

FY21 Operating Budget Overview

Montana University System

September 2020

Office of the Commissioner of Higher Education

Operating Budget Overview

TOPICS

❖ System-level Summary

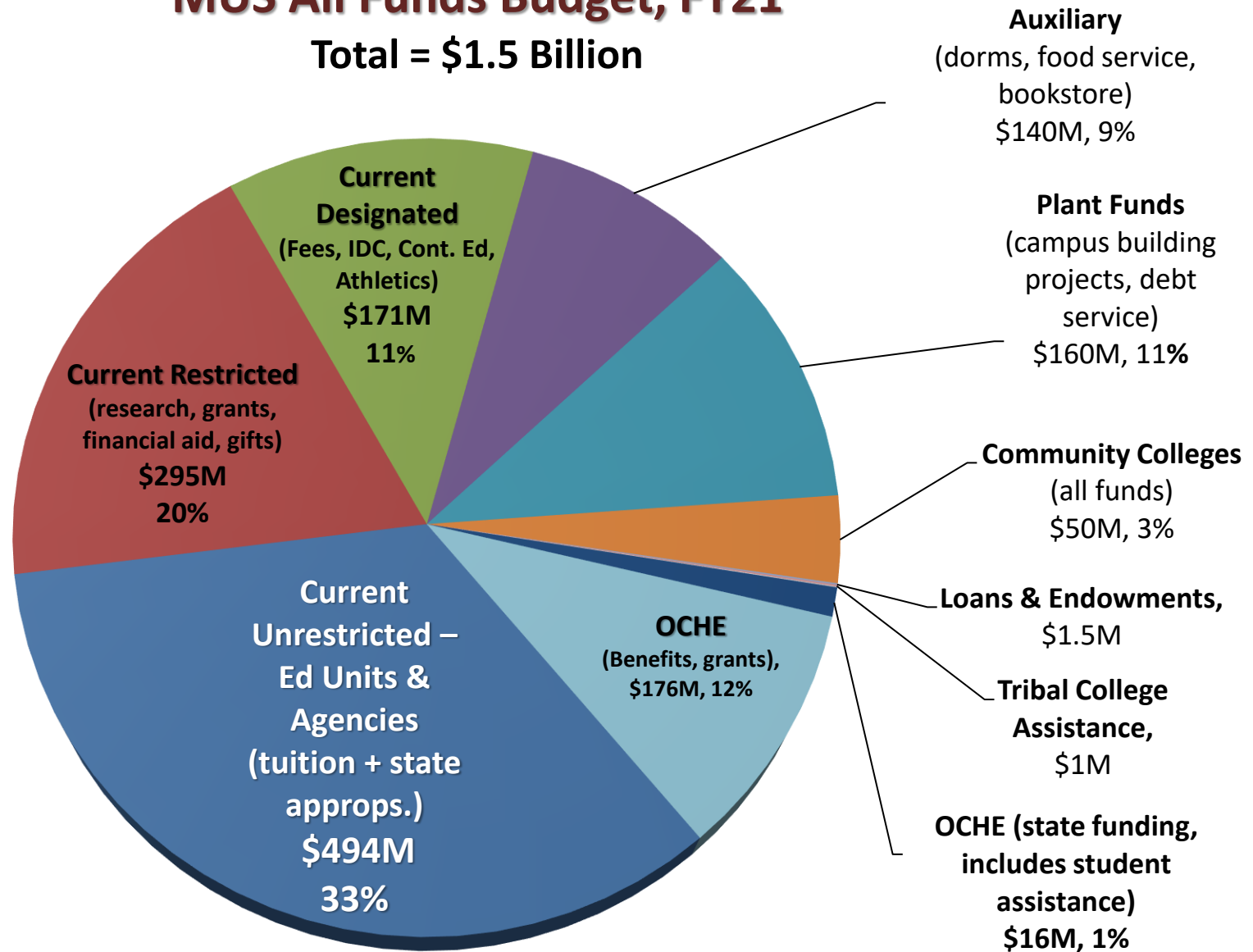
- All Funds Budget
- Budget Update / History / National Comparisons
- Operating Budget Metrics

❖ Campus-level Analysis

- Use metrics and benchmarks to guide analysis
- Consistent formats using longitudinal data to compare trends
- Revenue | Expenditures | Staffing | Waivers | Enrollment

