39	80	45	164
Total	200	1,152	399	1,751
FY 2026 Projected Resident Student FTE				
Career and Technical Education	90	626	155	871
General Education	105	430	185	720
Early College	10	90	28	128
Concurrent Enrollment	40	112	40	192
Total	245	1,258	408	1,911
FY 2024 Appropriation	2,252,424	10,262,889	3,458,079	15,973,392
FY 2024 Projected Weighted Student FTE Change	12.50	48.75	47.25	108.50
FY 2024 Actual Weighted Student FTE Change	(70.88)	0.65	58.51	(12)
FY 2024 Actual Weighted FTE Adjustment	(299,625)	(300,625)	70,375	(529,875)
Adjusted Base	\$ 2,011,383	\$ 10,261,132	\$ 3,634,308	\$ 15,906,823
FY 2024 Inflationary Factor	3.0%	3.0%	3.0%	3.0%
FY 2026 Adjusted Base with Inflationary Factor	\$ 2,071,724	\$ 10,568,966	\$ 3,743,337	\$ 16,384,027
Adjustment for Weighted FTE				
Career and Technical Education	\$ 99,158	\$ 245,408	\$ (1,950)	\$ 342,615
General Education	256,230	258,599	75,728	590,558
Early College	15,600	63,148	18,298	97,045
Concurrent Enrollment	1,788	51,399	(7,524)	45,663
Total	\$ 372,775	\$ 618,553	\$ 84,552	\$ 1,075,880
Funding Formula Total	\$ 2,444,499	\$ 11,187,519	\$ 3,827,889	\$ 17,459,907
Other State Funding				
Legislative Audit	\$ 110,000	\$ 60,500	\$ 188,000	\$ 358,500
Total FY 2026 Appropriation	\$ 2,554,499	\$ 11,248,019	\$ 4,015,889	\$ 17,818,407

FY 2027				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	<u>39</u>	<u>80</u>	<u>45</u>	<u>164</u>
Total	200	1,152	399	1,751
FY 2027 Projected Resident Student FTE				
Career and Technical Education	95	651	160	906
General Education	105	440	195	740
Early College	10	95	30	135
Concurrent Enrollment	<u>50</u>	<u>120</u>	<u>45</u>	<u>215</u>
Total	260	1,306	430	1,996
Adjusted Base with FY 2026 Inflationary Factor	\$ 2,071,724	\$ 10,568,966	\$ 3,743,337	\$ 16,384,027
FY 2027 Inflationary Factor	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
FY 2027 Adjusted Base with Inflationary Factor	\$ 2,133,876	\$ 10,886,035	\$ 3,855,637	\$ 16,875,548
Adjustment for Weighted FTE				
Career and Technical Education	\$ 147,908	\$ 489,158	\$ 46,800	\$ 683,865
General Education	256,230	346,349	163,478	766,058
Early College	15,600	79,398	24,798	119,795
Concurrent Enrollment	<u>18,038</u>	<u>64,399</u>	<u>601</u>	<u>83,038</u>
Total	\$ 437,775	\$ 979,303	\$ 235,677	\$ 1,652,755
Funding Formula Total	\$ 2,571,651	\$ 11,865,338	\$ 4,091,314	\$ 18,528,303
Other State Funding	\$ -	\$ -	\$ -	\$ -
Total FY 2027 Appropriation	<u>\$ 2,571,651</u>	<u>\$ 11,865,338</u>	<u>\$ 4,091,314</u>	<u>\$ 18,528,303</u>

FTE Adjustment Account

State statute (20-15-328, MCA) establishes a statutorily appropriated state special revenue account. At the end of each fiscal year, there is a reconciliation of the appropriation distributed using projected weighted FTE and actual weighted FTE. OCHE will determine the fiscal impacts that would have resulted had the actual weighted FTE been used to determine the appropriation and determine any overpayment or underpayment to each community college for the fiscal year. Any overpayment is deposited into the state special revenue account. Any underpayment will be distributed from the state special revenue account to the applicable community college.

Payments from Dawson Community College and Flathead Valley Community College are anticipated for FY 2024, and the first payments will be made by October 15, 2025.

The table below shows resident FTE by community college from FY 2013 through FY 2027.

Commissioner of Higher Education Community College Assistance Program Resident FTE History				
	Dawson Community College	Flathead Valley Community College	Miles Community College	Total
FY 2013	234	1,714	311	2,259
FY 2014	220	1,557	288	2,065
FY 2015	201	1,458	277	1,936
FY 2016	154	1,414	317	1,885
FY 2017	165	1,452	348	1,965
FY 2018	183	1,414	361	1,958
FY 2019	205	1,406	383	1,994
FY 2020	224	1,364	396	1,984
FY 2021	249	1,223	375	1,847
FY 2022	259	1,114	355	1,728
FY 2023	203	1,097	384	1,684
FY 2024	200	1,152	399	1,751
FY 2025*	134	1,118	334	1,587
FY 2026*	245	1,258	408	1,911
FY 2027*	260	1,306	430	1,996

* FY 2025 through FY 2027 resident FTE are the projections used to establish HB 2 appropriations

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Local Assistance	16,151,492	16,151,492	17,635,881	18,027,670	18,743,843
Total Expenditures	\$16,151,492	\$16,151,492	\$17,635,881	\$18,027,670	\$18,743,843
General Fund	16,151,492	16,151,492	17,635,881	18,027,670	18,743,843
Total Funds	\$16,151,492	\$16,151,492	\$17,635,881	\$18,027,670	\$18,743,843
Total Ongoing	\$16,151,492	\$16,151,492	\$17,635,881	\$18,027,670	\$18,743,843
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The funds appropriated by the legislature for this program are distributed to support Montana's three community colleges: Miles Community College, Dawson Community College, and Flathead Valley Community College. Each community college district has an elected board of trustees. The Regents have statutory authority to control the community colleges in Title 20,

Chapter 15, MCA.

Bitterroot Valley Community College

The registered voters of the proposed community college district in Ravalli County approved the establishment of a community college district in May 2020. Following this approval, the 2021 Legislature passed and approved Senate Joint Resolution 15, which approved the establishment of the Bitterroot Valley Community College. No operational levy has since been passed in Ravalli County and the community college does not have a set date to open.

FY 2024 Appropriation Compared to FY 2024 Actuals

The FY 2024 appropriations of approximately \$16.2 million are entirely funded in HB 2 with general fund and were 100.0% expended as of the end of FY 2024.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is approximately \$1.5 million, or 9.2% higher than the FY 2024 appropriation. This was primarily due to higher enrollment projections for each community college and an upwards inflationary adjustment for base funding calculated in the community college funding formula.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 401 - Community College PLA	0.00	33,289	0	0	33,289	0.00	1,107,962	0	0	1,107,962
DP 402 - Community College Audit Costs	0.00	358,500	0	0	358,500	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$391,789	\$0	\$0	\$391,789	0.00	\$1,107,962	\$0	\$0	\$1,107,962

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

DP 401 - Community College PLA -

The executive requests increased funding based on the statutory funding formula for Community Colleges.

