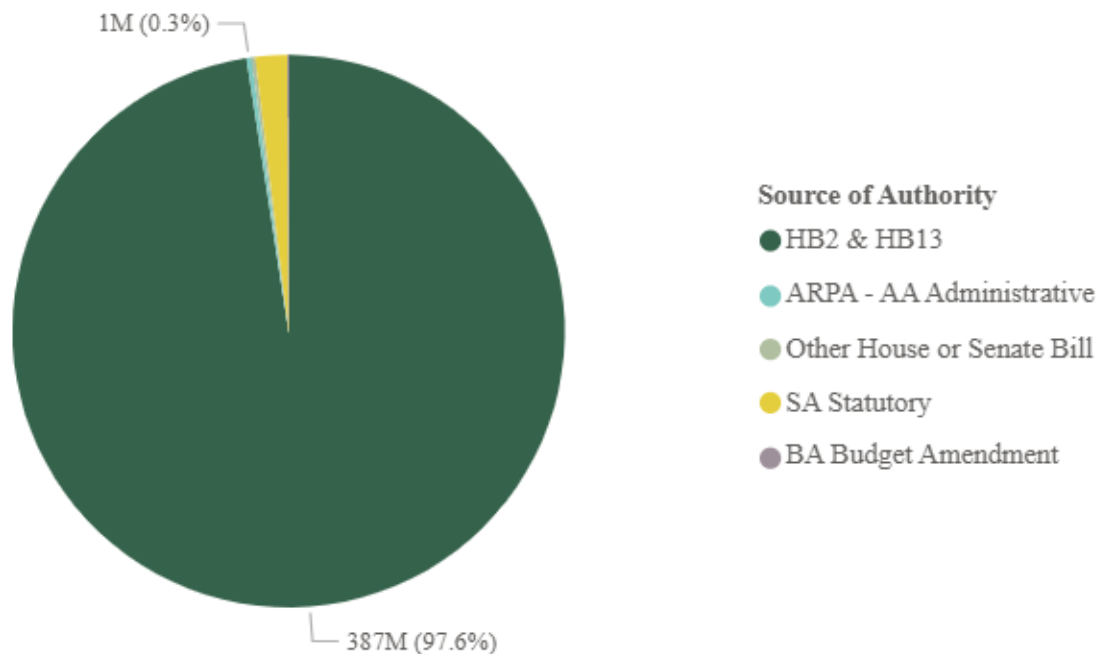


OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Office of the Commissioner of Higher Education (OCHE) is shown in the pie chart below. HB 2 and HB 13 provide 97.6% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended	
HB2 & HB13	386,962,404	150,042,347	38.8%	
BA Budget Amendment	173,276	36,474	21.0%	
Other House or Senate Bill	876,093	806,009	92.0%	
SA Statutory	7,491,437	4,080,700	54.5%	
ARPA	1,156,043			
Total	396,659,253	154,965,530	39.1%	

Statutory Appropriations

Statutory appropriations in the Office of the Commissioner of Higher Education total approximately \$7.5 million in FY 2026, which is 1.9% of the total appropriation authority. Statutory appropriation authority consisted of \$2.0 million general fund and \$5.4 million state special revenue funds. These include:

- The Montana University System (MUS) retirement plan general fund transfer is for a 1.0% employer contribution reimbursement to the MUS. The transfer was authorized by HB 95 (2007 Legislature) and codified in 19-21-203, MCA. The budget of approximately \$2.0 million has been 36.7% expended
- Travel and visitor research at the University of Montana is funded through a partial allocation of the 4.0% lodging facility use tax (15-65-121, MCA). Appropriations total approximately \$1.5 million, and 100.0% of these appropriations have been transferred to the University of Montana
- The Montana Rural Physicians Incentive Program state special revenue fund (20-26-1501 through 1503, MCA) provides a financial incentive for physicians to practice in rural areas or medically underserved areas by paying up to \$150,000 of student loan debt. Funding comes from fees paid by medical students in the professional student exchange programs and the state general fund. State special revenue fund appropriations total approximately \$1.7 million in FY 2026 and are 33.8% expended
- The science, technology, engineering, and math (STEM) scholarships state special revenue fund is funded through lottery proceeds (20-26-614 through 617, MCA). The STEM scholarship program is designed to provide an incentive for Montana high school students to prepare for, enter, and complete degrees in postsecondary fields related to STEM. Appropriations total approximately \$2.1 million in FY 2026 and are 50.7% expended
- There is a community college reversion state special revenue fund. Payments into this fund are dictated by the state community college funding formula and are made when community college actual enrollment falls short of projections and community colleges pay back a portion of the funds provided to them by the state through the funding formula. When community college enrollment is higher than projected, payments are made from this fund to the colleges to make up the difference in funds provided by the state. Appropriations total approximately \$246,000 in FY 2026 and are 100.0% expended

