

FY18 Operating Budget Overview

Montana University System

September 2017

Office of the Commissioner of Higher Education

Operating Budget Overview

TOPICS

❖ System-level Summary

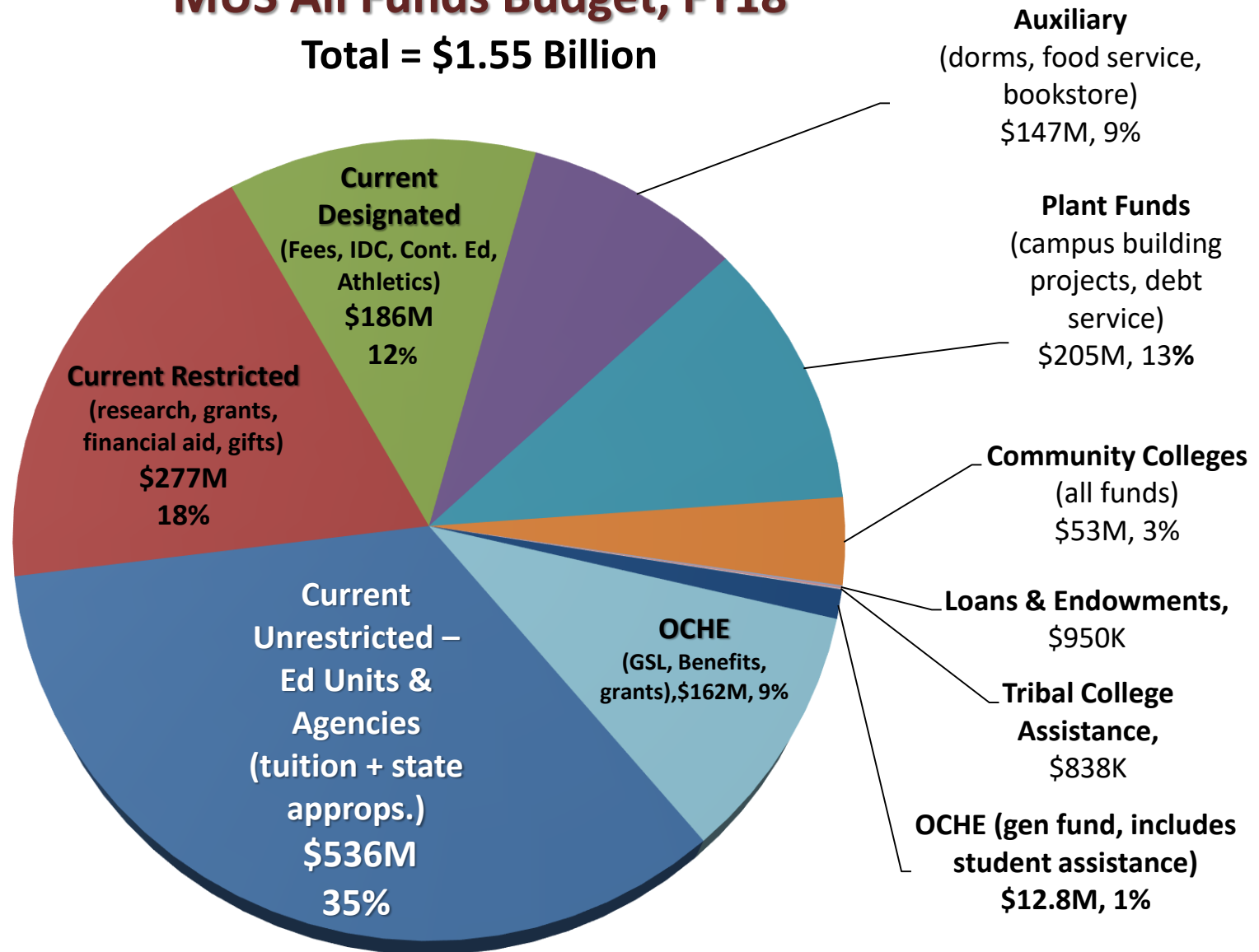
- All Funds Budget
- Budget Update / History & Trends
- Update: Changes since May
- Operating Budget Metrics

❖ Campus-level Analysis

- Use metrics and benchmarks to guide analysis
- Consistent formats using longitudinal data to compare trends