DP 402 - Community College Audit Costs -

The executive requests appropriations for audit costs for the Community Colleges. The estimated costs are provided by the community colleges per 5-13-402, MCA.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	18.24	18.24	18.24	0.00	0.0%
General Fund	155,871	176,307	176,315	40,880	13.1%
Federal Spec. Rev. Funds	9,638,988	9,646,568	9,649,859	18,451	0.1%
Total Funds	9,794,859	9,822,875	9,826,174	59,331	0.3%
Personal Services	1,450,055	1,478,235	1,481,481	59,606	2.1%
Operating Expenses	4,910,476	4,910,312	4,910,365	(275)	(0.0%)
Grants	3,377,000	3,377,000	3,377,000		0.0%
Debt Service	57,328	57,328	57,328		0.0%
Total Expenditures	9,794,859	9,822,875	9,826,174	59,331	0.3%
Total Ongoing	9,794,859	9,822,875	9,826,174	59,331	0.3%
Total One-Time-Only					0.0%

Program Highlights

<p>Education Outreach & Diversity Major Budget Highlights</p>
<p>The Education Outreach & Diversity Program's 2027 biennium requested appropriations are approximately \$59,000 or 0.3% higher than the FY 2025 base budget. Proposed changes include:</p> <ul style="list-style-type: none"> • Statewide present law adjustments increase general fund and federal special revenue appropriations by approximately \$28,000 in FY 2026 and \$31,000 in FY 2027. These increases are primarily due to personal services adjustments

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Education Outreach and Diversity 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	155,871	0	9,638,988	9,794,859	99.7%	155,871	0	9,638,988	9,794,859	99.7%
Statewide PL										
Personal Services	20,461	0	7,719	28,180	0.3%	20,461	0	10,965	31,426	0.3%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	(25)	0	(139)	(164)	(0.0%)	(17)	0	(94)	(111)	(0.0%)
Total Statewide PL	20,436	0	7,580	28,016	0.3%	20,444	0	10,871	31,315	0.3%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	20,436	0	7,580	28,016	0.3%	20,444	0	10,871	31,315	0.3%
Total Requested Budget	176,307	0	9,646,568	9,822,875		176,315	0	9,649,859	9,826,174	

The executive is requesting an increase of approximately \$28,000 in FY 2026 and \$31,000 in FY 2027 above the FY 2025 base appropriations. The increase is primarily due to the statewide present law adjustment for personal services.

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 06-Education Outreach and Diversity Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	352,622	0	0	0	352,622	1.8%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
03042 2nd GEAR UP Grant	13,768,862	0	0	0	13,768,862	71.4%	
03203 EOC Grant	114,068	0	0	0	114,068	0.6%	
03412 GEAR UP Federal Schol 2005	3,290,686	0	0	0	3,290,686	17.1%	
03806 Talent Search	2,122,811	0	0	0	2,122,811	11.0%	
Federal Special Total	\$19,296,427	\$0	\$0	\$0	\$19,296,427	98.2%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$19,649,049	\$0	\$0	\$0	\$19,649,049		

HB 2 Appropriations

The Education Outreach & Diversity Program authority in HB 2 is mainly comprised of federal special revenue and some general fund authority. The general fund supports the American Indian / Minority Achievement component. The federal special revenue supports Educational Talent Search and GEAR UP from three sources:

- The GEAR UP grant comprises 88.4% of the biennial budget and requires a 50.0% non-federal match. The non-federal match is provided through allowable in-kind services
- The Talent Search grant comprises 10.8% of the biennial program funding and has no non-federal matching requirements
- The Educational Opportunity Centers (EOC) grant comprises 0.5% of the biennial budget and has no cost sharing or matching requirements

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	18.24	18.24	18.24	18.24
Personal Services	855,324	1,373,545	1,450,055	1,478,235	1,481,481
Operating Expenses	2,066,383	4,891,389	4,910,476	4,910,312	4,910,365
Grants	1,134,490	3,377,000	3,377,000	3,377,000	3,377,000
Debt Service	57,332	57,333	57,328	57,328	57,328
Total Expenditures	\$4,113,529	\$9,699,267	\$9,794,859	\$9,822,875	\$9,826,174
General Fund	147,256	148,155	155,871	176,307	176,315
Federal Spec. Rev. Funds	3,966,273	9,551,112	9,638,988	9,646,568	9,649,859
Total Funds	\$4,113,529	\$9,699,267	\$9,794,859	\$9,822,875	\$9,826,174
Total Ongoing	\$4,113,529	\$9,699,267	\$9,794,859	\$9,822,875	\$9,826,174
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Educational Outreach and Diversity Program is primarily a federally funded program to decrease the dropout rate of disadvantaged students in high schools and increase their enrollment and retention in post-secondary education. The Educational Outreach and Diversity Program has four components providing services to target populations:

- Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) is an early intervention and scholarship program that provides mentoring, counseling, and outreach to build academic success that will lead to postsecondary education enrollment and achievement. The program provides these services to an entire cohort of students at participating schools starting in seventh grade, and the program services follow that cohort through high school completion
- Educational Talent Search (ETS) creates a long-term academic contract with middle school students that subsequently provide academic support, skills building, and counseling to encourage the planning, preparation and pursuit of a postsecondary education
- Educational Opportunity Centers (EOC) help unemployed workers, low-wage workers, and returning high school and college students enter or continue a program of postsecondary education
- American Indian/Minority Achievement (AIMA) is responsible for American Indian and minority retention in the university system, oversight for the campus diversity plans, and implementation of Indian Education for All programs. An overall objective of the program is to help the MUS increase the number of American Indian and other minority students who earn credentials from Montana colleges and universities

FY 2024 Appropriations Compared to FY 2024 Actual Expenditures

The Education Outreach & Diversity program expended 42.4% of its approximately \$9.7 million appropriation. Most funding within this program comes from federal grants which span several years, and lower expenditures in these programs are often due to the timing of grant activities. Federal grants in this program provide support for the GEAR UP program which helps students to prepare for postsecondary education after high school graduation, and the Educational Talent Search program, which provides support for youth to complete high school and enroll in higher education institutions. GEAR UP had appropriations of approximately \$8.5 million in FY 2024, which was 41.3% expended. Talent Search had appropriations of approximately \$1.1 million in FY 2024, which was 43.1% expended. Remaining authority comes from HB 2 and provides funding for the American Indian/Minority Achievement (AIMA) program. AIMA received appropriations of approximately \$148,000 and was 99.4% expended in FY 2024. These expenditure amounts are in line with historical spending patterns.

FY 2024 Appropriation Compared to FY 2025 Appropriation

FY 2025 appropriations for the Education Outreach & Diversity Program were similar to the FY 2024 appropriations. Slightly higher appropriations were due to higher statewide present law adjustments for personal services and operating expenses in FY 2025.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	20,461	0	7,719	28,180	0.00	20,461	0	10,965	31,426
DP 3 - Inflation Deflation	0.00	(25)	0	(139)	(164)	0.00	(17)	0	(94)	(111)
Grand Total All Present Law Adjustments	0.00	\$20,436	\$0	\$7,580	\$28,016	0.00	\$20,444	\$0	\$10,871	\$31,315

*"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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Education Outreach & Diversity Program Office of the Commissioner of Higher Education FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ (1,529)
Management Changes	29,709
Total Budget Modifications	-
Total	\$ 28,180

Reduced funds attributable to legislative changes are largely due to reduced appropriations for longevity in this program. Increased funding attributable to management decisions is primarily driven by changes in pay rates in positions that underwent turnover or were newly hired, and some increases in base pay, retention adjustments, and promotion adjustments.