Overall, OCHE has expended approximately \$4.1 million or 54.5% of its FY 2026 statutory appropriations. This is in line with typical expenditures since several funds were 100.0% transferred early in the fiscal year.

Other Bills

The Office of the Commissioner of Higher Education has two appropriations from other house or senate bills.

Approximately \$626,000 in FY 2026 for operations and maintenance of new facilities was appropriated as part of the state's long-range building program in HB 5. These appropriations will be included in the agency's base budget in FY 2028. The funds may not be expended until the facility is constructed and available for occupancy. Approximately \$586,000, or 93.5% of these appropriations have been transferred as of November 30, 2025. Total appropriations from this source amount to approximately \$4.6 million over the 2027 biennium

HB 499 from the 2025 legislative session extended the grow-your-own grant program through 2029 and appropriated \$500,000 from the general fund to the Commissioner of Higher Education to fund the program. This program is intended to develop teacher pipelines to serve rural and reservation school districts. It provides funds to postsecondary institutions in partnership with school districts to develop or expand a grant program that encourages students to pursue a career in teaching. Of the \$250,000 budgeted for FY 2026, approximately \$220,000, or 88.1% of these funds have been expended.

ARPA Authority

The Office of the Commissioner of Higher Education had approximately \$1.2 million of American Rescue Plan Act (ARPA) spending authority in FY 2026. This authority continued from funds appropriated in FY 2024 used to supplement the Governor's Emergency Education Relief Fund (GEER). These funds are 0.0% expended as of the end of November 2025. According to the agency, OCHE is working with Office of Budget and Program Planning on a plan to utilize these funds.