MUS All Funds Budget, FY18

Total = \$1.55 Billion

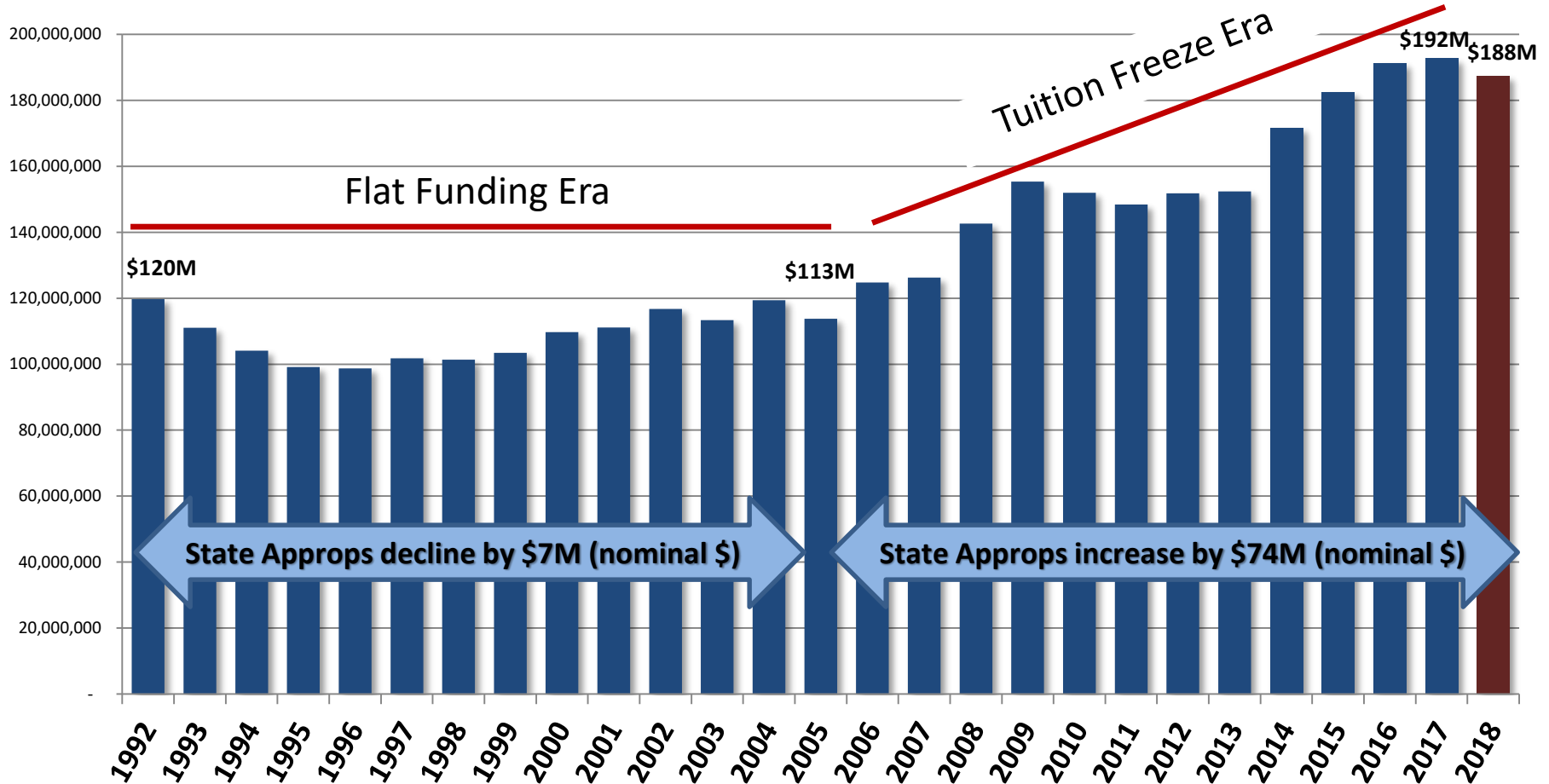


MUS All Funds Budget FY17 Actual vs FY18 Budgeted

	FY 2017	FY 2018	Difference	
	Actual	Budgeted	\$\$	%CHG
MUS Ed Units & Agencies				
Current Unrestricted	538,875,968	535,940,771	-2,935,197	-1%
Current Restricted	268,671,364	277,317,520	8,646,156	3%
Current Designated	180,143,451	186,684,931	6,541,480	4%
Auxiliary Enterprises	144,141,141	146,765,074	2,623,933	2%
Loan & Endowment Funds	990,275	947,740	-42,535	-4%
Plant Funds	156,023,570	205,290,946	49,267,376	32%
Total	1,288,845,769	1,352,946,982	64,101,213	5%
Community Colleges Total	53,241,794	53,169,124	-72,670	0%
Tribal College Assistance	788,315	837,875	49,560	6%
OCHE (general fund) <small>includes student assistance</small>	14,171,171	12,832,796	-1,338,375	-9%
OCHE (GSL, Benefits, grants)	143,257,550	135,783,083	-7,474,467	-5%
TOTAL ALL FUNDS	\$1,500,304,599	1,555,569,860	55,265,261	4%

State Appropriations -- Ed Units Only

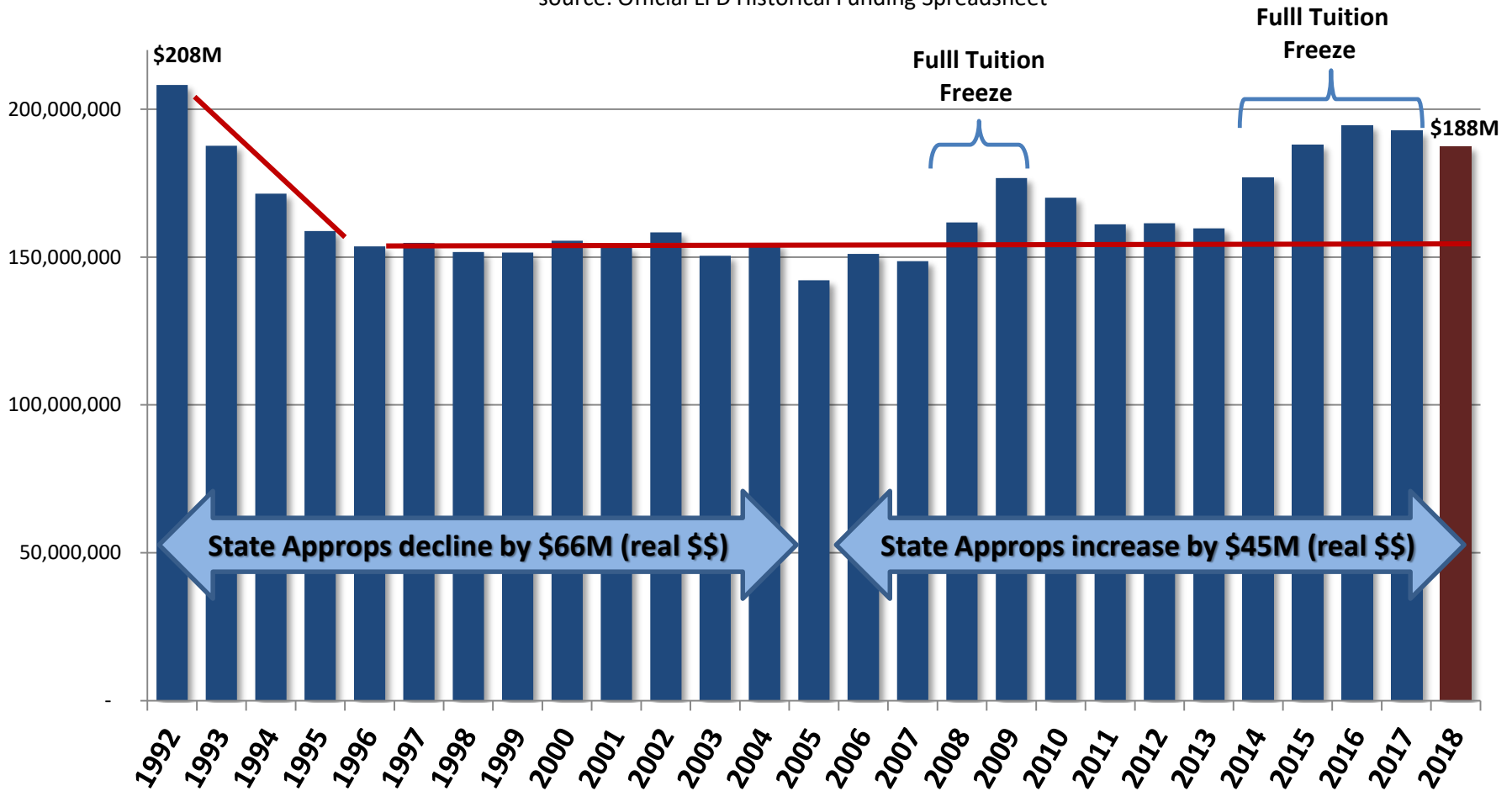
source: Official LFD Historical Funding Spreadsheet
 (does not include OTO funding)



