

September 10, 2004

TO: Board of Regents

FROM: Sheila M. Stearns
Commissioner

SUBJECT: ITEM 124-108-R0904 - Executive Summary – MUS Operating Budgets

The operating budgets for the Montana University System, as required by 17-7-138(2) M.C.A., are hereby submitted for your review. Along with this memo I have included budget definitions specific to colleges and universities that may be a helpful reference as you review the proposed operating budgets. Also included with the executive summary are the FY04 Negative Fund Balance Report and the FY04 Bonded Indebtedness Report. To compliment the individual campus budgets, each of the campus CEOs has provided an executive summary that relates the budget to campus and regent priorities. Also included with each campus executive summary are the budget metrics recommended by the Regent's Budget Committee. These metrics include proposed and historical information on enrollments, expenditures per student, expenditure by program, per student funding, staffing ratios, and current year budget changes.

Although we focus primarily on the current unrestricted portion of the MUS budgets, you are asked to review and consider each unit's total budget, including all sources of funds as well as the Community College budgets. The following table reflects the general fund and six-mill levy revenue for Montana's public higher education institutions.

State Support (General Fund and 6-Mill Levy)	FY02 Actual Expenditures	FY03 Actual Expenditures	FY04 Actual Expenditures	FY05 Op Budgets	Biennial \$ Change	Biennial % Change
Educational Units	116,716,557	113,384,240	118,523,857	113,744,232	2,167,292	0.94%
Family Practice Residency	341,200	319,367	319,367	319,366	(21,834)	-3.31%
Distance Learning/Regents Priorities	100,000	-	43,983	358,017	302,000	302.00%
Ag Experiment Station	10,302,324	10,058,274	10,279,958	10,451,174	370,534	1.82%
Extension Service	4,332,336	4,323,864	4,481,715	4,573,827	399,342	4.61%
Fire Services Training School	507,637	454,180	560,535	518,233	116,951	12.16%
Bureau of Mines	1,570,646	1,536,284	1,581,899	1,601,231	76,200	2.45%
Forestry	919,661	902,778	925,839	936,454	39,854	2.19%
Regents and OCHE	1,679,002	2,042,958	1,847,088	1,874,537	(335)	-0.01%
Community Colleges	5,843,089	5,724,430	6,292,234	6,359,773	1,084,488	9.38%
Student Assistance	8,242,605	8,113,828	8,451,220	8,971,964	1,066,751	6.52%
Tribal Colleges	96,500	-	-	96,500	-	0.00%
Total Higher Ed State Support	150,651,557	146,860,203	153,307,695	149,805,308	5,601,243	1.88%

The following table provides actual enrollments and projections for the same time period:

	FY02 Actual	FY03 Actual	FY04 Actual	FY05 Projected	Biennial Change-#	Biennial Change-%
MUS Resident FTE	25,567	26,226	26,828	27,337	2,372	4.6%
MUS WUE FTE	1,305	1,229	1,448	1,536	450	17.8%
MUS Non-resident FTE	5,218	5,218	4,907	4,935	(594)	-5.7%
CC Resident FTE	2,152	2,198	2,486	2,369	505	11.6%
Total Resident FTE	27,719	28,424	29,314	29,706	2,877	5.1%

Although the Montana University System requested a present law adjustment to fund additional resident students in FY04 and FY05, that request was not funded by the 2003 legislature. However, because no funding was provided for resident enrollment growth, there is also no reversion requirement should FY05 actual resident enrollment not meet the FY05 resident enrollment projection.

In addition to the state funds (general fund and six mill levy revenue), the following table is a summary of all funds subject to Regents approval in the operating budgets.

Funds	FY04 Actual Expenditures	FY05 Op Budgets
State Funds Identified Above	153,307,695	149,805,308
Other Current Unrestricted Funds - MUS	157,342,674	180,314,253
Other Current Unrestricted Funds - CC	8,529,644	9,587,071
Restricted Funds - MUS	224,654,650	274,900,580
Restricted Funds - CC	8,383,360	9,713,647
Designated Funds	129,355,406	157,423,489
Auxiliary Enterprise Funds	70,316,098	76,080,965
Loan and Endowment Funds	737,603	884,461
Plant Funds	59,111,613	61,592,587
Total Funds	811,738,743	920,302,361

As part of the FY04 budgets, and in response to questions from the regents, we added a report (XX2) that shows the revenue side of the total MUS enterprise. This report is continued for FY05 and is provided as part of the individual campus budgets. Below is a summary of the XX2 for the entire system.

Source	FY04 Actual Revenue	% of Total	FY05 Op Budgets	% of Total
State Funding	173,967,992	20.78%	164,388,791	18.55%
Student Funding	247,668,578	29.58%	272,791,506	30.79%
Federal Funding	208,163,499	24.86%	230,525,383	26.02%
Other	207,491,247	24.78%	218,359,735	24.64%
Total	837,291,316	100.00%	886,065,415	100.00%

On Wednesday afternoon (September 22nd) at 1:00 p.m. you will hear a short presentation from each of the campus CEOs regarding their FY05 operating budgets. I hope you have the opportunity to review the operating budgets prior to that date. The CEOs and fiscal officers will be available to respond to questions you have at that meeting. If you need further information or have questions prior to that time please contact Pam Joeehler or Rod Sundsted.