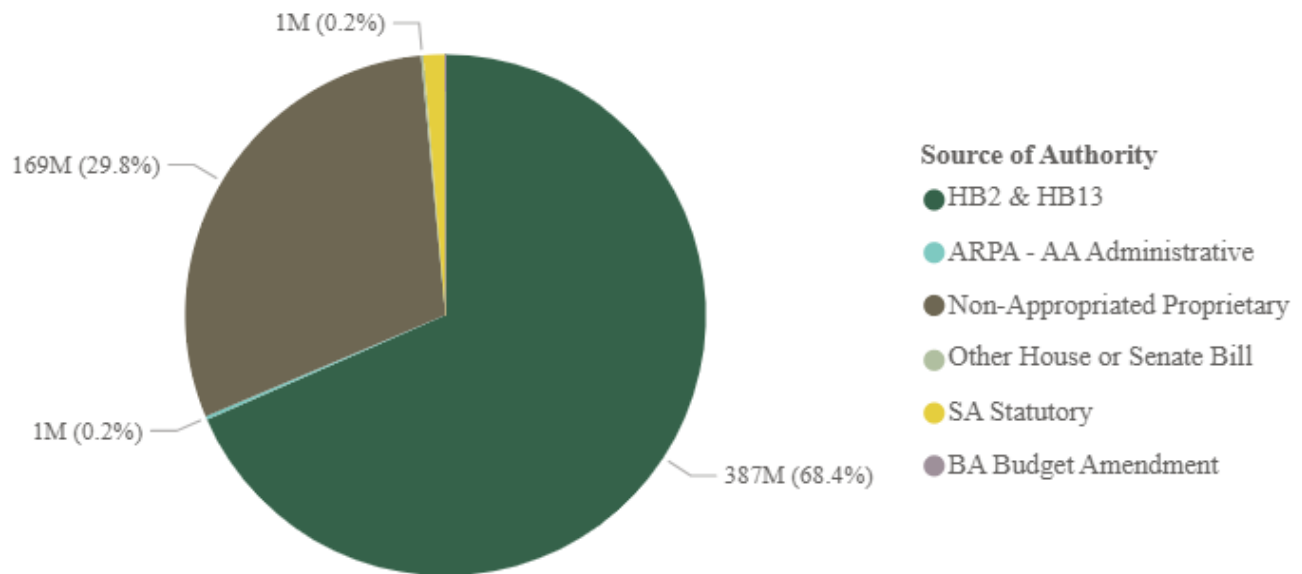
Budget Amendment

OCHE receives federal funding from a discretionary TRIO (Upward Bound, Talent Search, and Student Support Service programs) educational opportunity center grant. This funding is used to provide a series of new trainings, outreach, and associated staff for encouraging disadvantaged students, including low-income and first-generation college students, pursuing postsecondary educational opportunities. Authority for this grant continued from FY 2025 and a budget change document increased federal special revenue authority by approximately \$156,000 for a total budget amendment authority of \$173,000. OCHE has expended approximately \$36,000 or 21.0% of the authority.

EXPENDITURE AUTHORITY

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

Modified Budget & Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended	
HB2 & HB13	386,962,404	150,042,347	38.8%	
Non-Appropriated Proprietary	168,753,263	59,088,206	35.0%	
SA Statutory	7,491,437	4,080,700	54.5%	
ARPA	1,156,043	806,009	92.0%	
Other House or Senate Bill	876,093	806,009	92.0%	
BA Budget Amendment	173,276	36,474	21.0%	
Total	565,412,516	214,053,736	37.9%	

Non-Budgeted Proprietary Fund Authority

A significant portion, or 29.8%, of the total expenditure authority for the Office of the Commissioner of Higher Education is from non-budgeted (non-appropriated) proprietary funds and totals \$168.7 million in FY 2026. These include:

- The MUS Group Insurance Program that is budgeted at approximately \$150.6 million and is 36.6% expended
- The MUS flexible spending account that is budgeted at \$13.4 million and is 16.0% expended
- The MUS Workers' Compensation Program that is budgeted at \$4.8 million and is 38.8% expended

Overall, non-budgeted proprietary funds are 35.0% expended as of the end of November 2025. This is in line with typical spending levels in previous years.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2025 through November 30, 2025. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
⊞ Commissioner of Higher Ed	386,962,404	386,962,404	0
⊞ 01 ADMINISTRATION PROGRAM	5,654,390	5,654,390	
⊞ 02 STUDENT ASSISTANCE PROGRAM	20,963,539	20,963,539	0
⊞ 04 COMMUNITY COLLEGE ASSISTANCE	18,372,894	18,372,894	0
⊞ 06 EDUCATIONAL OUTREACH	9,872,854	9,872,854	0
⊞ 08 WORK FORCE DEVELOPMENT PROGRAM	6,992,852	6,992,852	
⊞ 09 APPROPRIATION DISTRIBUTION	281,098,481	281,098,481	0
⊞ 10 AGENCY FUNDS	40,410,257	40,410,257	0
⊞ 11 TRIBAL COLLEGE ASSISTANCE PGM	1,193,640	1,193,640	
⊞ 12 GUARANTEED STUDENT LOAN PGM	2,328,921	2,328,921	
⊞ 13 BOARD OF REGENTS-ADMIN	74,576	74,576	
Total	386,962,404	386,962,404	0

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
⊞ 61000 Personal Services	7,227,250	6,455,094	-772,156
⊞ 62000 Operating Expenses	8,381,025	8,408,650	27,625
⊞ 63000 Equipment & Intangible Assets	11,063	11,063	
⊞ 65000 Local Assistance	18,757,156	19,154,245	397,089
⊞ 66000 Grants	20,990,505	20,990,506	1
⊞ 68000 Transfers-out	330,592,947	330,940,388	347,441
⊞ 69000 Debt Service	1,002,458	1,002,458	
Total	386,962,404	386,962,404	0

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
⊞ 01 General	329,163,803	329,163,803	0
⊞ 02 State/Other Spec Rev	38,173,148	38,173,148	
⊞ 03 Fed/Other Spec Rev	18,901,988	18,901,988	0
⊞ 06 Internal Service	723,465	723,465	
Total	386,962,404	386,962,404	0

There were several modifications to the expenditure accounts budgeted for the Office of the Commissioner of Higher Education.

