### Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

| Program Biennium Comparison<br>Budget Item | Appropriated Budget 20-21 | Requested Budget 22-23 | Biennium Change | Biennium % Change |
|---|---|---|---|---|
| Personal Services | 252,969 | 577,236 | 324,267 | 128.18 % |
| Operating Expenses | 771,204 | 990,836 | 219,632 | 28.48 % |
| Local Assistance | 315,000 | 327,000 | 12,000 | 3.81 % |
| Grants | 21,925,553 | 25,348,592 | 3,423,039 | 15.61 % |
| **Total Expenditures** | **$23,264,726** | **$27,243,664** | **$3,978,938** | **17.10 %** |
| General Fund | 22,522,364 | 26,582,040 | 4,059,676 | 18.03 % |
| State/Other Special Rev. Funds | 742,362 | 661,624 | (80,738) | (10.88)% |
| **Total Funds** | **$23,264,726** | **$27,243,664** | **$3,978,938** | **17.10 %** |
| **Total Ongoing** | **$21,264,726** | **$27,243,664** | **$5,978,938** | **28.12 %** |
| **Total OTO** | **$2,000,000** | **$0** | **($2,000,000)** | **(100.00)%** |

### Program Description

All student grant funding is included in the Student Assistance Program (SAP). 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.

### Program Highlights

**Student Assistance Program**
**Major Budget Highlights**

- The Student Assistance Program's 2023 biennium proposed ongoing appropriations are approximately $6.0 million or 28.1% higher than the 2021 biennium
- The executive proposes increasing ongoing general fund by $2.3 million each fiscal year. This proposal includes $2.0 million for resident student financial aid and $300,000 for managing the professional student exchange and student financial assistance programs
- The present law adjustment requested for the professional student exchange program includes ongoing general fund appropriations of $245,000 and 10 slots starting in FY 2023 for the Idaho College of Medicine (ICOM)

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

| Program Actuals and Budget Comparison Budget Item | Actuals Fiscal 2020 | Approp. Fiscal 2020 | Approp. Fiscal 2021 | Request Fiscal 2022 | Request Fiscal 2023 |
|---|---|---|---|---|---|
| FTE | 0.00 | 1.50 | 1.50 | 3.00 | 3.00 |
| Personal Services | 80,030 | 126,008 | 126,961 | 288,516 | 288,720 |
| Operating Expenses | 263,346 | 500,607 | 270,597 | 491,612 | 499,224 |
| Local Assistance | 156,000 | 156,000 | 159,000 | 162,000 | 165,000 |
| Grants | 10,505,569 | 10,652,619 | 11,272,934 | 12,371,646 | 12,976,946 |
| **Total Expenditures** | **$11,004,945** | **$11,435,234** | **$11,829,492** | **$13,313,774** | **$13,929,890** |
| General Fund | 10,688,123 | 11,063,997 | 11,458,367 | 12,982,983 | 13,599,057 |
| State/Other Special Rev. Funds | 316,822 | 371,237 | 371,125 | 330,791 | 330,833 |
| **Total Funds** | **$11,004,945** | **$11,435,234** | **$11,829,492** | **$13,313,774** | **$13,929,890** |
| **Total Ongoing** | **$10,163,195** | **$10,535,234** | **$10,729,492** | **$13,313,774** | **$13,929,890** |
| **Total OTO** | **$841,750** | **$900,000** | **$1,100,000** | **$0** | **$0** |

**Program Discussion** -

*FY 2020 Appropriation Compared to FY 2020 Actual Expenditures*

The Student Assistance Program is funded in HB 2 with general fund and state special revenue. The HB 2 modified budget of $11.4 million was 96.2% expended as of the end of FY 2020. There was a lower percentage expended in operating expenses.

Operating expenses appropriations of $501,000 were 52.6% expended as of the end of the fiscal year. The lower percentage expended is primarily due to the timing of expenses for a new software system for the Western Interstate Commission for Higher Education (WICHE) program. The Commissioner of Higher Education allocated $230,000 general fund to this project and had not expended any of this funding by the end of FY 2020. This is a biennial appropriation and is anticipated to be expended by the end of FY 2021.

*FY 2020 Appropriations Compared to FY 2021 Appropriations*

Overall, the FY 2021 appropriation is approximately $394,000 or 3.4% higher than the FY 2020 appropriation. There are significant differences in operating expenses and grants.

The difference between the FY 2020 and FY 2021 appropriations for operating expenses is because the Student Assistance Program transferred $230,000 from grants to operating expenses in FY 2020. This transfer was made to purchase and implement a new software system. WICHE is requiring the use of a new software platform for the administration, management, tracking, and reporting of professional student exchange programs.