State Appropriations can be split into two periods, Flat Funding Era vs Tuition Freeze Era

State Appropriations -- Ed Units Only (2017 constant dollars)

source: Official LFD Historical Funding Spreadsheet

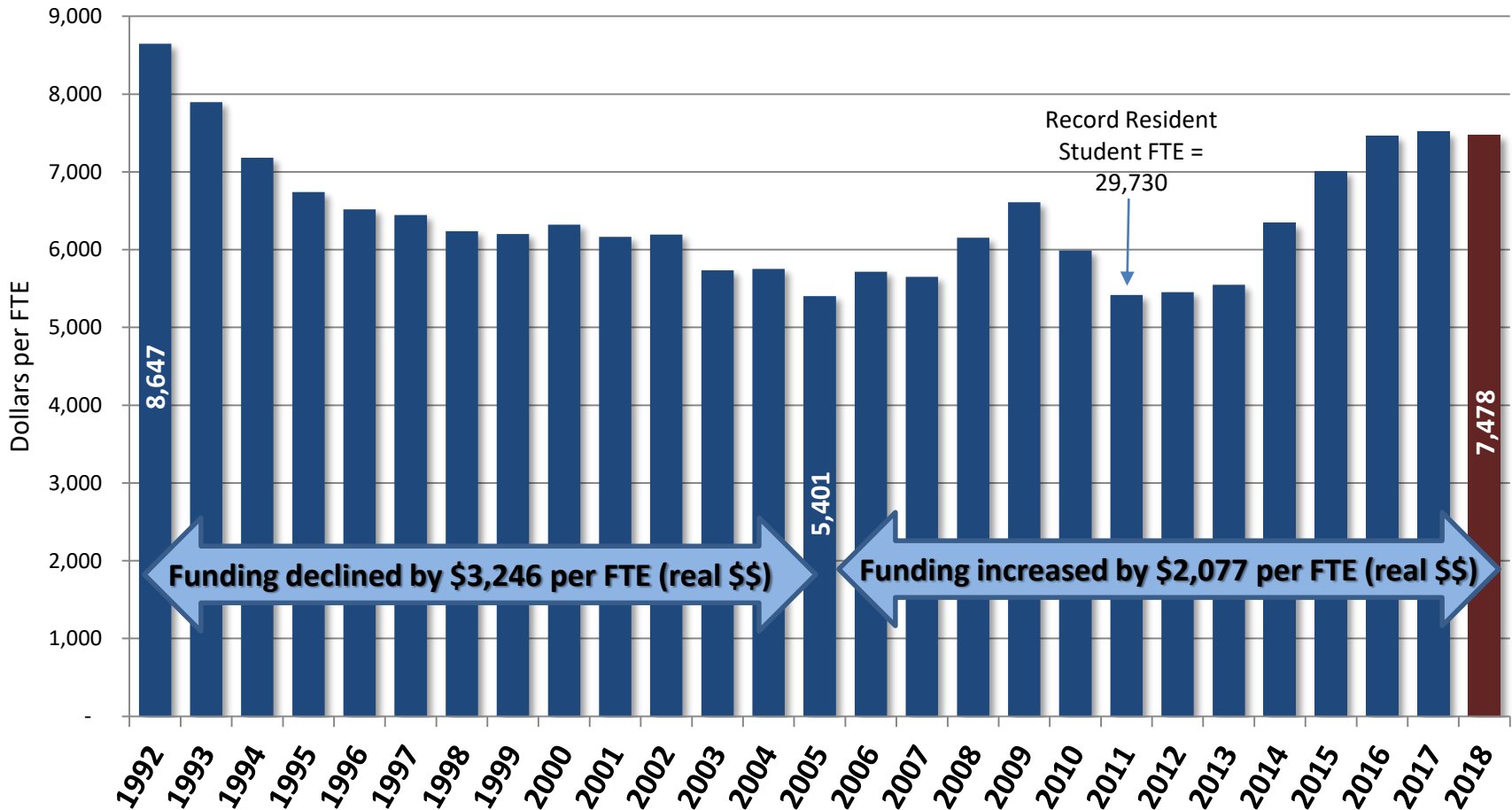


The U-system receives fewer state approps today than it did in 1992. (inflationary adj)

State Appropriations per Resident Student FTE -- Ed Units Only

(2017 constant dollars)

source: Official LFD Historical Funding Spreadsheet & MSU Enrollment Report, calculations done by OCHE