OCHE moved \$829,000 of personal services and operating expense authority from the Appropriation Distribution Program to local assistance and transfers-out accounts in the Community College Assistance Program and the Agency Funds Program for pay plan transfers. Funds for the pay plan are distributed to the community colleges, MUS, and agencies through the local assistance and transfers accounts, rather than personal services and operating expenses. This change allows pay plan appropriations to be sent appropriately.

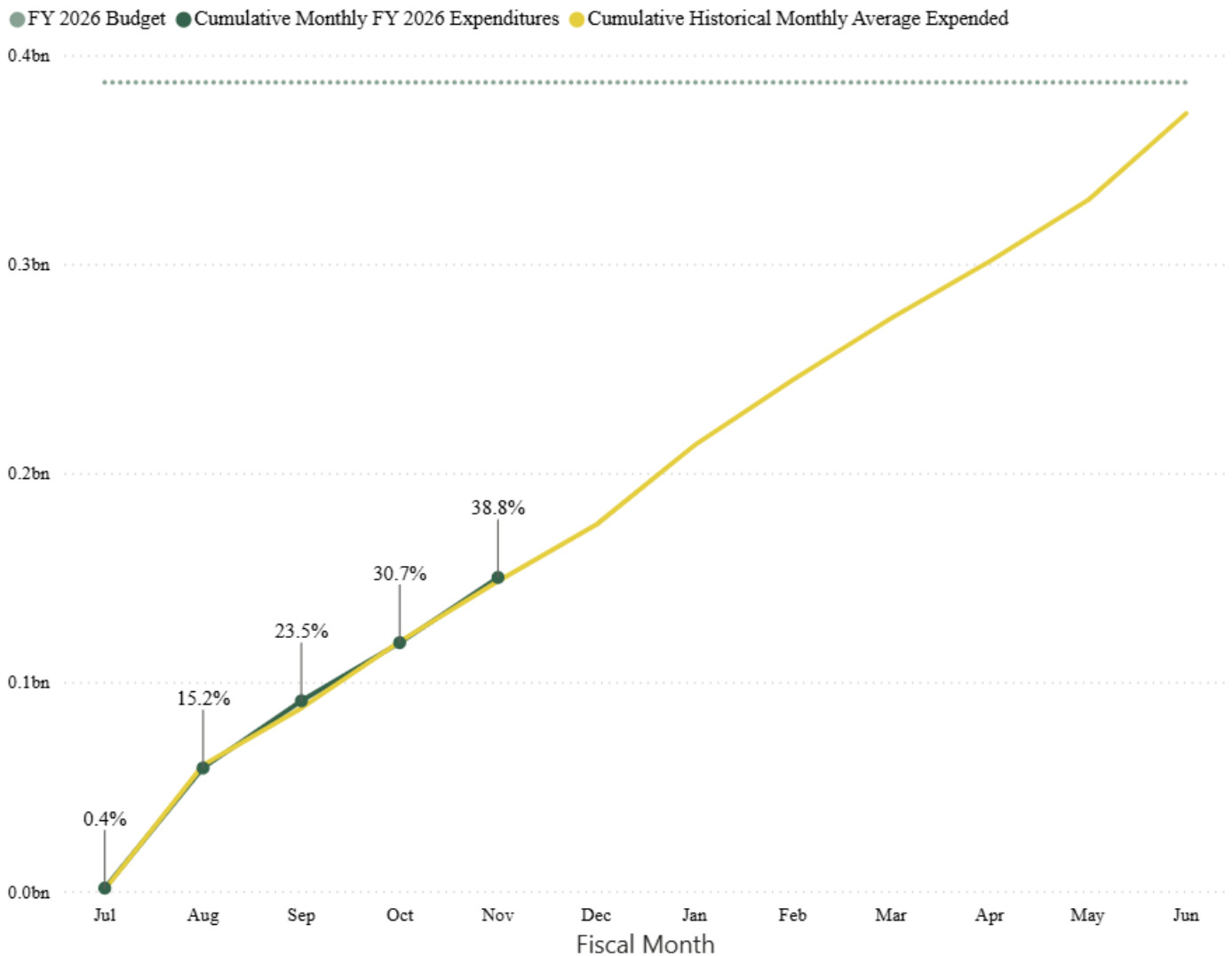
Approximately \$85,000 of transfer funds for the Montana 10 appropriation were moved to personal services and operating expense accounts to cover some of that program’s expenses.

