

September 27-29, 2006

**ITEM 132-109-R0906 OPERATING BUDGETS – FY 2007
Montana University System**

THAT:

The operating budgets of all fund groups for the institutions and agencies of the Montana University System for the fiscal year commencing July 1, 2006, as submitted by each of the units, recommended by the Commissioner of Higher Education, and summarized on the following budget schedules, are hereby authorized.

In order to allow flexibility as authorized by the Legislature in HB2, the Board of Regents authorizes the Commissioner of Higher Education or her designee to approve transfers between programs from the approved operating budgets or movement of authority between fiscal years.

The Commissioner of Higher Education or her designee shall be authorized to approve budget amendments relating to Federal funds and to other funds appropriated by reference in H.B. 2 such as, but not limited to, federal funds, restricted funds, designated funds, auxiliary enterprise funds, loan funds, and plant funds not specifically limited by the Long Range Building Program appropriation acts or Regent policies.

EXPLANATION:

Approval of these operating budgets is required by 17-7-138(2), M.C.A. which states: "The expenditure of money appropriated in the general appropriations act to the board of regents, on behalf of the university system units, as defined in 17-7-102, is contingent upon approval of a comprehensive operating budget by October 1 of each fiscal year." The approving authority for the university system is defined by 17-7-102(3)(f), M.C.A. to be the Board of Regents of Higher Education or its designated representative.

**MONTANA UNIVERSITY SYSTEM
OPERATING BUDGET SCHEDULES**

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**MONTANA UNIVERSITY SYSTEM
OPERATING BUDGETS**

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**MONTANA UNIVERSITY SYSTEM
OPERATING BUDGETS**

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MONTANA UNIVERSITY SYSTEM
ENROLLMENT DATA

	FY 2004 Actual	FY 2005 Actual	FY2006 Actual	FY 2007 Projected	FY06 - FY07 Change in #	FY06 - FY07 Change in %
MUS Resident FTE	26828	26321	26424	26756	332	1.26%
MUS WUE FTE	1448	1434	1602	1628	26	1.62%
MUS Non-Resident FTE	4907	5007	5065	5156	91	1.80%
MUS Subtotal	33183	32762	33091	33540	449	1.36%
CC Resident FTE	2486	2362	2216	2217	1	0.05%
CC Non-Resident FTE	116	133	114	112	-2	-1.75%
CC Subtotal	2602	2495	2330	2329	-1	-0.04%
Total FTE	35785	35257	35421	35869	448	1.26%

MONTANA UNIVERSITY SYSTEM
STATE GENERAL FUND ALLOCATIONS
FISCAL YEAR 2007

PROGRAM	Budgeted FY 2007
Administration	\$2,336,676
Student Assistance	10,436,704
Community Colleges	8,701,716
Minority Achievemant	82,192
Workforce Development	102,584
Educational Units and Agencies	136,948,318
Tribal College Assistance	1,420,003
Board of Regents	60,570
Total State General Fund	\$160,088,763

MONTANA UNIVERSITY SYSTEM
 COMPARATIVE SCHEDULES OF BUDGETARY INCREASES BY AGENCY
 CURRENT UNRESTRICTED OPERATING FUNDS
 FISCAL YEARS 2006-2007