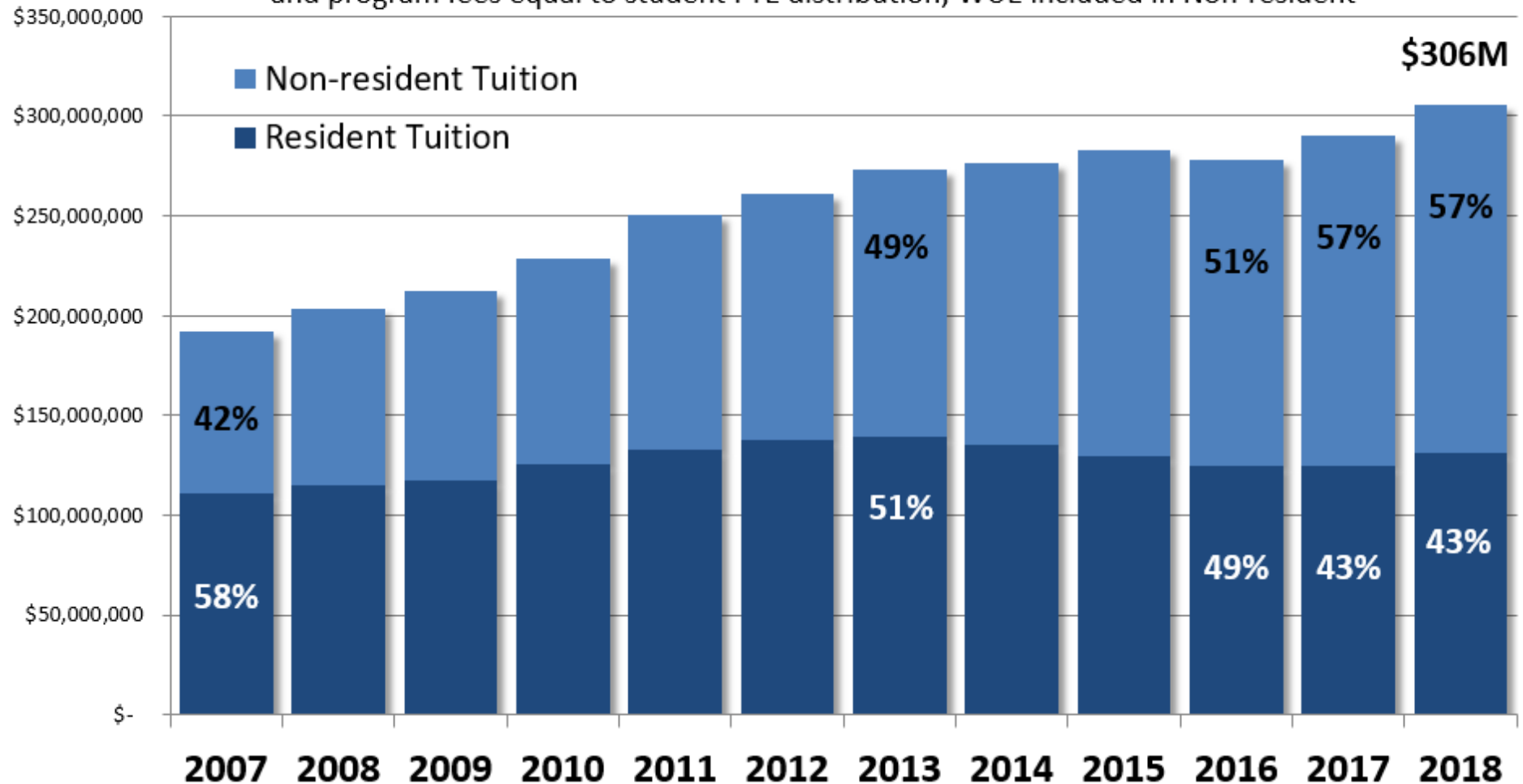


The U-system has come along way toward gaining back funding levels of early 1990's

Tuition Revenue

source: MUS Operating Budget Reports, Bud 300

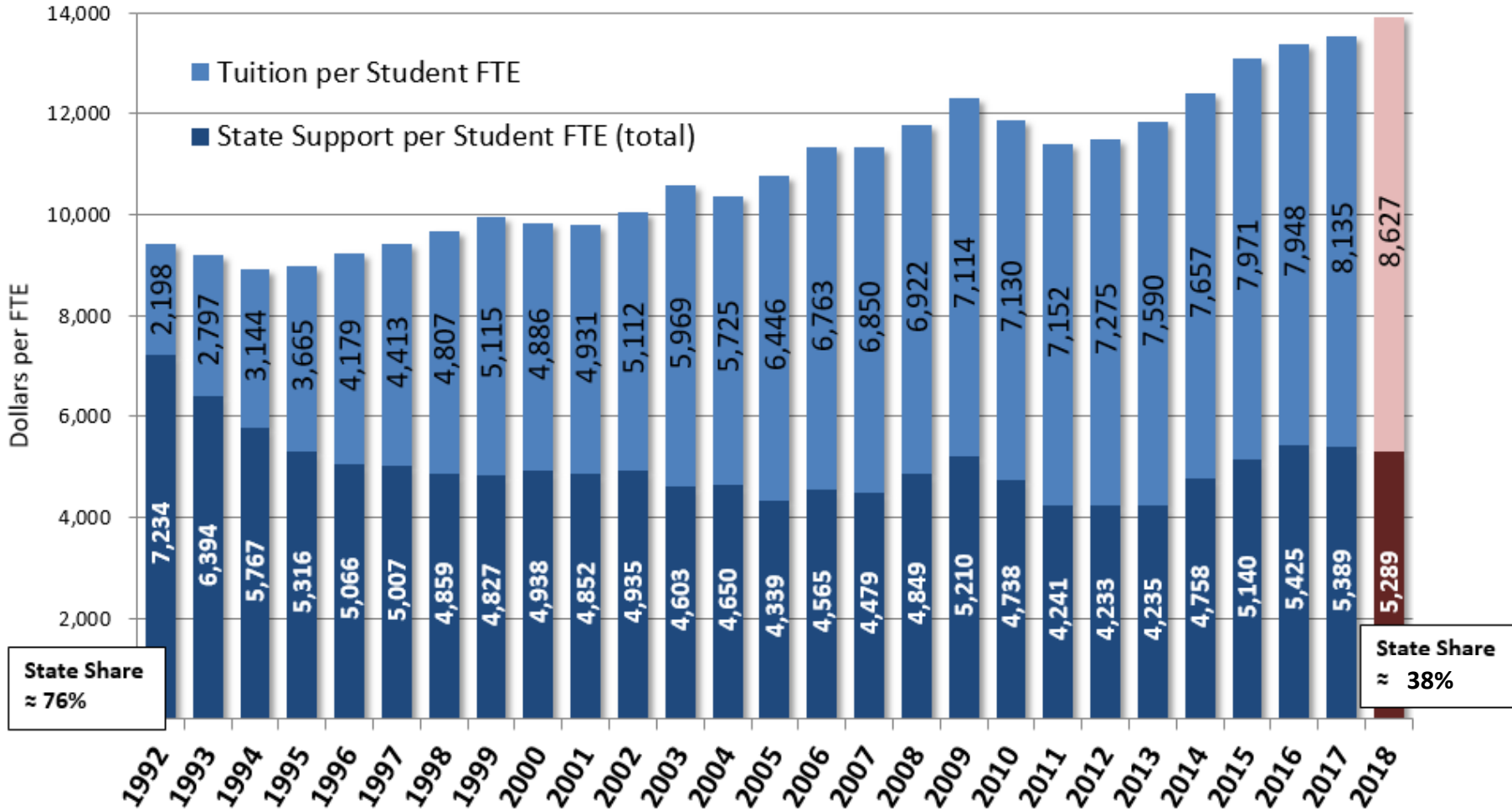
Tuition Revenue = actual gross tuition (i.e. includes waivers) and includes registration/admin , and program fees equal to student FTE distribution; WUE included in Non-resident



Non-resident student tuition revenue has steadily increased over the past 10 years.