Approximately \$5,000 was moved to from transfers-out authority to local assistance authority to send funds to Salish Kootenai College for participating in the Foster Youth Higher Education Assistance Program.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2025.

Monthly Expenditures Compared to Historical Average



The Office of the Commissioner of Higher Education expended \$150.0 million, or 38.8% of its \$387.0 million HB 2 modified budget through the end of November 2025. This spending is similar to the 5-year Olympic average of 38.3% (the Olympic average is the average of the percent expended for the most recently completed seven years with the exclusion of the highest and lowest numbers during this time period). The Montana University System (MUS) also receives additional funding that is not appropriated or approved by the legislature and is not reflected in the chart above. This funding includes but is not limited to tuition, federal research grants, financial aid, campus building projects, debt service, and auxiliary funds.

Program Name	Modified Budget	Expended Budget	% Expended
01 ADMINISTRATION PROGRAM	5,654,390	2,540,420	44.9%
02 STUDENT ASSISTANCE PROGRAM	20,963,539	10,599,422	50.6%
04 COMMUNITY COLLEGE ASSISTANCE	18,372,894	7,655,373	41.7%
06 EDUCATIONAL OUTREACH	9,872,854	1,312,336	13.3%
08 WORK FORCE DEVELOPMENT PROGRAM	6,992,852	1,677,821	24.0%
09 APPROPRIATION DISTRIBUTION	281,098,481	107,440,885	38.2%
10 AGENCY FUNDS	40,410,257	17,689,267	43.8%
11 TRIBAL COLLEGE ASSISTANCE PGM	1,193,640	859,188	72.0%
12 GUARANTEED STUDENT LOAN PGM	2,328,921	251,013	10.8%
13 BOARD OF REGENTS-ADMIN	74,576	16,622	22.3%
Total	386,962,404	150,042,347	38.8%

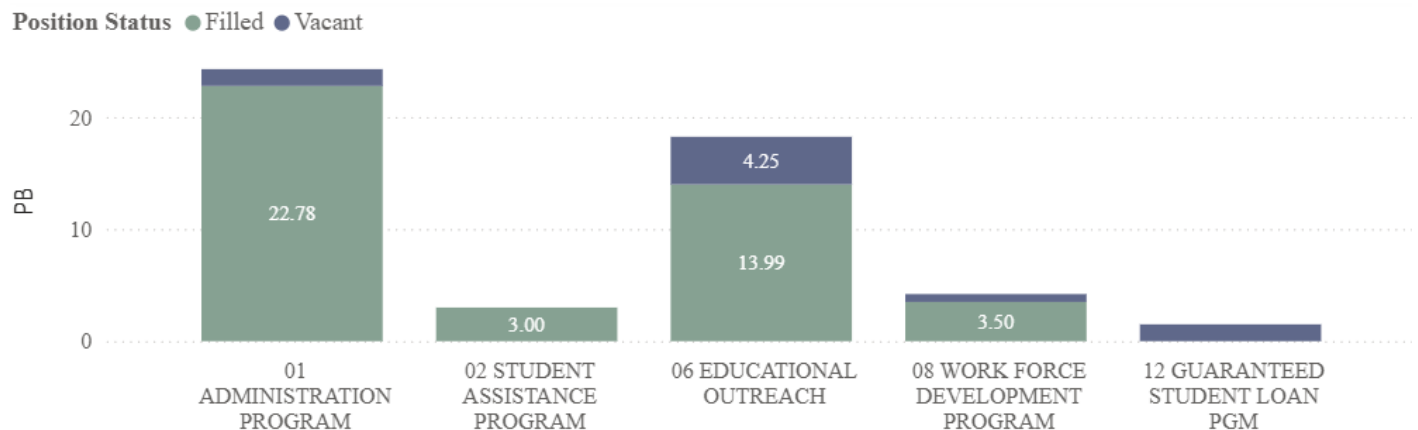
Expenditure Type	Modified Budget	Expended Budget	% Expended
Personal Services	6,455,094	2,261,876	35.0%
Operating Expenses	8,408,650	1,248,676	14.8%
Equipment & Intangible Assets	11,063		
Local Assistance	19,154,245	8,260,276	43.1%
Grants	20,990,506	9,153,154	43.6%
Transfers-out	330,940,388	128,934,623	39.0%
Debt Service	1,002,458	183,741	18.3%
Total	386,962,404	150,042,347	38.8%