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 in-state state motor pool and motor pool leased vehicles.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	4.20	4.20	4.20	0.00	0.0%	
General Fund	103,331	111,926	115,284	20,548	9.9%	
Federal Spec. Rev. Funds	6,376,019	6,869,908	7,082,027	1,199,897	9.4%	
Total Funds	6,479,350	6,981,834	7,197,311	1,220,445	9.4%	
Personal Services	394,371	406,149	421,950	39,357	5.0%	
Operating Expenses	76,942	82,618	85,025	13,759	8.9%	
Grants	2,431,869	2,628,461	2,708,418	473,141	9.7%	
Transfers	3,552,678	3,840,084	3,956,976	691,704	9.7%	
Debt Service	23,490	24,522	24,942	2,484	5.3%	
Total Expenditures	6,479,350	6,981,834	7,197,311	1,220,445	9.4%	
Total Ongoing	6,479,350	6,981,834	7,197,311	1,220,445	9.4%	
Total One-Time-Only					0.0%	

Program Highlights

<p>Work Force Development Program Major Budget Highlights</p>
<p>The Work Force Development Program's 2027 biennium requested appropriations are approximately \$1.2 million or 9.4% higher than the FY 2025 base budget. Proposed changes include:</p> <ul style="list-style-type: none"> • Increased federal special revenue appropriations totaling approximately \$516,000 in FY 2026 and \$726,000 in FY 2027 to utilize the Perkins grant • Decreasing federal special revenue appropriations by \$22,000 in FY 2026 and \$20,000 in FY 2027 in the statewide present law adjustment, primarily for personal services • An increase of approximately \$9,000 in FY 2026 and \$12,000 in FY 2027 for the minimum maintenance of effort requirements for the Perkins grant

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Work Force Development Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	103,331	0	6,376,019	6,479,350	92.8%	103,331	0	6,376,019	6,479,350	90.0%
Statewide PL										
Personal Services	0	0	(21,930)	(21,930)	(0.3%)	0	0	(19,727)	(19,727)	(0.3%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	(171)	(171)	(0.0%)	0	0	(115)	(115)	(0.0%)
Total Statewide PL	0	0	(22,101)	(22,101)	(0.3%)	0	0	(19,842)	(19,842)	(0.3%)
Present Law (PL)	8,595	0	515,990	524,585	7.5%	11,953	0	725,850	737,803	10.3%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	8,595	0	493,889	502,484	7.2%	11,953	0	706,008	717,961	10.0%
Total Requested Budget	111,926	0	6,869,908	6,981,834		115,284	0	7,082,027	7,197,311	

The executive is requesting an increase of approximately \$502,000 in FY 2024 and \$718,000 in FY 2025 above the FY 2025 base appropriations. Increased federal appropriation authority is due to a present law proposal requesting additional authority for the Perkins grant. Increased general fund appropriations are the result of a present law proposal requesting additional general fund appropriations of approximately \$9,000 in FY 2026 and \$12,000 in FY 2027 for the minimum maintenance of effort requirements for the Perkins grant.

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 08-Work Force Development Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	227,210	0	0	0	227,210	1.6%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
03215 Carl Perkins Federal Funds	13,951,935	0	0	0	13,951,935	100.0%	
Federal Special Total	\$13,951,935	\$0	\$0	\$0	\$13,951,935	98.4%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$14,179,145	\$0	\$0	\$0	\$14,179,145		

HB 2 Appropriations

The HB 2 appropriations for the Work Force Development program are primarily comprised of federal special revenue. These federal funds are authorized by the federal Carl D. Perkins Career and Technical Education Improvement Act of 2006. They are administered by the Office of the Commissioner of Higher Education, granted to postsecondary programs, and transferred to the Office of Public Instruction for secondary programs. These funds require a maintenance of effort on funds used for administration.

The state general fund in this program is the minimum non-federal match for the postsecondary administration costs. The state match for administration related to secondary programs is accounted for in the Office of Public Instruction.

FY 2024 Appropriations Compared to FY 2024 Actuals

FY 2024 appropriations of approximately \$6.5 million were 99.7% expended. General fund appropriations were entirely expended, and approximately \$15,000 of unexpended federal special revenue fund authority was split between personal services, operating expenses, and transfer categories.

FY 2025 Appropriation compared to FY 2024 Appropriation

The FY 2025 HB 2 appropriation for the work force development program was not significantly different than the FY 2024 appropriation.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	4.20	4.20	4.20	4.20
Personal Services	344,334	348,554	394,371	406,149	421,950
Operating Expenses	89,197	91,650	76,942	82,618	85,025
Grants	2,115,872	2,115,869	2,431,869	2,628,461	2,708,418
Transfers	3,879,987	3,888,674	3,552,678	3,840,084	3,956,976
Debt Service	23,498	23,498	23,490	24,522	24,942
Total Expenditures	\$6,452,888	\$6,468,245	\$6,479,350	\$6,981,834	\$7,197,311
General Fund	107,879	107,878	103,331	111,926	115,284
Federal Spec. Rev. Funds	6,345,009	6,360,367	6,376,019	6,869,908	7,082,027
Total Funds	\$6,452,888	\$6,468,245	\$6,479,350	\$6,981,834	\$7,197,311
Total Ongoing	\$6,452,888	\$6,468,245	\$6,479,350	\$6,981,834	\$7,197,311
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

Workforce Development is a coordinated effort between OCHE and the Office of Public Instruction to support vocational education at the secondary and post-secondary levels with primarily federal funds.

FY 2024 Appropriations Compared to FY 2024 Actuals

FY 2024 appropriations of approximately \$6.5 million were 99.7% expended as of the end of FY 2024. General fund appropriations were entirely expended, and approximately \$15,000 of unexpended federal special revenue fund authority was split between personal services, operating expenses, and transfer categories.

FY 2025 Appropriation compared to FY 2024 Appropriation

The FY 2025 HB 2 appropriation for the work force development program was not significantly different than the FY 2024 appropriation.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	(21,930)	(21,930)	0.00	0	0	(19,727)	(19,727)
DP 3 - Inflation Deflation	0.00	0	0	(171)	(171)	0.00	0	0	(115)	(115)
DP 801 - Perkins Federal Award Increase	0.00	0	0	515,990	515,990	0.00	0	0	725,850	725,850
DP 802 - Perkins MOE Increase	0.00	8,595	0	0	8,595	0.00	11,953	0	0	11,953
Grand Total All Present Law Adjustments	0.00	\$8,595	\$0	\$493,889	\$502,484	0.00	\$11,953	\$0	\$706,008	\$717,961

**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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Guaranteed Student Loan Program Office of the Commissioner of Higher Education FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ (11,971)
Management Changes	(71,082)
Total Budget Modifications	-
Total	<u>\$ (83,053)</u>

Legislative changes in this program reduce appropriations for longevity, benefits and an adjustment to account for increased personal service funds from DP810 which was approved by the 2023 legislature. Appropriation changes attributable to management decisions include reductions in pay for positions as a result of turnover or new hire rates within the program and vacancy savings within this program. There were also some increases in pay for performance and reclassification adjustments.

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 in-state state motor pool and motor pool leased vehicles.

DP 801 - Perkins Federal Award Increase -

The executive requests additional federal authority for the Perkins program in FY 2026 and in FY 2027 to meet the requirements of the federal grant award.