Current Unrestricted Funds per Student FTE -- Ed Units Only (2017 constant dollars)

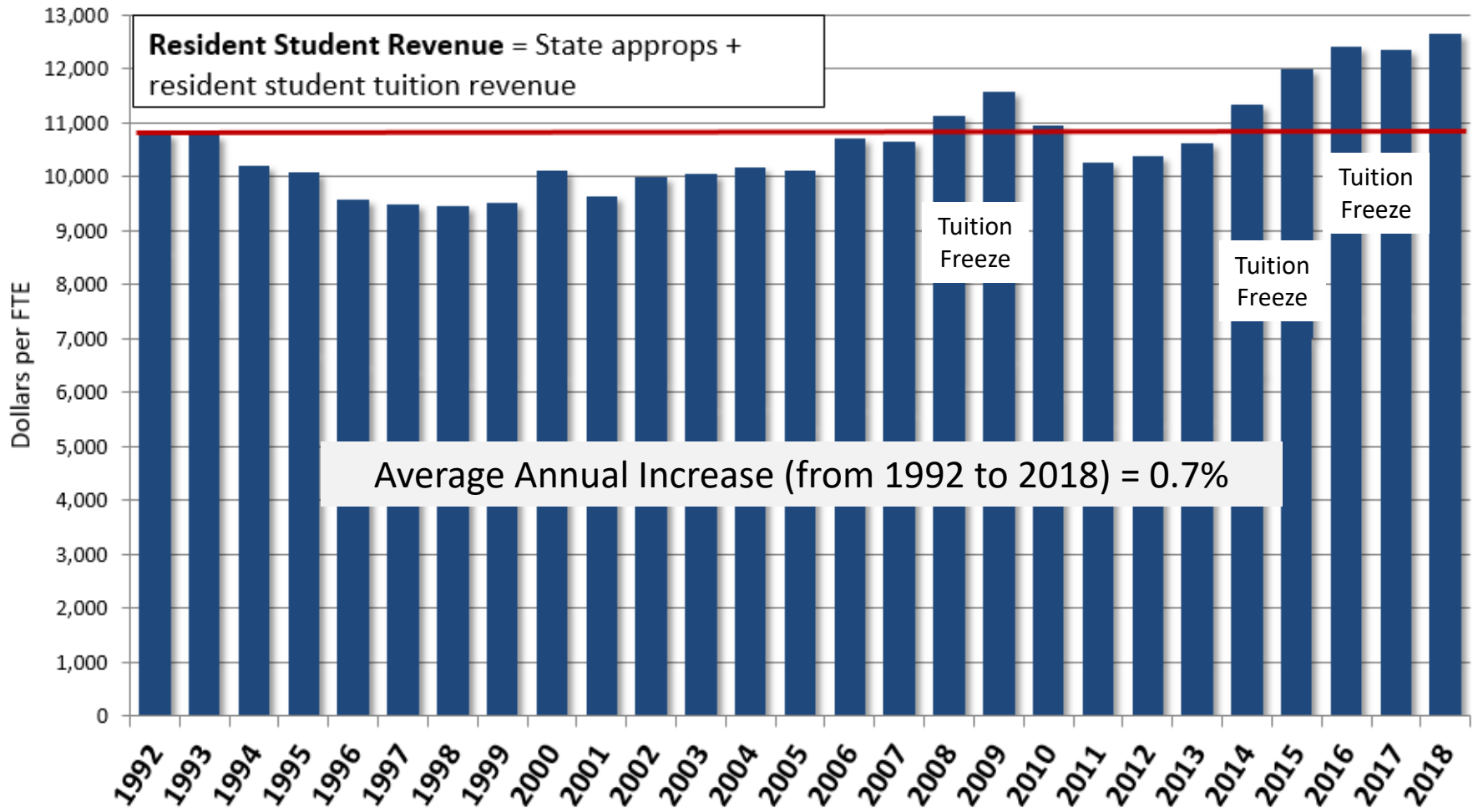
source: Official LFD Historical Funding Spreadsheet & MSU Enrollment Report, calculations done by OCHE



State % Share has dropped from 76% to 38% over past 25 years.

Resident Student Revenue per Resident FTE -- Ed Units (2017 constant dollars)

source: OCHE Historical Finance Records & MUS Enrollment Report, calculations done by OCHE