Fund Type	Modified Budget	Expended Budget	% Expended
01 General	329,163,803	138,955,341	42.2%
02 State/Other Spec Rev	38,173,148	7,797,630	20.4%
03 Fed/Other Spec Rev	18,901,988	3,139,548	16.6%
06 Internal Service	723,465	149,828	20.7%
Total	386,962,404	150,042,347	38.8%

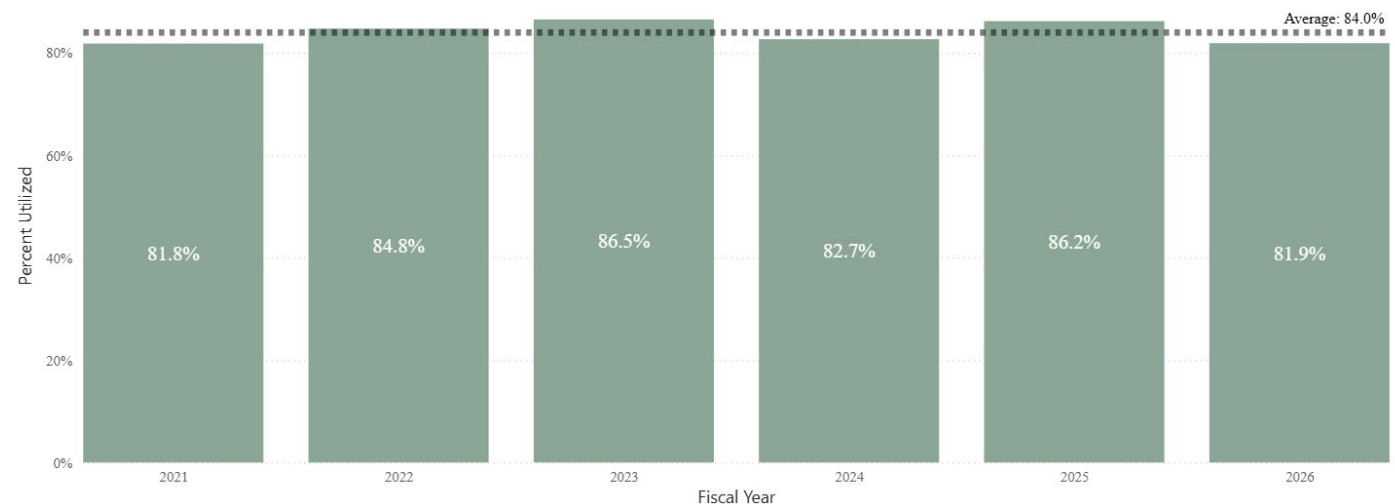
A high percentage of expenditures can be seen in the Tribal College Assistance program. This is because that program is primarily responsible for transferring state funds to the tribal colleges to support their non-beneficiary students, so a large amount of transfers early in the year is not unusual. Other programs are in line with typical expenditures at this point in the fiscal year.