DP 802 - Perkins MOE Increase -

The executive requests funding to increase the minimum maintenance of effort requirement for the Perkins grant for FY 2026 and for FY 2027. The Perkins state allocation has increased thus increasing the minimum required maintenance of effort.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
General Fund	221,383,111	234,594,413	233,045,083	24,873,274	5.6%
State/Other Special Rev. Funds	33,027,425	36,344,425	36,802,425	7,092,000	10.7%
Total Funds	254,410,536	270,938,838	269,847,508	31,965,274	6.3%
Transfers	254,410,536	270,938,838	269,847,508	31,965,274	6.3%
Total Expenditures	254,410,536	270,938,838	269,847,508	31,965,274	6.3%
Total Ongoing	254,410,536	270,938,838	269,847,508	31,965,274	6.3%
Total One-Time-Only					0.0%

Program Highlights

Appropriation Distribution Major Budget Highlights
<p>The Appropriation Distribution Program's 2027 biennium request is approximately \$32.0 million, or 6.3%, higher than the 2025 biennium. Significant proposals include:</p> <ul style="list-style-type: none"> • Increasing general fund appropriations by approximately \$16.5 million in FY 2026 and \$15.4 million in FY 2027 for present law adjustments for personal services, higher education fixed costs, inflation, and legislative audit costs • A fund switch that increases state special revenue appropriations from the six-mill university levy account by \$3.3 million in FY 2026 and \$3.8 million in FY 2027, and decreases general fund appropriations by the same amount each fiscal year

Program Discussion –

The legislature directly appropriates general fund and the six-mill levy to the Montana University System (MUS). The MUS receives additional funding that is not appropriated or approved by the legislature and is not reflected in the table above. This funding includes but is not limited to tuition, federal research grants, financial aid, campus building projects, debt service, and auxiliary funds. Total funding for the MUS is anticipated to be \$2.2 billion in FY 2025. For the education units, the education and general operating costs are funded with state funds (general fund and the six-mill levy) and student tuition. The legislature establishes the state appropriations during the legislative session.

The Board of Regents (Regents) establishes the final budget, including tuition rates, after the legislature adjourns. The Board of Regents is the sole authority in setting the tuition rates for the MUS. Tuition is not controlled or appropriated by the legislature. Tuition fills the “gap” between the Regents' approved expenditure budget for education units and the state funds appropriated by the legislature.

While the Montana Constitution grants governance authority to the Regents, the power to appropriate state funds remains with the legislature. Appropriating funds provides the legislature the authority to attach policy decisions and accountability measures to the funding.

State funds remain an important component of MUS funding because:

- State general fund is the second largest source of revenue for the current unrestricted fund (tuition is the largest)
- General fund appropriations in HB 2 provide a vehicle for the legislature to have a public policy impact on the MUS

The legislature considers many factors to develop the MUS appropriation, which may include:

- FY 2024 appropriations, expenditures, and funding
- FY 2025 base appropriations
- State funds available
- Legislative priorities
- Executive recommendations
- Board of Regents' priorities
- Shared policy goals
- Projected student enrollment

Since the 1995 Legislative Session, the legislature has combined the appropriation for the six four-year campuses and the five two-year campuses into a single, biennial lump-sum appropriation.

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Appropriation Distribution										
2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	221,383,111	33,027,425	0	254,410,536	93.9%	221,383,111	33,027,425	0	254,410,536	94.3%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	16,528,302	0	0	16,528,302	6.1%	15,436,972	0	0	15,436,972	5.7%
New Proposals	(3,317,000)	3,317,000	0	0	0.0%	(3,775,000)	3,775,000	0	0	0.0%
Total HB 2 Adjustments	13,211,302	3,317,000	0	16,528,302	6.1%	11,661,972	3,775,000	0	15,436,972	5.7%
Total Requested Budget	234,594,413	36,344,425	0	270,938,838		233,045,083	36,802,425	0	269,847,508	

The executive is requesting an increase of approximately \$16.5 million in FY 2026 and \$15.4 million in FY 2027 above the FY 2025 base appropriations. The increase is mainly due to the requested present law adjustments of \$16.5 million in FY 2026 and \$15.4 million in FY 2027 for personal services, higher education fixed costs, and audit costs. The general fund appropriation request is partially offset by a proposed fund switch to state special revenues from the six-mill levy.

The proposed budget does not include any changes for the Family Practice Rural Residency programs or the Motorcycle Safety Program.

Commissioner of Higher Education Appropriation Distribution Program MUS Budget Request Compared to November Executive Budget Recommendation				
Unit Request	CUR FY 2024 ACTUAL	CUR FY 2025 OP PLAN	CUR FY 2026 REQUEST	CUR FY 2027 REQUEST
MSU	\$ 271,588,739	\$ 287,306,646	\$ 294,509,405	\$ 300,746,195
MSU-BILLINGS	40,048,812	40,805,280	44,023,350	44,971,010
MSU-NORTHERN	14,792,527	16,051,089	16,871,219	17,054,602
GREAT FALLS MSU	11,242,962	11,697,325	11,728,641	11,897,730
UM	141,953,979	147,720,562	156,529,705	158,426,927
MT TECH	29,115,354	31,542,488	31,259,877	31,705,628
UM-WESTERN	16,539,494	17,114,196	17,095,731	17,423,419
UM-HELENA	8,376,864	9,449,858	9,238,048	9,422,924
Less: one-time-only appropriations	-	-	-	-
TOTAL	533,658,731	561,687,444	581,255,976	591,648,435
State Funding Requested				
General Fund	198,699,634	209,355,523	237,911,413	236,820,083
State Special	33,047,266	32,447,266	32,447,266	32,447,266
Tuition/Other	301,911,831	319,884,655	310,897,297	322,381,086
Less: one-time-only appropriations	-	-	-	-
Total	533,658,731	561,687,444	581,255,976	591,648,435
Executive Budget Recommendation				
General Fund	N/A	N/A	234,594,413	233,045,083
State Special	N/A	N/A	35,764,266	36,222,266
Tuition/Other	N/A	N/A	-	-
Total	-	-	270,358,679	269,267,349
Difference - Request to Recommendation				
General Fund	N/A	N/A	(3,317,000)	(3,775,000)
State Special	N/A	N/A	3,317,000	3,775,000
Tuition/Other	N/A	N/A	-	-
Total	\$ -	\$ -	\$ -	\$ -

The Office of the Commissioner of Higher Education has projected a total current unrestricted operating budget (CUR) for the education units of \$581.3 million in FY 2026 and \$591.6 million in FY 2027. The agency requested state funds totaling \$270.4 million in FY 2026 and \$269.3 million in FY 2027 to support its current unrestricted operating budget in the 2027 biennium.

The executive requests state support equal to the total amount requested by the agency in each fiscal year. The executive's general fund request is \$7.1 million less and six-mill levy state special revenue request is \$7.1 more for the 2027 biennium than the Board of Regents' request, which results in the same total amount of state funding. With this request, the executive is proposing a fund shift from general fund to the six-mill levy of \$3.3 million in FY 2026 and \$3.8 million in FY 2027. The HJ 2 revenue forecast predicts the six-mill levy revenue collections to be sufficient to cover this proposal. The table below shows the projected fund balances in FY 2026 and FY 2027 using the HJ 2 revenue estimates as adopted by the Revenue Interim Committee and expenditures as proposed by the executive.

Office of the Commissioner of Higher Education Appropriation Distribution Program Six-Mill Levy 2027 Biennium Projections				
	Actual FY 2024	Appropriated FY 2025	Proposed FY 2026	Proposed FY 2027
Beginning Fund Balance	\$ 3,871,402	\$ 2,525,736	\$ 895,746	\$ 1,265,561
Revenue	31,701,600	31,397,435	36,134,082	36,434,112
Transfers-out	<u>(33,047,266)</u>	<u>(33,027,425)</u>	<u>(35,764,266)</u>	<u>(36,222,266)</u>
Ending Fund Balance	<u>\$ 2,525,736</u>	<u>\$ 895,746</u>	<u>\$ 1,265,561</u>	<u>\$ 1,477,407</u>

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 09-Appropriation Distribution Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	467,639,496	0	0	8,177,875	475,817,371	86.2%
02111 Accommodation Tax Account	0	0	0	2,932,888	2,932,888	3.9%
02443 University Millage	71,986,532	0	0	0	71,986,532	94.6%
02944 Motorcycle Safety Training	1,160,318	0	0	0	1,160,318	1.5%
State Special Total	\$73,146,850	\$0	\$0	\$2,932,888	\$76,079,738	13.8%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$540,786,346	\$0	\$0	\$11,110,763	\$551,897,109	

HB 2 Appropriations

The Appropriation Distribution Program receives predominately HB 2 general fund appropriations. The majority of these appropriations are transferred through OCHE to MUS campuses as determined by the Board of Regents. The legislature can determine the amount of funds to be appropriated overall and has the authority to place specific restrictions on funds, but the Board of Regents has the sole authority to determine how appropriations are distributed to campuses.