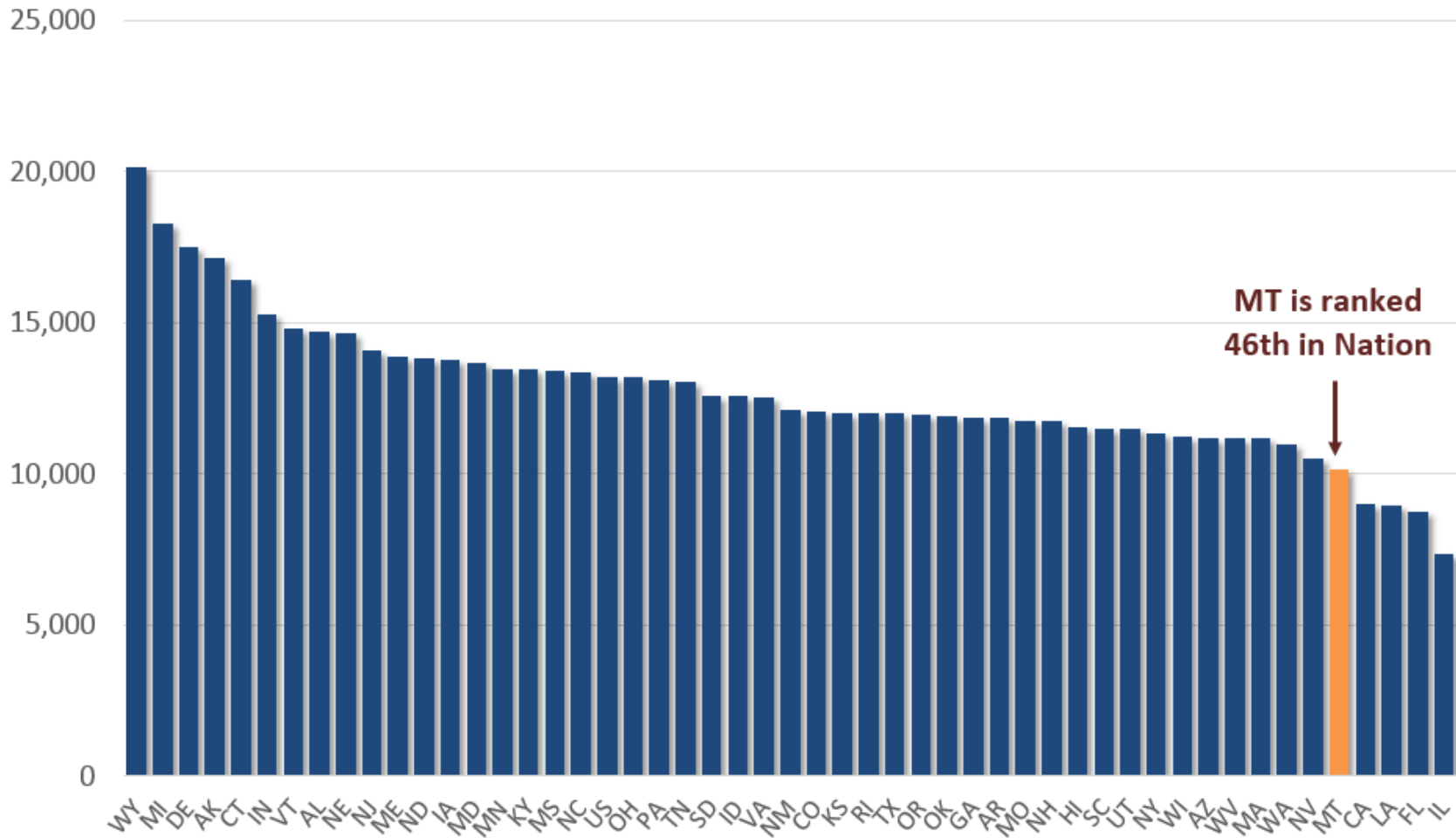


Tuition Revenue = gross tuition (i.e. includes waivers) and includes resident portion of registration/admin fees, program tuition & fees

The cost to educate a resident students has remained relatively flat for 25 years.

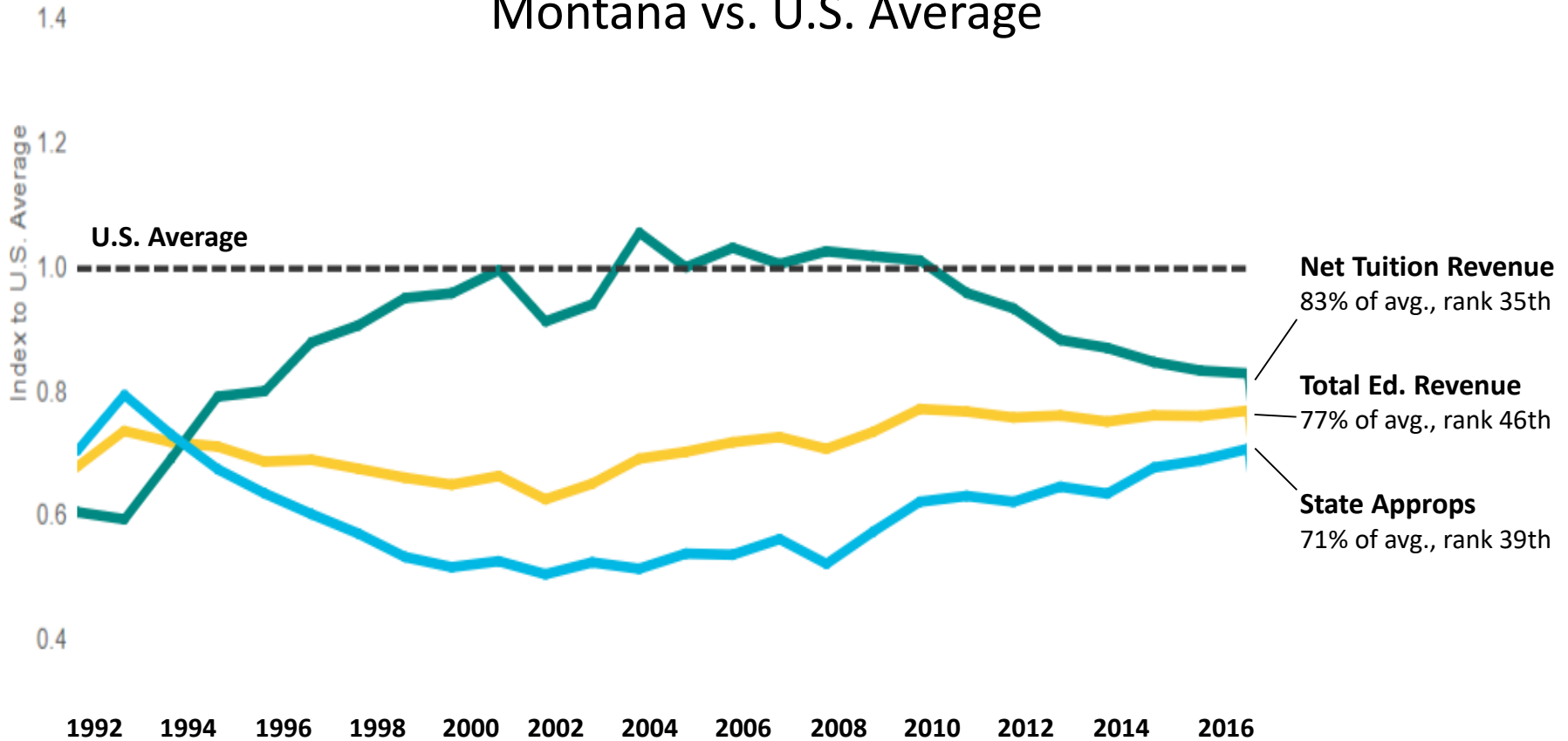
Total Educational Revenue per Student FTE, FY16

Total educational revenue is the sum of public higher education state appropriations and public in-state and out-of-state net tuition. Figures are adjusted for cost of living and enrollment mix differences.



MT ranks nearly last in the nation in the amount of total funding per student.

Funding per Student – State Index Montana vs. U.S. Average



While funding levels have increased since 2005, state approps per student are 71% of Avg.