Agency	Actual FY 2006	Budgeted FY 2007	Dollar Change Actual 2006 to Budgeted 2007	Percent Change Actual 2006 to Budgeted 2007
Montana State University:				
MSU - Bozeman	\$110,368,844	\$118,621,775	\$8,252,931	7%
MSU - Billings	\$33,319,173	\$35,352,411	2,033,238	6%
MSU - Northern	\$12,347,474	\$12,539,819	192,345	2%
MSU - College of Technology, Great Falls	\$7,992,732	\$8,938,931	946,199	12%
Agricultural Experiment Station	\$13,989,663	\$14,526,514	536,851	4%
Extension Service	\$7,367,645	\$7,985,593	617,948	8%
Fire Services Training School	\$597,389	\$623,983	26,594	4%
Montana State University Subtotal	\$185,982,920	\$198,589,026	\$12,606,106	7%
The University of Montana:				
UM - Missoula	\$112,362,812	\$119,715,894	\$7,353,082	7%
Montana Tech of the UM	\$20,201,351	\$21,330,886	1,129,535	6%
UM - Western	\$9,331,868	\$10,187,751	855,883	9%
UM - Helena College of Technology	\$4,995,528	\$5,047,007	51,479	1%
Bureau of Mines	\$2,505,316	\$2,577,230	71,914	3%
Forestry Conservation and Experiment Station	\$993,687	\$1,025,793	32,106	3%
University of Montana Subtotal	\$150,390,562	\$159,884,561	\$9,493,999	6%
Commissioner of Higher Education:				
Administration	\$1,834,278	\$2,127,486	\$293,208	16%
Student Assistance	\$9,436,977	\$10,436,704	\$999,727	11%
Minority Achievement	\$82,685	\$82,192	(\$493)	-1%
Carl Perkins Administration	\$91,092	\$102,584	\$11,492	13%
Dental School Feasibility Study HB522	\$5,000	\$5,000	\$0	0%
Board of Regents Administration	\$28,400	\$60,570	\$32,170	113%
Distance Learning/Regents Priorities	\$90,810	\$209,190	\$118,380	130%
Commissioner of Higher Education Subtotal	\$11,569,242	\$13,023,726	\$1,454,484	13%
TOTAL SYSTEM	\$347,942,724	\$371,497,313	\$23,554,589	7%

MONTANA COMMUNITY COLLEGES
 COMPARATIVE SCHEDULES OF BUDGETARY INCREASES BY COMMUNITY COLLEGE
 CURRENT UNRESTRICTED OPERATING FUNDS
 FISCAL YEARS 2006-2007

Community College	Actual FY2006	Budgeted FY2007	Dollar Increase/ (Decrease)	Percent Increase/ (Decrease)
Dawson	\$3,347,454	\$3,472,970	\$125,516	3.7%
Flathead Valley	\$9,621,110	\$10,973,573	1,352,463	14.1%
Miles	\$4,100,712	\$4,585,230	484,518	11.8%
TOTAL	\$17,069,276	\$19,031,773	\$1,962,497	11.5%

**REPORTING METRIC
EXPENDITURES PER STUDENT**

<u>Campus</u>	General Operating Expenditures per FTE Student					<u>Growth Rate</u>
	<u>FY 03 Actual</u>	<u>FY 04 Actual</u>	<u>FY 05 Actual</u>	<u>FY 06 Actual</u>	<u>FY 07 Budget</u>	
University of Montana						
UM - Missoula	\$ 8,067	\$ 8,202	\$ 8,733	\$ 9,369	\$ 9,882	5.2%
UM - MT Tech	8,658	8,924	9,341	10,192	10,415	4.7%
UM - Western	7,810	8,101	8,302	8,561	9,381	4.7%
UM - Helena COT	5,531	5,790	6,177	6,815	6,793	5.3%
Montana State University						
MSU - Bozeman	8,612	9,077	9,692	10,321	11,075	6.5%
MSU - Billings	7,020	7,114	7,568	7,897	8,225	4.0%
MSU - Northern	7,863	8,226	9,123	9,846	9,812	5.7%
MSU - Great Falls COT	5,654	6,121	6,500	6,737	7,033	5.6%

Source: Individual campus reporting metric worksheets for "Expenditures per Student"

MONTANA UNIVERSITY SYSTEM
SUMMARY OF EXPENDITURES BY PROGRAM
CURRENT UNRESTRICTED OPERATING FUNDS
EDUCATIONAL UNITS ONLY
FISCAL YEAR 2007
BUDGETED