The Appropriation Distribution Program also receives some funding from state special revenues:

- University 6-Mill Levy
- Motorcycle Safety Training

The statewide six-mill levy is a statewide property tax authorized in statute (15-10-108, MCA). The levy originated in 1920 and since 1948 has been a key component of university funding. It is presented to voters statewide for approval every ten years and was last voted on in November 2018. Funds are generated by a mill levy tax on property statewide and are distributed to campuses as determined by the Board of Regents. The levy revenue is used to fund the education and general operating expenses of the Montana University System educational units.

The Motorcycle Safety Training fund contains funds from money collected and accrued from motorcycle safety training courses, motorcycle endorsement fees, motorcycle safety fees, and designated grants are deposited in the state motorcycle safety account and support the motorcycle safety program at MSU Northern in Havre.

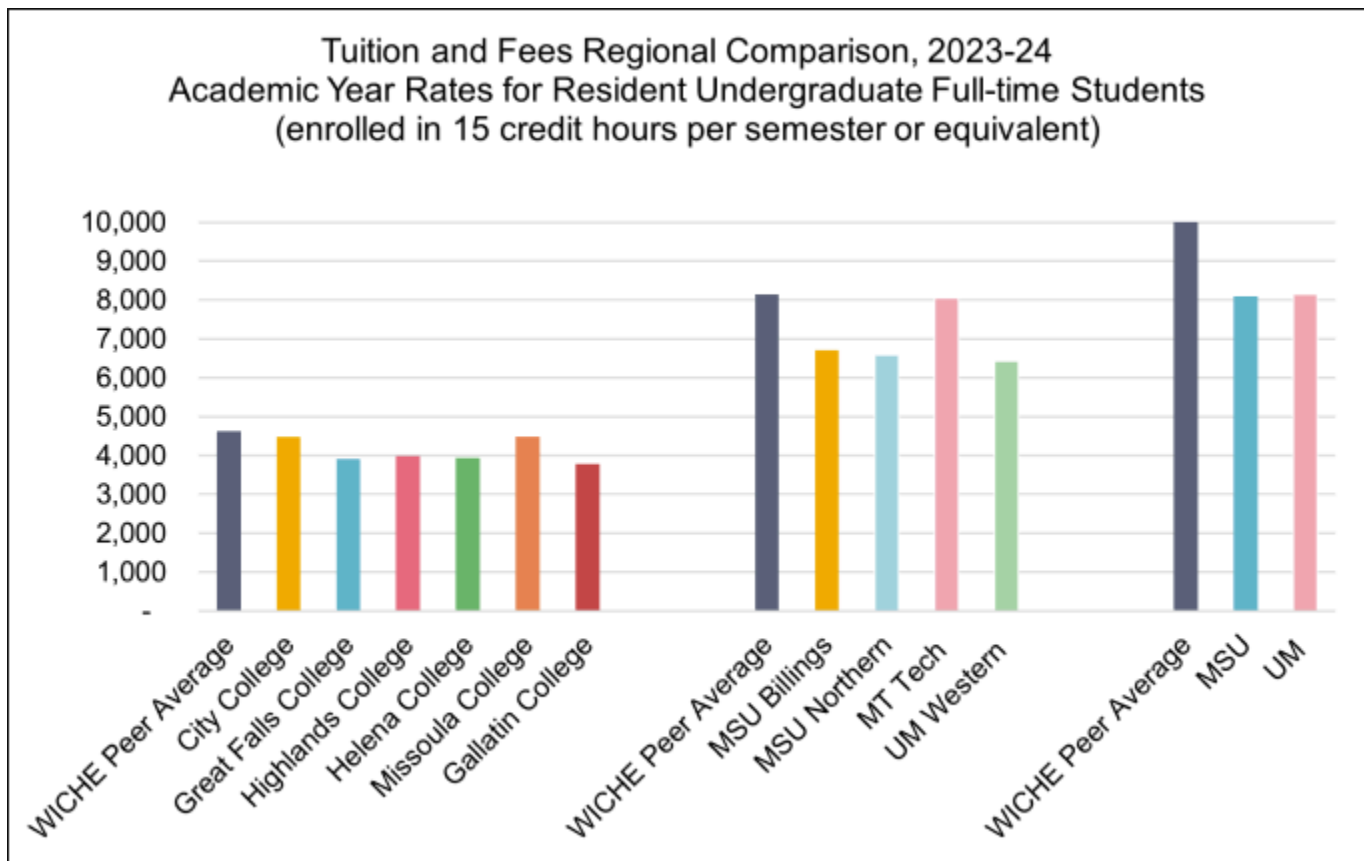
Statutory Appropriations

Statutory appropriations do not require reauthorization each biennium and do not appear in HB 2. There are two statutory appropriations in this program:

- An allocation of the 4.0% lodging facility use tax is transferred to the University of Montana for travel research
- General fund is statutorily appropriated for a 1.0% employer contribution reimbursement to the MUS defined contribution retirement plan authorized in HB 95 (2007 Legislature)

Tuition

The Board of Regents is the sole authority in setting tuition rates for the MUS. Tuition is not controlled or appropriated by the legislature. However, the Regents, legislature, and executive have previously worked together to create affordable postsecondary education opportunities for the residents of Montana.



Performance Funding

The 2015 Legislature designated funds for the MUS based upon performance metrics. The Board of Regents has continued this commitment to include a performance funding component in the allocation model used to distribute state funds to the education units. For the 2025 biennium, \$30.0 million was designated for performance funding and distributed upon progress toward increasing college completions, retention, success of under-represented student populations, and other metrics. The table below shows the impact of performance funding since FY 2022 by campus.

Montana University System Impact of Performance Funding				
Campus	FY 2022	FY 2023	FY 2024	FY 2025
MSU Bozeman	\$ 5,561,800	\$ 5,556,481	\$ 5,575,936	\$ 5,507,042
Gallatin College	274,021	270,986	273,446	273,143
MSU Billings	1,244,023	867,552	689,348	531,806
City College	385,980	192,342	400,772	412,078
MSU Northern	533,197	531,788	457,399	549,431
Great Falls College	228,194	531,780	394,368	380,545
UM Missoula	3,089,196	3,474,282	2,185,573	2,468,809
Missoula College	588,411	138,337	594,387	621,493
MT Tech	476,761	192,980	383,081	771,603
Highlands College	160,317	138,744	192,033	199,056
UM Western	581,500	315,897	558,346	630,804
Helena College	<u>347,884</u>	<u>349,706</u>	<u>240,174</u>	<u>463,224</u>
Total Funding	\$ 13,471,284	\$ 12,560,875	\$ 11,944,863	\$ 12,809,034

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Transfers	230,826,203	235,304,998	254,410,536	270,938,838	269,847,508
Total Expenditures	\$230,826,203	\$235,304,998	\$254,410,536	\$270,938,838	\$269,847,508
General Fund	197,198,778	201,677,573	221,383,111	234,594,413	233,045,083
State/Other Special Rev. Funds	33,627,425	33,627,425	33,027,425	36,344,425	36,802,425
Total Funds	\$230,826,203	\$235,304,998	\$254,410,536	\$270,938,838	\$269,847,508
Total Ongoing	\$230,826,203	\$235,304,998	\$254,410,536	\$270,938,838	\$269,847,508
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education (OCHE) is the conduit through which state funds flow to the university system units. This program includes state funding for the Montana University System educational units, the Family Practice Rural Residency programs located at MSU Billings and University of Montana in Missoula, and the Motorcycle Safety Program located at Helena College.