UPDATE: FY18 Operating Budget – Ed. Units

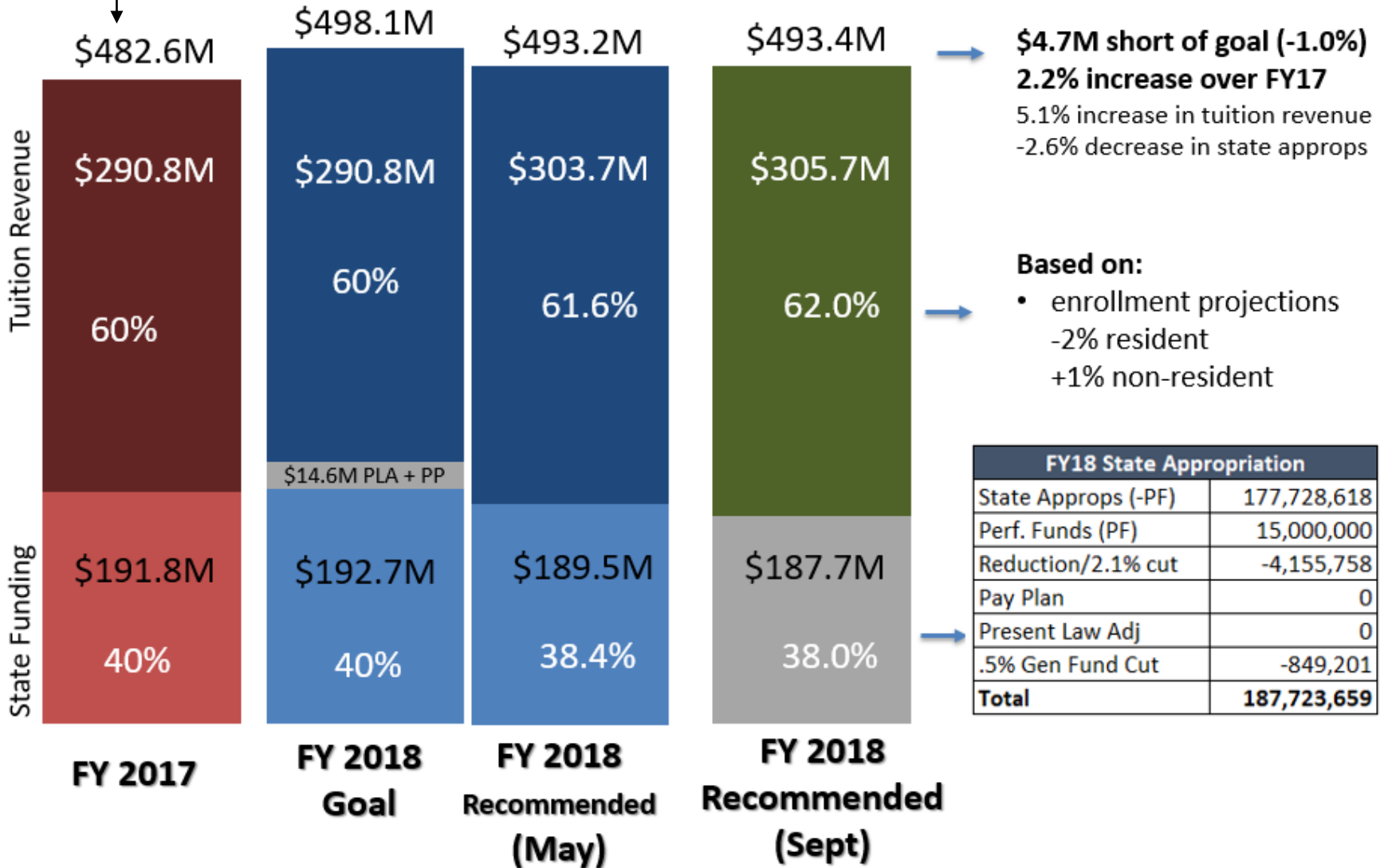
Changes since Biennial Budget Recommendations in May

- FY17 Six-mill Levy Shortfall = \$945,000 absorbed by the Ed. Units
- 0.5% General Fund cut = \$850K
- Pay Plan voided = \$1.3M (total cost of Pay Plan in FY18)
- Tuition Revenue projections improved = \$2M

Statewide revenue triggers require MUS to reduce FY18 budget

6 mill shortfall
\$1M reduction

FY18 Operating Budget – Ed. Units



2.2% increase recommended for FY18 Budget... \$4.7M short of goal

FY18 Operating Budget – Ed. Units

Budget Hole

- \$13.3 Present Law Adjustment (PLA) increases needed **(No Funding)**
 - \$6.2M to annualize 2% pay increases from FY17
 - \$3.4M for statewide fixed cost increases
 - \$1.0M for new space O&M
 - \$2.7M for higher ed. specific fix cost increases, contractual obligations, compliance/safety, termination costs
- \$1.3M Pay Plan **(No Funding)**...*only part of hole if there is a pay plan*
- Plus...\$5M **cut** (2.6% reduction)
- No PLA + No Pay Plan + \$5M cut = \$19.6M **hole**
- Increased tuition revenue is projected to generate approx. \$15M, leaving \$4.7M **hole**

PLA and Pay Plan were not funded, tuition revenue will not completely cover the hole

System-level Summary & Metrics

Revenue

Expenditures

Staffing

Enrollment

Waivers

Montana University System - Ed. Units Only

Current Unrestricted Revenue & Metrics

REVENUE	FY14	FY15	FY16	FY17	FY18	Difference	
						1yr	4yr
					Budgeted*		
State Support	\$169,881,470	\$180,623,722	\$189,286,992	\$191,716,548	\$186,787,936	-2.6%	10.0%
Resident Tuition	\$127,399,942	\$121,957,613	\$118,859,332	\$116,869,766	\$121,828,801	4.2%	-4.4%
Non-res & WUE Tuition	\$138,613,132	\$150,566,810	\$150,214,730	\$162,201,529	\$171,111,377	5.5%	23.4%
Program Tuition & Fees	\$10,195,544	\$10,602,529	\$11,220,248	\$11,772,230	\$12,823,719	8.9%	25.8%
Total Tuition Revenue	\$276,208,618	\$283,126,952	\$280,294,310	\$290,843,525	\$305,763,897	5.1%	10.7%
Total CU Revenue (gross) →	\$446,090,088	\$463,750,674	\$469,581,302	\$482,560,073	\$492,551,833	2.1%	10.4%
Transfers/Other	\$5,331,888	\$6,373,878	\$9,562,495	\$9,732,635	\$9,286,122	-4.6%	74.2%
Special Approps/OTO/MUS-RP	\$6,898,033	\$5,688,948	\$17,056,495	\$2,614,081	\$2,417,455	-7.5%	-65.0%
Total Revenue + Transfers	\$451,421,976	\$470,124,552	\$479,143,797	\$494,906,789	\$504,255,410	1.9%	11.7%
Key Metrics							
State % Share	38.1%	38.9%	40.3%	39.7%	37.9%	-1.8%	-0.2%
State Support per Res FTE	\$6,089	\$6,737	\$7,260	\$7,478	\$7,425	-0.7%	21.9%

*includes reductions for Performance Funding

- **Tuition Revenue – budgeted increase for resident (+4.2%) and non-resident (+5.5%)**
- **State % Share - drops to 5 year low (38%)**
- **State Funds per Resident – drops slightly from FY17, remains 22% higher than FY14, MT ranks 39th, 71% of national average**