Agency	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation & Maintenance of Plant	Scholarships & Fellowships	Total
Montana State University:									
MSU - Bozeman	\$ 59,174,972	\$ 478,041	\$ 955,253	\$ 15,142,863	\$ 7,894,551	\$ 9,407,859	\$ 15,824,934	\$ 9,743,302	\$ 118,621,775
MSU - Billings	17,441,045	158,724	394,243	3,322,886	3,284,861	3,837,851	4,947,317	1,965,484	35,352,411
MSU - Northern	5,398,336	-	-	1,351,932	1,765,255	1,150,622	1,673,674	1,200,000	12,539,819
MSU - College of Tech, Great Falls	4,767,715	-	107,495	1,041,521	725,665	1,301,785	774,750	220,000	8,938,931
Montana State University Subtotal	\$ 86,782,068	\$ 636,765	\$ 1,456,991	\$ 20,859,202	\$ 13,670,332	\$ 15,698,117	\$ 23,220,675	\$ 13,128,786	\$ 175,452,936
The University of Montana:									
UM - Missoula	\$ 61,035,886	\$ 1,116,979	\$ 859,292	\$ 14,735,988	\$ 7,619,901	\$ 11,459,176	\$ 13,599,386	\$ 9,289,286	\$ 119,715,894
Montana Tech of the UM	11,718,304	62,445	-	1,537,833	1,965,408	1,515,022	3,018,850	1,513,024	21,330,886
UM - Western	4,803,100	-	-	936,324	1,291,063	1,284,343	1,110,700	762,221	10,187,751
UM - Helena College of Tech	2,516,917	-	-	668,429	673,994	577,177	519,411	91,079	5,047,007
University of Montana Subtotal	\$ 80,074,207	\$ 1,179,424	\$ 859,292	\$ 17,878,574	\$ 11,550,366	\$ 14,835,718	\$ 18,248,347	\$ 11,655,610	\$ 156,281,538
TOTAL ED UNITS	\$ 166,856,275	\$ 1,816,189	\$ 2,316,283	\$ 38,737,776	\$ 25,220,698	\$ 30,533,835	\$ 41,469,022	\$ 24,784,396	\$ 331,734,474

% OF TOTAL	50.3%	0.5%	0.7%	11.7%	7.6%	9.2%	12.5%	7.5%	100.0%
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MONTANA UNIVERSITY SYSTEM
Office of the Commissioner of Higher Education

2500 Broadway ♦ PO Box 203101 ♦ Helena, Montana 59620-3101 ♦ (406)444-6570 ♦ FAX (406)444-1469

TO: Board of Regents

FROM: Mick Robinson, Associate Commissioner for Fiscal Affairs

DATE: September 19, 2006

RE: FYE 2006 Negative Fund Balances

As required by Board of Regent policy 901.11, Negative Fund Balances, the campuses of the Montana University System have submitted their status reports concerning funds with negative fund balances as of June 30, 2006.

MSU Bozeman's Shakespeare in the Park account was positive on December 31, 2006, as required by the University. Because of the seasonal nature of the Shakespeare in the Parks account, the University requires them to maintain a positive balance by December 31 each year instead of June 30. The Bobcat Athletics program has eliminated the negative fund balance and shows a positive total athletic fund balance of \$181,128 as of June 30, 2006.

MSU Northern reported negative fund balances in four accounts at the end of fiscal year 2005, including the general operating account, deficit clearing account, information technology services, and auxiliaries. The negative balances in the deficit clearing account and information technology services were eliminated during FY06. Negative balances remain in the general operating account (\$145,136) and auxiliaries (\$326,391). The negative balance in the general operating account is expected to be eliminated by the end of FY07. MSU-N plans to reduce the auxiliaries negative balance by \$65,000 each year over the next five years (FY07 – FY11).

UM Missoula has eliminated the negative balance in its athletics program. The original negative balance, identified during FY04, was \$943,443. The athletics fund balance as of June 30, 2006 was a positive \$3,597. The negative balance was eliminated 3 years ahead of the original schedule approved by the Board of Regents.

Montana Tech of the UM reported a negative balance in its SUB/Mill Bldg/Auditorium auxiliary account, of \$28,592, at the end of FY 06, while the auxiliary fund overall was positive. The campus is striving to eliminate the negative fund balance by the end of FY 07.

UM Western reports a plant fund deficit each year caused by the financial statement GAAP entry to accrue bond interest expense at the end of the fiscal year in advance of the bond payment made in the following fiscal year. When bond payments are made in the subsequent year, the liability is eliminated.

UM Helena College of Technology transferred funds from its bookstore operations to the cafeteria account, thereby eliminating the negative fund balance in the cafeteria account. The negative fund balance in the campus community education account increased from \$88,535 to \$126,454 during FY06. A minimum of \$50,000 will be transferred to this fund during FY07. A new staff person has been hired to revitalize this program.

Campus CEOs and CFOs will be available during the meeting to respond to questions on negative fund balances.