The MUS campuses collectively serve approximately 23,000 resident full-time students. University units include:

- UM Missoula
- UM MT Tech
- UM Western
- UM Helena
- MSU Bozeman
- MSU Billings
- MSU Northern
- MSU Great Falls

FY 2024 Appropriations Compared to FY 2024 Actual Expenditures

As of the end of FY 2024, approximately \$230.8 million, or 98.1% of appropriations were expended. Most of the unspent authority was designated for operations and maintenance for newly constructed buildings authorized for MUS institutions (HB 2305, 2023). Appropriations amounting to approximately \$3.6 million for operations and maintenance were not expended as the construction is not yet complete. Authority for the large MUS campus transfer is biennial, and remaining unspent authority may be expended in FY 2025. Restricted biennial appropriations of approximately \$627,000 were also expended for legislative audit costs for the Montana University System.

FY 2024 Appropriation Compared to FY 2025 Appropriation

Appropriations for FY 2025 are approximately \$18.9 million, or 8.1% larger than FY 2024 appropriations. This includes an appropriation increase of approximately \$12.3 million for the lump sum transfer to MUS campuses and an increase of approximately \$3.6 million for the operations and maintenance of new buildings once completed. The campus appropriation increase was largely a result of pay plan adjustments appropriated in HB 13, 2023. No funds for a legislative audit were appropriated for FY 2025.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 901 - Montana University System PLA	0.00	11,384,407	0	0	11,384,407	0.00	10,526,476	0	0	10,526,476
DP 902 - MUS LAD Audit Costs	0.00	282,249	0	0	282,249	0.00	0	0	0	0
DP 903 - MUS Fixed Cost Increases from State	0.00	4,861,646	0	0	4,861,646	0.00	4,910,496	0	0	4,910,496
Grand Total All Present Law Adjustments	0.00	\$16,528,302	\$0	\$0	\$16,528,302	0.00	\$15,436,972	\$0	\$0	\$15,436,972

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

DP 901 - Montana University System PLA -

The MUS requests funding to annualize various personal services costs, fixed costs, and inflationary costs for all Montana University System (MUS) units at the current unrestricted rate. This change package simulates change packages SWPL 1 & 3 for all other agencies.

DP 902 - MUS LAD Audit Costs -

The executive requests general fund appropriations for Legislative Audit Costs for the Montana University System in FY 2026.

DP 903 - MUS Fixed Cost Increases from State -

The decision package is requested to provide funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include audit fees, information technology services, etc. The rates charged for these services are approved in a separate portion of the budget.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 904 - University Millage Fund Switch	0.00	(3,317,000)	3,317,000	0	0	0.00	(3,775,000)	3,775,000	0	0
Total	0.00	(\$3,317,000)	\$3,317,000	\$0	\$0	0.00	(\$3,775,000)	\$3,775,000	\$0	\$0

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

DP 904 - University Millage Fund Switch -

The executive requests a funding adjustment for the MUS based on revenue in the 6-mill, state special revenue account. The request decreases general fund in FY 2026 and in FY 2027 and increases University Millage state special revenue by equivalent amounts in both years.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget		Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent	
General Fund	36,137,018	38,480,666	38,828,916	5,035,546	7.0%	
State/Other Special Rev. Funds	1,119,968	1,119,968	1,119,968		0.0%	
Total Funds	37,256,986	39,600,634	39,948,884	5,035,546	6.8%	
Transfers	37,256,986	39,600,634	39,948,884	5,035,546	6.8%	
Total Expenditures	37,256,986	39,600,634	39,948,884	5,035,546	6.8%	
Total Ongoing	37,256,986	39,600,634	39,948,884	5,035,546	6.8%	
Total One-Time-Only					0.0%	

Program Highlights

Agency Funds Major Budget Highlights
<p>The Research and Development Agencies' 2027 biennium requested appropriations are approximately \$5.0 million, or 6.8% higher than the FY 2025 base budget</p> <ul style="list-style-type: none"> The executive request includes an increase of general fund appropriations of approximately \$2.3 million in FY 2026 and \$2.7 million in FY 2027 for present law adjustments for personal services, higher education fixed costs, and inflation

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Agency Funds 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	36,137,018	1,119,968	0	37,256,986	94.1%	36,137,018	1,119,968	0	37,256,986	93.3%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	2,343,648	0	0	2,343,648	5.9%	2,691,898	0	0	2,691,898	6.7%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	2,343,648	0	0	2,343,648	5.9%	2,691,898	0	0	2,691,898	6.7%
Total Requested Budget	38,480,666	1,119,968	0	39,600,634		38,828,916	1,119,968	0	39,948,884	

The executive is requesting an increase of approximately \$2.3 million in FY 2026 and \$2.7 million in FY 2027 above the FY 2025 base appropriations. The increase is due to the present law adjustment for personal services, fixed costs, and inflation.

The following figure compares the agency budget request to the funding requested by the executive for the Research and Development Agencies.

Commissioner of Higher Education Research and Development Agencies Agency Budget Request Compared to Executive Budget Recommendation				
Agency Request	CUR FY 2024 ACTUAL	CUR FY 2025 OP PLAN	CUR FY 2026 REQUEST	CUR FY 2027 REQUEST
ES	\$ 7,755,663	\$ 7,967,962	\$ 8,486,722	\$ 8,602,516
AES	20,046,673	20,459,681	21,838,938	22,029,362
FIRE	1,384,386	1,301,325	1,418,878	1,428,804
MBMG	5,862,702	6,537,448	6,243,821	6,260,409
FCES	1,533,953	1,595,008	1,612,275	1,627,793
Less: one-time-only appropriations			-	-
TOTAL	36,583,377	37,861,424	39,600,634	39,948,884
State Funding Requested				
General Fund	34,824,278	35,813,596	38,480,666	38,828,916
State Special	1,119,698	1,119,698	1,119,968	1,119,968
Other	639,401	928,130	-	-
Less: one-time-only appropriations				
Total	36,583,377	37,861,424	39,600,634	39,948,884
Executive Budget Recommendation				
General Fund	N/A	N/A	38,480,666	38,828,916
State Special	N/A	N/A	1,119,968	1,119,968
Total	-	-	39,600,634	39,948,884
Difference from Request to Recommendation				
General Fund	N/A	N/A	-	-
State Special			-	-
Total	\$ -	\$ -	\$ -	\$ -

The Office of the Commissioner of Higher Education has projected a total current unrestricted operating budget (CUR) of \$39.6 million in FY 2026 and \$39.9 million in FY 2027. The executive’s budget request is identical to the agency’s budget request for the Research and Development Agencies.