Montana University System - Ed. Units Only

Current Unrestricted Expenditures & Metrics

EXPENDITURES	FY14	FY15	FY16	FY17	FY18	Difference	
	Budgeted					1yr	4yr
Instruction	\$218,808,410	\$230,809,393	\$236,459,293	\$243,871,649	\$247,818,861	2%	13%
Academic Support	\$53,343,303	\$56,269,963	\$56,238,622	\$56,367,224	\$56,841,883	1%	7%
Student Services	\$39,916,939	\$41,351,358	\$41,322,005	\$44,116,578	\$43,708,754	-1%	9%
Institutional Support	\$38,569,399	\$41,179,541	\$40,339,154	\$45,626,284	\$43,926,272	-4%	14%
Operation & Maintenance	\$51,290,688	\$51,928,652	\$54,478,877	\$54,672,287	\$55,871,170	2%	9%
Research	\$6,211,786	\$4,667,821	\$2,739,631	\$2,957,829	\$2,754,583	-7%	-56%
Public Service	\$4,102,113	\$4,274,664	\$4,293,893	\$4,240,795	\$4,222,815	0%	3%
Total CU Exp (net of waivers/SA) →	\$412,242,638	\$430,481,392	\$435,871,475	\$451,852,646	\$455,144,338	1%	10%
<i>Waivers/Discounts</i>	\$40,843,478	\$43,688,354	\$42,616,693	\$44,237,242	\$48,364,725	9%	18%
<i>Special Approps/OTO</i>	\$2,600,564	\$3,795,370	\$5,726,621	\$10,270,228	\$746,349	-93%	-71%
Total CU Expenditures	\$455,686,680	\$477,965,116	\$484,214,789	\$506,360,116	\$504,255,412	0%	11%
Key Metrics							
% Instruction Exp	53%	54%	54%	54%	54%	0%	1%
% Instruct/Acad/Stud Ser	76%	76%	77%	76%	77%	0%	1%
Expenditures per Student	\$11,084	\$11,768	\$12,154	\$12,593	\$12,842	2%	16%

(based on Total CU Exp - net of waivers)

- **Instruction – 13% increase over 4 years, comprises 54% of total expenditures** BOR target = 50%
- **% Instruction + Aca Support + Stud Service is consistently over 75%** BOR target = 70%
- **Expenditures per Student – budgeted to increase 2% over last year** MT ranks 46th in nation

Montana University System - Ed. Units Only

Current Unrestricted Faculty/Staff FTE & Metrics

(does not include: graduate teaching/research assistants & part-time/other)

	FY14	FY15	FY16	FY17	FY18 Budgeted	Difference	
						1yr	4yr
STAFFING							
Contract Faculty (all)	1,964	2,018	2,004	2,018	2,090	4%	6%
Contract Administrators	141	141	134	130	112	-14%	-20%
Contract Professionals	616	629	622	613	650	6%	6%
Classified FTE	1,385	1,393	1,353	1,348	1,412	5%	2%
Total Faculty/Staff	4,105	4,182	4,114	4,109	4,264	4%	4%
EXPENDITURES							
Personal Services	334,846,409	348,839,174	347,518,530	360,206,098	370,901,337	3%	11%
Total Expenditures <small>(net waivers)</small>	412,242,638	430,481,392	435,871,475	451,852,646	455,144,338	1%	10%
Key Metrics							
Student to Faculty Ratio	18.9	18.1	17.9	17.8	17.0	-5%	-10%
%Personal Services of Total	81%	81%	80%	80%	81%	2%	0%

(based on Total CU Exp - net of waivers)

- **Student to Faculty Ratio – budgeted for 17 to 1, BOR benchmark = 18 to 1**
- **Personal Services % Share – budgeted for 81%, HECA* benchmark = 75%**

*Higher Education Cost Adjustment, higher education specific inflation index developed by SHEEO

Montana University System - Ed. Units Only

Fiscal Year Student FTE - Average Annual Enrollment

% Change (1-year)

	FY14	FY15	FY16	FY17	FY18	% Change (1-year)	
					Budgeted	17 vs 18	Fall 2017
ENROLLMENT						Projected	YTD*
Resident Undergrad	25,500	24,419	23,731	23,197	22,816	-1.6%	-2.6%
Resident Graduate	2,401	2,393	2,341	2,442	2,342	-4.1%	1.2%
Non-resident Undergrad	6,154	6,496	6,224	6,401	6,496	1.5%	2.8%
WUE	2,246	2,344	2,569	2,693	2,669	-0.9%	-6.9%
Non-resident Graduate	891	928	997	1,149	1,119	-2.6%	1.7%
Student FTE Total	37,192	36,580	35,862	35,882	35,442	-1.2%	-1.5%

*Fall 17 YTD as of 9/11

Reminder: preliminary census enrollment is recorded following the 15th day of class, final enrollment at end-of-term, fiscal year enrollment = ((summer + fall) + spring) / 2

- **1-year Budgeted: -1.2% drop, down of 440 student FTE**
- **Fall 2017 YTD: -1.5% year to date for Fall 2017**
- **4-year: -4.7% drop, down 1,750 student FTE since FY14**

Montana University System - Ed. Units Only

Waivers & Scholarships (source: CHE 104)

	FY14	FY15	FY16	FY17	FY18 Budgeted	Difference	
						1yr	4yr
WAIVERS							
BOR Designated	\$9,649,561	\$10,031,606	\$8,848,003	\$8,697,659	\$9,230,606	6%	-4%
Resident Discretionary	\$6,728,819	\$7,024,032	\$8,115,698	\$7,352,155	\$9,353,756	27%	39%
Non-resident Discretionary	\$22,410,847	\$24,195,706	\$23,638,489	\$25,245,103	\$27,714,375	10%	24%
Scholarships	\$2,099,778	\$2,713,642	\$2,541,400	\$2,537,094	\$2,256,988	-11%	7%
Total Waivers/Scholarships	\$40,889,005	\$43,964,986	\$43,143,590	\$43,832,011	\$48,555,725	11%	19%
Key Metrics							
Waivers per Student FTE	\$1,099	\$1,202	\$1,203	\$1,222	\$1,370	12%	25%
Net Revenue per NR FTE	\$1,424	\$1,169	\$775	\$779	\$1,012	30%	-29%
(net revenue per non-resident FTE minus total net expenditure per student FTE) per BOR Policy 940.13							
Non-Resident Subsidy	\$9,335,313	\$7,542,840	\$3,527,284	\$3,856,054	\$5,812,518	51%	-38%
(non-resident net revenue - average net expenditure per student x the number of non-residents) per BOR Policy 940.13							

- **Waivers per student: 11% budgeted increase, growth of \$149 per student FTE**
- **Net Revenue per Student Benchmark: Yes, meets required levels**
- **Net Revenue Subsidy Benchmark: Yes, meets required levels**

Campus-level Summary & Metrics

MSU Bozeman

MSU Billings

MSU Northern

Great Falls College

UM Missoula

MT Tech

UM Western

Helena College

Dawson CC

Flathead Valley CC

Miles CC