There are primarily two reasons for the difference in grants. The legislature approved a present law adjustment for the WICHE, WWAMI, and MN Dental program that was $193,000 greater in FY 2021. Additionally, the legislature approved an appropriation that was $200,000 greater in FY 2021 for financial assistance that was need based and for returning adult learners.

*Executive Request*

The Student Assistance Program is requesting an increase of approximately $2.6 million in FY 2022 and $3.2 million in FY 2023 above the FY 2021 base appropriations. This increase is primarily due to a new proposal for ongoing general fund of $2.3 million each year for resident student financial aid. This request includes $2.0 million each year for the MT access scholarship program. The request also includes approximately $300,000 each fiscal year for personal services and operating expenses for administering the professional student exchange and student financial assistance programs.

**LFD COMMENT**

The 2019 Legislature approved $2.0 million one-time-only general fund for need-based aid and scholarships for returning adult learners. Distribution was contingent on a 1:1 match from private donors. The Office of the Commissioner of Higher Education created the MT access scholarship program. During the 2019 through 2020 school year there were 1,685 scholarships awarded, totaling approximately $1.6 million (note: this data does not include Flathead Valley Community College). As part of the requirements of SB 60, the Office of the Commission of Higher Education provided a report to the Education Interim Committee on resident student financial aid. This report included information on the MT access scholarships and can be accessed here: https://mus.edu/data/dashboards/sb60.html.

Other increases are related to present law adjustments for the WICHE, WWAMI, MN Dental, WIMU support fees for professional programs offered to Montana residents. It also includes maintenance costs for a new software application required by WICHE/WWAMI and funding for the Idaho College of Medicine expansion.

### Program Personal Services

Personal services are $127,000 or 1.1% of total FY 2021 appropriations. The executive proposes a statewide present law increase of approximately $44,000 in each fiscal year. The table below shows the total adjustments for each personal services category.

Figure 5

| Commissioner of Higher Education<br>Student Assistance Program<br>FY 2022 Statewide Present Law Adjustment for Personal Services | |
|---|---|
| Expected Changes | $ 629 |
| Management Decisions | 43,003 |
| Budget Modifications | - |
| Total Present Law Adjustment | $ 43,632 |

Management decisions comprise the majority of the changes in the statewide present law adjustment for personal services. This increase is due to adjustments for promotions and retention.

**LFD COMMENT**

Fund Switches are New Proposals

The requested statewide present law adjustment for personal services includes a fund switch that should be considered as a new proposal.

The Student Assistance Program had funding of $126,000 for 1.50 FTE in FY 2020. The general fund allocated to 1.00 FTE totaled approximately $25,000 and was 104.6% expended. State special revenue allocated to 0.50 FTE totaled approximately $101,000 and was 53.1% expended. Additionally, Guaranteed Student Loan (GSL) Program staff have been augmenting SAP staff completing student assistance work, but this cost has been absorbed by the GSL program and not reflected in the SAP amounts.

FY 2021 base appropriations for personal services consisted of 20.8% general fund and 79.2% state special revenue. The requested statewide present law adjustment for personal services increases general fund by $84,000 each fiscal year and decreases state special revenue funding by $40,000 each fiscal year. If the statewide present law adjustment was funded with the same allocation as the personal services base budget, the general fund appropriations would increase $9,000 each fiscal year and state special revenue appropriations would increase approximately $35,000 each fiscal year.

This requested adjustment results in an additional $75,000 general fund appropriation increase each fiscal year of the 2023 biennium.

According to OCHE, the funding allocated to FTE in the program has not been correct and the statewide present law adjustment for personal services is fixing the funding for personal services. Additionally, there is a new proposal to move 1.50 FTE from the GSL Program to the Student Assistance Program.

Figure 6

Commissioner of Higher Education
Student Assistance Program
Statewide Present Law Adjustment (SWPL) for Personal Services
Funding Analysis

| | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|
| Personal Services Base Appropriations | | | |
| General Fund | 26,433 | | |
| State Special Revenue | 100,528 | | |
| Total | 126,961 | | |
| | | | |
| SWPL Adjustment - Personal Services | | 43,632 | 43,757 |
| | | | |
| SWPL Adjustment - Base Allocation | | | |
| General Fund | | 9,084 | 9,110 |
| State Special Revenue | | 34,548 | 34,647 |
| Total | | 43,632 | 43,757 |
| | | | |
| SWPL Adjustment - Requested Allocation | | | |
| General Fund | | 83,966 | 84,049 |
| State Special Revenue | | (40,334) | (40,292) |
| Total | | 43,632 | 43,757 |
| | | | |
| Difference | | | |
| General Fund | | 74,881 | 74,939 |
| State Special Revenue | | (74,881) | (74,939) |