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 10-Agency Funds Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	77,309,582	0	0	0	77,309,582	97.2%	
02289 Bureau Of Mines Groundwater	1,142,000	0	0	0	1,142,000	51.0%	
02432 Oil & Gas ERA	600,000	0	0	0	600,000	26.8%	
02576 Natural Resources Operations	497,936	0	0	0	497,936	22.2%	
State Special Total	\$2,239,936	\$0	\$0	\$0	\$2,239,936	2.8%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$79,549,518	\$0	\$0	\$0	\$79,549,518		

HB 2 Appropriations

The general operating budgets for the Research and Development Agencies are funded with general fund appropriations. The remaining funding comes from state special revenue. State special revenues for the program are comprised of revenues from the resource indemnity trust (RIT) interest, oil and gas and metal mines tax. The agencies also use non-state revenues to support their general operating budgets; these revenues are not appropriated in HB 2.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Transfers	35,824,757	35,908,861	37,256,986	39,600,634	39,948,884
Total Expenditures	\$35,824,757	\$35,908,861	\$37,256,986	\$39,600,634	\$39,948,884
General Fund	34,704,789	34,788,893	36,137,018	38,480,666	38,828,916
State/Other Special Rev. Funds	1,119,968	1,119,968	1,119,968	1,119,968	1,119,968
Total Funds	\$35,824,757	\$35,908,861	\$37,256,986	\$39,600,634	\$39,948,884
Total Ongoing	\$35,704,757	\$35,788,861	\$37,256,986	\$39,600,634	\$39,948,884
Total OTO	\$120,000	\$120,000	\$0	\$0	\$0

Program Description

The agencies within the Montana University System aid in research, scientific experimentation, and professional and community development. The agencies work side by side with campuses across the state to foster learning and create career opportunities in various fields of study including agriculture, resource management and conservation, forestry, fire and rescue, and geologic studies.

The Research and Development Agencies consist of:

- Agricultural Experiment Stations (AES)
- Extension Services (ES)
- Forestry and Conservation Experiment Station (FCES)
- Bureau of Mines and Geology (MBMG)
- Fire Services Training School (FSTS)

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Research and Development Agencies are funded in HB 2 with general fund and state special revenue. The HB 2 budget of approximately \$35.8 million was 99.8% expended as of the end of FY 2024.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the FY 2025 appropriation is approximately \$1.3 million or 3.8% higher than the FY 2024 appropriation. This difference in the total appropriations is due to the pay plan approved in HB 13 and a higher present law adjustment approved by the legislature for FY 2025.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1001 - Research & Development Agencies PLA	0.00	2,185,377	0	0	2,185,377	0.00	2,535,546	0	0	2,535,546
DP 1002 - SWPL Research & Development Agencies	0.00	158,271	0	0	158,271	0.00	156,352	0	0	156,352
Grand Total All Present Law Adjustments	0.00	\$2,343,648	\$0	\$0	\$2,343,648	0.00	\$2,691,898	\$0	\$0	\$2,691,898

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

DP 1001 - Research & Development Agencies PLA -

The executive requests funding to annualize various MUS personal services costs, MUS fixed cost, and inflationary costs. This change package simulates the statewide present law adjustments for personal services and inflation changes packages for all other agencies.

DP 1002 - SWPL Research & Development Agencies -

The executive requests funding to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include audit fees, information technology services, etc. The rates charged for these services are approved in a separate portion of the budget.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget		Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent	
General Fund	918,400	918,400	918,400			0.0%
Total Funds	918,400	918,400	918,400			0.0%
Grants	918,400	918,400	918,400			0.0%
Total Expenditures	918,400	918,400	918,400			0.0%
Total Ongoing	918,400	918,400	918,400			0.0%
Total One-Time-Only	100,000			(200,000)		(100.0%)

Program Highlights

Tribal College Assistance Program Major Budget Highlights
<p>The Tribal College Assistance Program's FY 2026 and 2027 ongoing appropriations request are identical to the FY 2025 base budget</p> <ul style="list-style-type: none"> The executive has not requested a one-time-only appropriation for High School Equivalency Test (HiSET) preparation funding, which previously received funding each biennium since it was first funded in 2019

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Tribal College Assistance Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	918,400	0	0	918,400	100.0%	918,400	0	0	918,400	100.0%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Requested Budget	918,400	0	0	918,400		918,400	0	0	918,400	

The executive request is identical to the FY 2025 base budget.

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 11-Tribal College Assistance Program Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,836,800	0	0	0	1,836,800	100.0%
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$1,836,800	\$0	\$0	\$0	\$1,836,800	

HB 2 Appropriations

The HB 2 appropriation for the Tribal College Assistance Program is entirely funded with general fund.

Funding is provided for nonbeneficiary students attending one of the seven tribal colleges in Montana. The table below illustrates the recent history of actual program expenditures, the executive’s recommendations for the 2027 biennium, and the changes in the average state funds per nonbeneficiary student.

Commissioner of Higher Education Tribal College Assistance Program State Funding Nonbeneficiary Montana Students Attending Tribal Community Colleges				
Fiscal Year		Number of Nonbeneficiary Montana Students Reported	State Funds Distributed for Nonbeneficiary Students	Average State Funds per Nonbeneficiary Student
FY 2016	Actual	239.75	786,380	3,280
FY 2017	Actual	240.34	788,315	3,280
FY 2018	Actual	295.67	837,875	2,834
FY 2019	Actual	296.13	837,875	2,829
FY 2020	Actual	260.56	837,875	3,216
FY 2021	Actual	214.04	702,047	3,280
FY 2022	Actual	236.54	775,851	3,280
FY 2023	Actual	269.73	837,875	3,106
FY 2024	Actual	272.70	894,456	3,280
FY 2025	Actual	238.58	782,536	3,280
FY 2026	Budgeted	280.00	918,400	3,280
FY 2027	Budgeted	280.00	918,400	3,280

**Per Section 20-25-428, MCA there is a maximum distribution of \$3,280 per nonbeneficiary student per year.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Grants	994,451	1,018,400	1,018,400	918,400	918,400
Total Expenditures	\$994,451	\$1,018,400	\$1,018,400	\$918,400	\$918,400
General Fund	994,451	1,018,400	1,018,400	918,400	918,400
Total Funds	\$994,451	\$1,018,400	\$1,018,400	\$918,400	\$918,400
Total Ongoing	\$894,456	\$918,400	\$918,400	\$918,400	\$918,400
Total OTO	\$99,995	\$100,000	\$100,000	\$0	\$0

Program Description

The Tribal College Assistance program provides funding to tribal colleges to support a portion of the costs of educating nonbeneficiary Montana students (non-tribal members) attending the seven tribal community colleges on the reservations in Montana. Section 20-25-428, MCA, requires the Board of Regents to provide assistance to tribal colleges "subject to a line item appropriation" by the legislature, up to a maximum of \$3,280 per year for each nonbeneficiary student FTE.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Tribal College Assistance Program is funded entirely with general fund. Approximately \$944,000, or 97.6% of the FY 2024 appropriations for the Tribal College Assistance Program were expended. \$99,995 of the one-time-only appropriation of \$100,000 for HiSET training and classes was expended. This amounted to distributions of \$14,285 per campus. The remaining \$918,000 of funding was for non-beneficiary students attending tribal colleges. In FY 2024, there was a distribution for 272.70 nonbeneficiary students, which was 7.30 lower than estimated. This resulted in a total distribution of approximately \$894,000, which is the maximum allowable.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is the same as the FY 2024 appropriation.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget		Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	1.50	1.50	1.50	0.00	0.0%	
Federal Spec. Rev. Funds	2,408,070	2,324,902	2,324,940	(166,298)	(3.5%)	
Total Funds	2,408,070	2,324,902	2,324,940	(166,298)	(3.5%)	
Personal Services	231,023	147,970	147,971	(166,105)	(35.9%)	
Operating Expenses	1,781,632	1,781,517	1,781,554	(193)	(0.0%)	
Debt Service	395,415	395,415	395,415		0.0%	
Total Expenditures	2,408,070	2,324,902	2,324,940	(166,298)	(3.5%)	
Total Ongoing	2,408,070	2,324,902	2,324,940	(166,298)	(3.5%)	
Total One-Time-Only					0.0%	

