

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%
<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)	360,542	364,220	357,030	357,681	(10,051)	-1.4%
Central Application System	-	-	350,000	350,000	700,000	0.0%
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				
	2027 Biennium Growth Compared to FY 2025 Base			
	FY 2025	FY 2026	FY 2027	
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.