## Funding

The following table shows proposed program funding by source 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 | 26,582,040 | 0 | 0 | 0 | 26,582,040 | 81.29 % |
| | | | | | | |
| 02846 Family Ed Savings Admin Fee | 661,624 | 0 | 0 | 0 | 661,624 | 10.81 % |
| 02943 Rural Physicians Account | 0 | 0 | 0 | 3,334,000 | 3,334,000 | 54.49 % |
| 02027 STEM Scholarships | 0 | 0 | 0 | 2,122,835 | 2,122,835 | 34.70 % |
| **State Special Total** | **$661,624** | **$0** | **$0** | **$5,456,835** | **$6,118,459** | **18.71 %** |
| | | | | | | |
| **Federal Special Total** | **$0** | **$0** | **$0** | **$0** | **$0** | **0.00 %** |
| | | | | | | |
| **Proprietary Total** | **$0** | **$0** | **$0** | **$0** | **$0** | **0.00 %** |
| | | | | | | |
| **Total All Funds** | **$27,243,664** | **$0** | **$0** | **$5,456,835** | **$32,700,499** | |

*HB 2 Appropriations*

The Student Assistance Program is funded primarily with general fund in HB 2. State special revenue is also included in HB 2 to administer the college savings program.

The figure below summarizes the proposed budgets for the student assistance programs for the 2023 biennium.

| Commissioner of Higher Education<br>Student Assistance Program<br>2023 Biennium Executive Budget Across Functional Areas<br>General Fund and State Special Revenue Only | | | | | | |
|---|---|---|---|---|---|---|
| Budget Item | Appropriated FY 2020 | Appropriated FY 2021 | Requested FY 2022 | Requested FY 2023 | Change 21-23 Bien. | % Change 21-23 Bien. |
| GRANTS, LOANS, WK STUDY | | | | | | |
| Supplemental Ed Opportunity Grant | $ 737,160 | $ 737,160 | $ 737,160 | $ 737,160 | $ - | 0.0% |
| Work Study | 815,781 | 815,781 | 815,781 | 815,781 | - | 0.0% |
| Financial Assistance Match | 900,000 | 1,100,000 | 2,000,000 | 2,000,000 | 2,000,000 | 100.0% |
| PROFESSIONAL STUDENT EXCHANGE | | | | | | |
| WICHE | 2,456,091 | 2,447,636 | 2,501,667 | 2,596,058 | 193,998 | 4.0% |
| WWAMI | 4,909,140 | 5,059,710 | 5,183,271 | 5,369,490 | 583,911 | 5.9% |
| MN Dentistry | 133,750 | 164,100 | 168,000 | 229,000 | 99,150 | 33.3% |
| WIMU Veterinary Program | 1,043,340 | 1,064,190 | 1,084,410 | 1,106,100 | 82,980 | 3.9% |
| ICOM | - | - | - | 245,000 | 245,000 | |
| STUDENT LOAN REPAYMENT ASSISTANCE | | | | | | |
| Institutional Nursing Incentive | 43,388 | 43,388 | 43,388 | 43,388 | - | 0.0% |
| ADMINISTRATIVE COSTS | | | | | | |
| Student Assistance Admin | 24,712 | 24,506 | 418,806 | 426,580 | 796,168 | 1617.6% |
| Family Savings Program (SSR) | 371,237 | 371,125 | 330,791 | 330,833 | (80,738) | -10.9% |
| Software Maintenance | - | - | 30,500 | 30,500 | 61,000 | 100.0% |
| TOTAL COSTS | 11,434,599 | 11,827,596 | 13,313,774 | 13,929,890 | 3,981,469 | 17.1% |
| FUNDING | | | | | | |
| General Fund | 11,063,362 | 11,456,471 | 12,982,983 | 13,599,057 | 4,062,207 | 18.0% |
| State Special | 371,237 | 371,125 | 330,791 | 330,833 | (80,738) | -10.9% |
| TOTAL FUNDING | $11,434,599 | $11,827,596 | $13,313,774 | $13,929,890 | $3,981,469 | 17.1% |

Additional details on the professional student exchange program, which outlines the number of students in the pipeline and associated support fees by medical program for the 2023 biennium, can be found in the appendix.

*Statutory Appropriations*

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

- The Montana rural physician 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 Montanan's workforce.