Program Highlights

<p>Guaranteed Student Loan Program Major Budget Highlights</p>
<p>The Guaranteed Student Loan Program's 2027 biennium requested appropriations are approximately \$166,000, or 3.5% lower than the FY 2025 base budget</p> <ul style="list-style-type: none"> • The executive proposes a reduction of federal special revenue appropriations of approximately \$83,000 in FY 2026 and FY 2027 due to statewide present law adjustments for personal services and inflation

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Guaranteed Student Loan Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	2,408,070	2,408,070	103.6%	0	0	2,408,070	2,408,070	103.6%
Statewide PL										
Personal Services	0	0	(83,053)	(83,053)	(3.6%)	0	0	(83,052)	(83,052)	(3.6%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	(115)	(115)	(0.0%)	0	0	(78)	(78)	(0.0%)
Total Statewide PL	0	0	(83,168)	(83,168)	(3.6%)	0	0	(83,130)	(83,130)	(3.6%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	(83,168)	(83,168)	(3.6%)	0	0	(83,130)	(83,130)	(3.6%)
Total Requested Budget	0	0	2,324,902	2,324,902		0	0	2,324,940	2,324,940	

The executive is requesting a decrease of approximately \$83,000 in FY 2026 and in FY 2027 from the FY 2025 base budget. This reduction is primarily due to statewide present law adjustments for personal services.

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 12-Guaranteed Student Loan Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
03400 Guaranteed Std. Loan-Admin.	4,649,842	0	0	0	4,649,842	100.0%	
Federal Special Total	\$4,649,842	\$0	\$0	\$0	\$4,649,842	100.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$4,649,842	\$0	\$0	\$0	\$4,649,842		

HB 2 Appropriations

The Guaranteed Student Loan Program is funded entirely with federal funds from the U.S. Department of Education. Funding is provided to support financial aid awareness and outreach as well as other financial aid related activities benefiting students.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	1.50	1.50	1.50	1.50
Personal Services	107,320	221,240	231,023	147,970	147,971
Operating Expenses	717,487	1,772,784	1,781,632	1,781,517	1,781,554
Debt Service	8,380	395,415	395,415	395,415	395,415
Total Expenditures	\$833,187	\$2,389,439	\$2,408,070	\$2,324,902	\$2,324,940
Federal Spec. Rev. Funds	833,187	2,389,439	2,408,070	2,324,902	2,324,940
Total Funds	\$833,187	\$2,389,439	\$2,408,070	\$2,324,902	\$2,324,940
Total Ongoing	\$833,187	\$2,389,439	\$2,408,070	\$2,324,902	\$2,324,940
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Guaranteed Student Loan Program (GSL) provides financial aid awareness and related outreach and other financial aid-related activities for the benefit of students. GSL is authorized under Title 20, Chapter 26, MCA.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Guaranteed Student Loan program is funded entirely with federal special revenue. The HB 2 budget of approximately \$2.4 million was 34.9% expended as of the end of FY 2024.

The loan portfolio for the Guaranteed Student Loan Program was transitioned to a federally approved loan servicing provider as of October 2017. The 2019 Legislature approved a reduction in federal funds to correspond with this transition. The remaining federal funding and 1.50 PB were approved to support financial aid awareness and outreach as well as other financial aid related activities benefiting students. Expenditures have historically been low after this transition.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation increased slightly due to higher present law adjustments than in FY 2024.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	(83,053)	(83,053)	0.00	0	0	(83,052)	(83,052)
DP 3 - Inflation Deflation	0.00	0	0	(115)	(115)	0.00	0	0	(78)	(78)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	(\$83,168)	(\$83,168)	0.00	\$0	\$0	(\$83,130)	(\$83,130)

*"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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Guaranteed Student Loan Program Office of the Commissioner of Higher Education FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ (11,971)
Management Changes	(71,082)
Total Budget Modifications	-
Total	\$ (83,053)

Funding adjustments attributable to legislative changes in this program are mostly due to reductions in employee benefits. Reductions attributable to management changes are largely a result of vacant position expense changes.

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 in-state state motor pool and motor pool leased vehicles.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
General Fund	74,576	74,576	74,576		0.0%
Total Funds	74,576	74,576	74,576		0.0%
Personal Services	11,900	11,900	11,900		0.0%
Operating Expenses	62,676	62,676	62,676		0.0%
Total Expenditures	74,576	74,576	74,576		0.0%
Total Ongoing	74,576	74,576	74,576		0.0%
Total One-Time-Only					0.0%

Program Highlights

Board of Regents - Admin Major Budget Highlights
The Board of Regents-Admin Program's 2027 biennium requested appropriations are identical to the FY 2025 base budget

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Board of Regents-Administration 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	74,576	0	0	74,576	100.0%	74,576	0	0	74,576	100.0%
Statewide PL										
Personal Services	(5,600)	0	0	(5,600)	(7.5%)	(5,600)	0	0	(5,600)	(7.5%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	(5,600)	0	0	(5,600)	(7.5%)	(5,600)	0	0	(5,600)	(7.5%)
Present Law (PL)	5,600	0	0	5,600	7.5%	5,600	0	0	5,600	7.5%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Requested Budget	74,576	0	0	74,576		74,576	0	0	74,576	

The executive request includes a reduction of general fund appropriations for personal services of \$5,600 in both FY 2026 and FY 2027 and a present law increase in both years for the same amount. The statewide present law adjustment is due to a technical issue, and the present law adjustment is meant to correct that issue. Further details are explained below.

Funding

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 13-Board of Regents-Administration Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	149,152	0	0	0	149,152	100.0%
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$149,152	\$0	\$0	\$0	\$149,152	

HB 2 Appropriations

The Board of Regents is funded entirely with general fund.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Personal Services	2,600	11,900	11,900	11,900	11,900
Operating Expenses	53,135	62,352	62,676	62,676	62,676
Total Expenditures	\$55,735	\$74,252	\$74,576	\$74,576	\$74,576
General Fund	55,735	74,252	74,576	74,576	74,576
Total Funds	\$55,735	\$74,252	\$74,576	\$74,576	\$74,576
Total Ongoing	\$55,735	\$74,252	\$74,576	\$74,576	\$74,576
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Board of Regents program provides administrative support, travel, and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System under Article X, Section 9, Montana Constitution, and 20-25-301, MCA.

FY 2024 Appropriations Compared to FY 2024 Actuals

The FY 2024 appropriation of approximately \$74,000 was approximately 75.1% expended. Of the \$18,000 of unspent authority, approximately \$9,000 of personal services authority and \$9,000 of operating expenses authority remained unexpended.

FY 2025 Appropriation Compared to FY 2024 Appropriation

The FY 2025 appropriation was not significantly different than the FY 2024 appropriation.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(5,600)	0	0	(5,600)	0.00	(5,600)	0	0	(5,600)
DP 1301 - Fixed Cost Per Diem Account Adjustment	0.00	5,600	0	0	5,600	0.00	5,600	0	0	5,600
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0

*"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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Additional factors contributing to the budget request include the removal of per diem allowance for the Board of Regent's during the snapshot process and a technical adjustment due to the incorrect personal services account used during turnaround. A coordinating present law change package DP 1301 corrects this technical accounting issue by adjusting base funding for the Board of Regents.

DP 1301 - Fixed Cost Per Diem Account Adjustment -

The executive requests appropriations to correct a technical issue for the allocation of per diem authority related to HB 314 from the 2023 Session. During the turnaround process the incorrect personal services account was used resulting in a shortfall in the account used for SWPL 1.