



MONTANA UNIVERSITY SYSTEM
Office of the Commissioner of Higher Education

46 N Last Chance Gulch ♦ PO Box 203201 ♦ Helena, Montana 59620-3201
(406)444-6570 ♦ FAX (406)444-1469

TO: Members of the Budget and Audit Oversight Committee

FROM: Mick Robinson
Associate Commissioner for Fiscal Affairs

DATE: February 17, 2006

SUBJECT: Retirement Holdback Distribution

For each year of this biennium, a certain dollar amount was held back from the general fund distribution to each campus. The amount held back related to a potential increase in the employer's retirement contribution rate. The total amount withheld for FY06 was \$804,019 and the anticipated amount for FY07 is \$801,256.

These amounts represent the share of the anticipated retirement rate increase funded with tuition. With the conclusion of the December Special Session, it appears as if any potential increase in employer retirement rates will not take place during the current biennium and campus budgets will not be subject to this particular expenditure increase.

The Office of the Commissioner recommends, with the exception of \$10,000 to fund a related study of the MUS Optional Retirement Program, that the funds be distributed to the campuses in proportion to the amount withheld from each campus. Possible uses by the campuses include:

- Use the funds to replace FY07 Utility Surcharges
- Increase student financial aid
- Transfer to a revolving Reserve account

If the Board of Regents approves the distribution of the funds, campus FY06 spending authority, as shown on the attached spreadsheet, must be increased.

Thank you for your consideration and direction regarding this issue.