**LFD COMMENT** The 2019 Legislature passed SB 60 which revised laws related to financial aid for resident Montana students. This bill clarified the funding and distribution of science, technology, engineering, math and healthcare scholarships. The statutory appropriation for STEM scholarships will continue to be funded with revenue from lottery proceeds; however, STEM scholarships will be funded with the first dollars before the remaining lottery proceeds are transferred to the general fund. Scholarships will be awarded up to $6,000 over four years of college as long as students continue to meet the criteria set forth in 20-26-616, MCA. During the 2020 through 2021 school year there were 452 scholarships awarded, totaling $448,000 (note: this includes the budgeted amounts for the spring semester). As part of the requirements of SB 60, the Office of the Commission of Higher Education provided a report to the Education Interim Committee on resident student financial aid. This report included information on STEM scholarships and can be accessed here: https://mus.edu/data/dashboards/sb60.html.

### Program Budget Summary by Category

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

Budget Summary by Category

| | General Fund | | | | Total Funds | | | |
|---|---|---|---|---|---|---|---|---|
| Budget Item | Budget Fiscal 2022 | Budget Fiscal 2023 | Biennium Fiscal 22-23 | Percent of Budget | Budget Fiscal 2022 | Budget Fiscal 2023 | Biennium Fiscal 22-23 | Percent of Budget |
| 2021 Base Budget | 10,358,367 | 10,358,367 | 20,716,734 | 77.94 % | 10,729,492 | 10,729,492 | 21,458,984 | 78.77 % |
| SWPL Adjustments | 83,981 | 84,056 | 168,037 | 0.63 % | 43,647 | 43,764 | 87,411 | 0.32 % |
| PL Adjustments | 232,212 | 840,512 | 1,072,724 | 4.04 % | 232,212 | 840,512 | 1,072,724 | 3.94 % |
| New Proposals | 2,308,423 | 2,316,122 | 4,624,545 | 17.40 % | 2,308,423 | 2,316,122 | 4,624,545 | 16.97 % |
| **Total Budget** | **$12,982,983** | **$13,599,057** | **$26,582,040** | | **$13,313,774** | **$13,929,890** | **$27,243,664** | |

### 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 2022 | | | | | Fiscal 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 83,966 | (40,334) | 0 | 43,632 | 0.00 | 84,049 | (40,292) | 0 | 43,757 |
| DP 2 - Fixed Costs | 0.00 | 15 | 0 | 0 | 15 | 0.00 | 7 | 0 | 0 | 7 |
| DP 201 - Professional Student Exchange Program | 0.00 | 232,212 | 0 | 0 | 232,212 | 0.00 | 840,512 | 0 | 0 | 840,512 |
| **Grand Total All Present Law Adjustments** | **0.00** | **$316,193** | **($40,334)** | **$0** | **$275,859** | **0.00** | **$924,568** | **($40,292)** | **$0** | **$884,276** |

*"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:

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

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

DP 201 - Professional Student Exchange Program -

The executive requests increases in general fund appropriations for present law adjustments associated with support for first year and continuing student slots and an anticipated increase in tuition levels for the WICHE, WWAMI, MN Dental, and WIMU professional student exchange programs. It also includes maintenance costs for a new software application required by WICHE/WWAMI and funding for the Idaho College of Medicine expansion.

**LFD COMMENT** 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.” Due to accreditation and when students are able to start, the adjustment for ICOM starts in FY 2023. This present law adjustment includes funding for 10 slots at a rate of $24,500 per student.

**New Proposals**

The New Proposals table shows new changes to spending

| New Proposals | Fiscal 2022 | | | | | Fiscal 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 202 - Resident Student Financial Aid | 1.50 | 2,308,423 | 0 | 0 | 2,308,423 | 1.50 | 2,316,122 | 0 | 0 | 2,316,122 |
| **Total** | **1.50** | **$2,308,423** | **$0** | **$0** | **$2,308,423** | **1.50** | **$2,316,122** | **$0** | **$0** | **$2,316,122** |

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

DP 202 - Resident Student Financial Aid -

The executive is requesting increases in general fund appropriations for ongoing funding for the MT access scholarship program and funding to support the operations and personnel in the Student Assistance Program. The MT access scholarship program includes a 1:1 match from private donors.

**LFD COMMENT** The Guaranteed Student Loan (GSL) program has supported the efforts of the Student Assistance Program. According to OCHE, the GSL Program is no longer a viable solution of funding for the operations of the Student Assistance Program. The executive is requesting approximately $308,000 in FY 2022 and

$316,000 in FY 2023 and a transfer of 1.50 FTE from the GSL Program to the Student Assistance Program. This would provide the operating funding and staff to manage the professional student exchange and student financial assistance programs that have previously been funded by the Guaranteed Student Loan Program.