Personal Services

Appropriations for personal services in the Office of the Commissioner of Higher Education total approximately \$6.5 million and are 35.0% expended through November 30, 2025. The following chart shows the filled and vacant positions budgeted (PB) within the agency as of November 1, 2025. At this point in time, the agency had 65.3 HB 2 PB and 85.4% of these positions were filled.



The chart below shows the hourly utilization percentage for the Office of the Commissioner of Higher Education for each fiscal year when compared to the available hours. Overall, the department has utilized 81.9% of the hours budgeted for FY 2026 so far. This is slightly before the historic average of 84.0%.



The table below shows the vacant PB in each division and the number of months each position has been vacant.

	PB	Median Months Vacant
51020 COMMISSIONER OF HIGHER ED	9.53	12.62
01 ADMINISTRATION PROGRAM	2.50	19.67
06 EDUCATIONAL OUTREACH	4.83	11.02
08 WORK FORCE DEVELOPMENT PROGRAM	0.70	48.20
12 GUARANTEED STUDENT LOAN PGM	1.50	18.36
Total	9.53	12.62

OTHER ISSUES

HB 627 from the 68th legislature requires the Department of Administration to present a report on solicitations, contracts, and contract modifications for the period covering August 16, 2025 through November 15, 2025 to the Legislative Finance Committee. The Office of the Commissioner of Higher Education and MUS units initiated solicitations for contracts that will cost at least \$200,000 over their lifetime, which are shown in the table below.

Agency	Project Title	Close Date	Estimated Value
Commissioner of Higher Education	Shared Library Management System	12/4/2025	\$ 1,000,000
Commissioner of Higher Education	Intent to Sole Source-MUS Wellcheck Services	10/22/2025	\$ 9,500,000
Montana State University	MSU IFB Brand Specific Audio-Visual Equipment for Ballrooms	10/7/2025	\$ 450,000
Montana State University	MSU Outdoor LED Lighting	9/16/2025	\$ 250,000
Montana State University	MSU NARC Tractor and Baler Combo	9/17/2025	\$ 300,000
Montana State University	Northwestern Ag Research Center-Zurn 150 Plot Combine	9/24/2025	\$ 350,000
Montana State University	Revised MSU NARC Tractor and Baler Combo	10/8/2025	\$ 300,000
Montana State University	MSU WARC Berry Harvester	10/13/2025	\$ 200,000
Montana State University	MSU Arbitrary Waveform Generator and Rack Mount Kit	10/21/2025	\$ 200,000
Montana State University	College of Agriculture Drone Bundle	11/6/2025	\$ 350,077
Montana State University	College of Agriculture Drone Bundle-Reinstated	11/13/2025	\$ 269,000
MSU MILTECH	Tech Scouting, Vendor Scouting and Autonomy, Artificial Intelligence, and Digital Infra Support	10/29/2025	\$ 500,000
Montana State University	Intent to Sole Source Cengage Learning Inc	9/8/2025	\$ 215,000
Montana State University	Intent to Sole Source-Support for Website Platform	9/23/2025	\$ 250,000
Montana State University	Intent to Sole Source-Ask Sage	10/24/2025	\$ 277,000
MSU MILTECH	Intent to Sole Source-Maui Imaging	10/28/2025	\$ 300,000
MSU TECH-LINK	Intent to Sole Source-Patsnap Innovation Intelligence Platform	11/14/2025	\$ 1,175,000
MSU TECH-LINK	Intent to Sole Source-Tradespace IP Plateform Enterprise	11/14/2025	\$ 720,000
UM IFB	Tree Obstruction Removals at McChord Airfield at Joint Base Lewis-McChord	10/3/2025	\$ 250,000
UM IFB	Implementation, Licensing, Hosting for CMMC Level 2 Compliance Program	10/31/2025	\$ 200,000
University of Montana	Intent to Sole Source College Board	8/21/2025	\$ 700,000
University of Montana	University of Montana Events Ticketing Partner	11/19/2025	\$ 2,000,000
UM RFP	Commercial Printing Services for the University of Montana	11/10/2025	\$ 250,000