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TO: Board of Regents
FROM: Mick Robinson, Associate Commissioner for Fiscal Affairs
DATE: September 19, 2006
RE: FYE 2006 Outstanding Debt

Presented below is a summary of the outstanding debt for the campuses of the Montana University System. The types of debt reported include revenue bond along with other long-term debt. Additional information regarding the uses of the funds and the revenue streams pledged or identified for repayment can be found with the financial schedules for each campus. The campuses of The University of Montana are reported in one summary because the campuses have cross-pledged their revenues under the bond indenture.

	<u>FY05</u>	<u>FY 06</u>
University of Montana Campuses:		
Revenue Bonds	\$ 136,593,000	\$ 152,670,000
Other	<u>7,911,397</u>	<u>7,432,258</u>
Total	\$ 144,504,397	\$ 160,102,258
Montana State University – Bozeman:		
Revenue Bonds	\$ 85,076,720	\$ 106,971,721
Other	<u>4,049,049</u>	<u>3,213,557</u>
Total	\$ 89,125,769	\$ 110,185,278
Montana State University – Billings:		
Revenue Bonds	\$ 14,490,000	\$ 13,735,000
Other	<u>402,859</u>	<u>320,358</u>
Total	\$ 14,892,859	\$ 14,355,358
Montana State University – Northern:		
Revenue Bonds	\$ 1,930,000	\$ 1,685,000
Other	<u>1,599,044</u>	<u>2,877,974</u>
Total	\$ 3,529,044	\$ 4,562,974
Total Montana University System	\$ 252,052,069	\$ 289,205,868

**MONTANA UNIVERSITY SYSTEM
 COMMISSIONER OF HIGHER EDUCATION
 FTE AND OPERATING BUDGET BY PROGRAM
 FISCAL YEAR 2007**

PROGRAM	FTE	BUDGETED EXPENDITURES
Administration	21.90	\$2,558,676
Student Assistance	0.15	10,908,842
Improve Teacher Quality	0.25	373,131
MUS Group Insurance	3.75	65,591,087
Talent Search	18.95	4,780,466
Self-Funded Workers Comp		3,176,035
Work Force Development	6.00	7,979,260
Appropriation Distribution - Other		3,128,765
Tribal College Assistance		1,420,002
GSL	57.20	37,061,298
Board of Regents		60,570
Total	108.20	\$137,038,132
FUNDING		
General Fund		\$17,566,807
State Special Revenue		299,628
Federal Special Revenue		50,403,889
Proprietary		68,767,122
Other/Non-Budgeted		686
Total		\$137,038,132

**BUDGET AMENDMENTS NEEDED FOR FISCAL 2007 -- ADDITIONAL FEDERAL AUTHORITY
OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION**

Program	Program Name	Fund No. and Name	Appropriation No.	Appropriation Name	Existing Appropriation Authority	Required Appropriation Authority	Budget Amendment Amount
06	Talent Search	03806-Talent Search	270HF	Talent Search Bien	\$ 576,214	\$ 587,664	\$ 11,450
06	Talent Search	03042-GearUp (New)	270HG	Gear Up Bien	\$ 2,725,853	\$ 3,448,970	\$ 723,117
06	Talent Search	03958-GearUp	270HG	Gear Up Bien	\$ 216,120	\$ 316,640	\$ 100,520
08	Workforce Development	03215-Carl Perkins	275H1	Perkins Admin	\$ 24,958	\$ 87,316	\$ 62,358
08	Workforce Development	03215-Carl Perkins	275H2	Perkins Grants	\$ 5,737,554	\$ 5,757,946	\$ 20,392
08	Workforce Development	03951-Tech Prep	275H2	Perkins Grants	\$ 521,704	\$ 561,924	\$ 40,220
TOTAL					\$ 9,802,403	\$ 10,760,460	\$ 958,057

BUDGET AMENDMENT CERTIFICATION SEPTEMBER 28, 2006

The federal grants listed in the above table will require additional state spending authority in order to spend carryover funds from FY06 and the current (FFY07) federal award.

The specific additional services to be provided as a result of the expenditures under this budget amendment:

Additional funds will be available for grants from the Office of the Commissioner of Higher Education.

The specific services to be provided under this budget amendment are necessary:

These services are necessary in order to spend federal funds according to the goals and objectives of the federal grants.

There are no reasonable alternatives available to provide the additional services.

These services cannot be provided within the OCHE existing appropriations.

The budget amendment makes no ascertainable present or future significant committment for increased general fund support:

This budget amendment makes no ascertainable present or future significant commitment for increased general fund support.