MUS All Funds Budget, FY21

Total = \$1.5 Billion



Budget Profile

MUS All Funds Budget

	FY 2020	FY 2021	Difference	
	Actual	Budgeted	\$\$	%CHG
Revenue				
Current Unrestricted (Ed. Units)*	461,751,899	458,923,094	-2,828,805	-1%
Special Appropriations	3,657,085	4,579,562	922,477	25%
MUS Agencies	29,800,124	30,740,139	940,015	3%
Current Restricted	299,237,609	294,650,084	-4,587,525	-2%
Current Designated	177,235,859	171,431,948	-5,803,911	-3%
Auxiliary Enterprises	135,171,773	140,054,067	4,882,294	4%
Loan & Endowment Funds	951,981	1,526,032	574,051	60%
Plant Funds	198,309,949	159,634,411	-38,675,538	-20%
Total	1,306,116,279	1,261,539,337	-44,576,942	-3%
Community Colleges Total	50,650,157	49,658,915	-991,242	-2%
Tribal College Assistance	1,012,875	1,012,875	0	0%
OCHE (general fund) <small>includes student assistance</small>	14,453,477	16,157,493	1,704,016	12%
OCHE (Federal, SS, Private, & Proprietary)	150,728,041	176,471,650	25,743,610	17%
TOTAL ALL FUNDS	\$1,522,960,829	\$1,504,840,270	-18,120,558	-1%

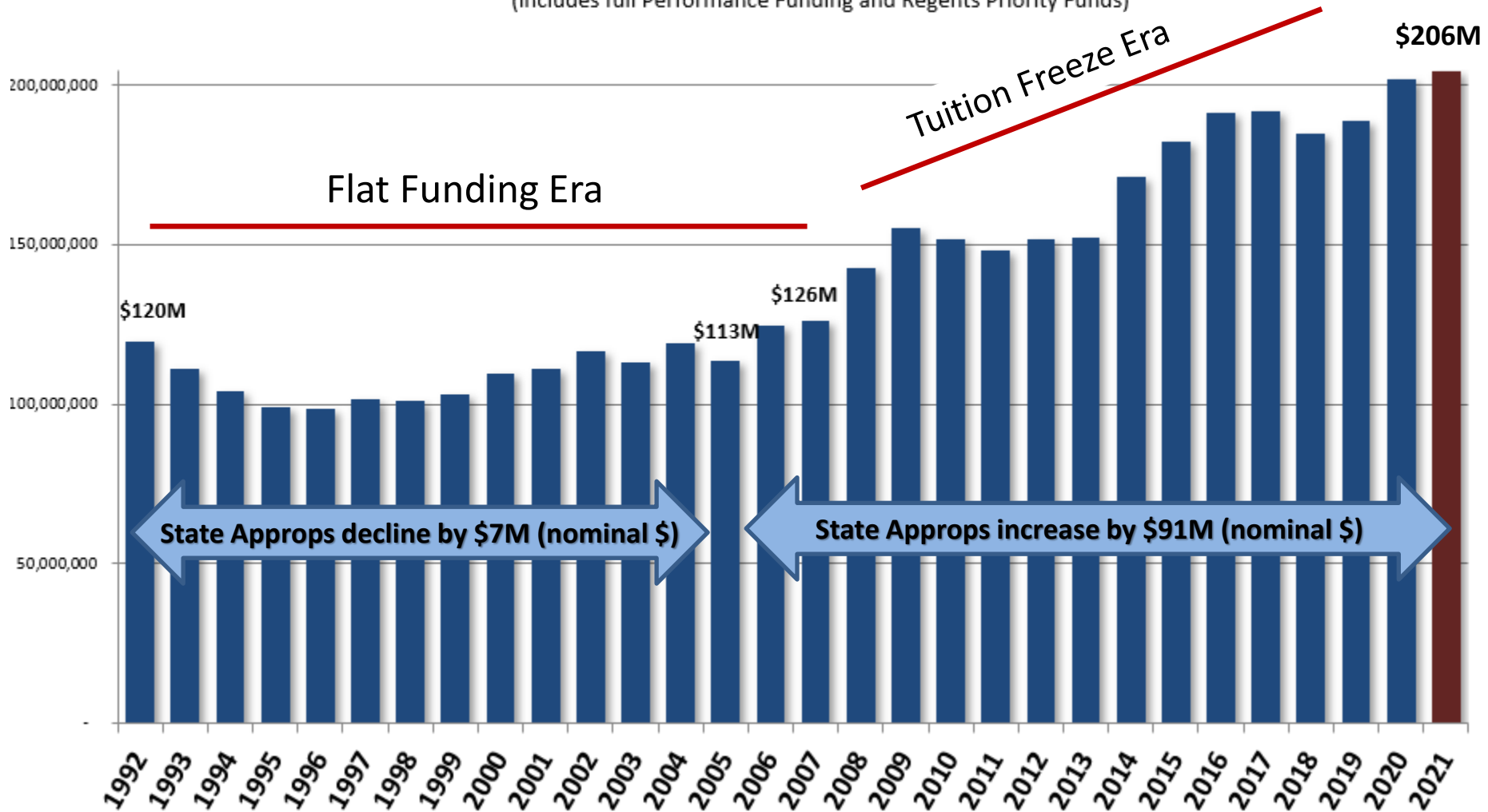
*Net revenue, previous year's reports included gross tuition revenue

**Some CARES Act funds have yet to be distributed to campuses and are not reflected in this schedule

The expenditure of money appropriated in the general appropriations act to the Board of Regents...as defined in §17-7-102, MCA, is contingent upon approval of a comprehensive operating budget...

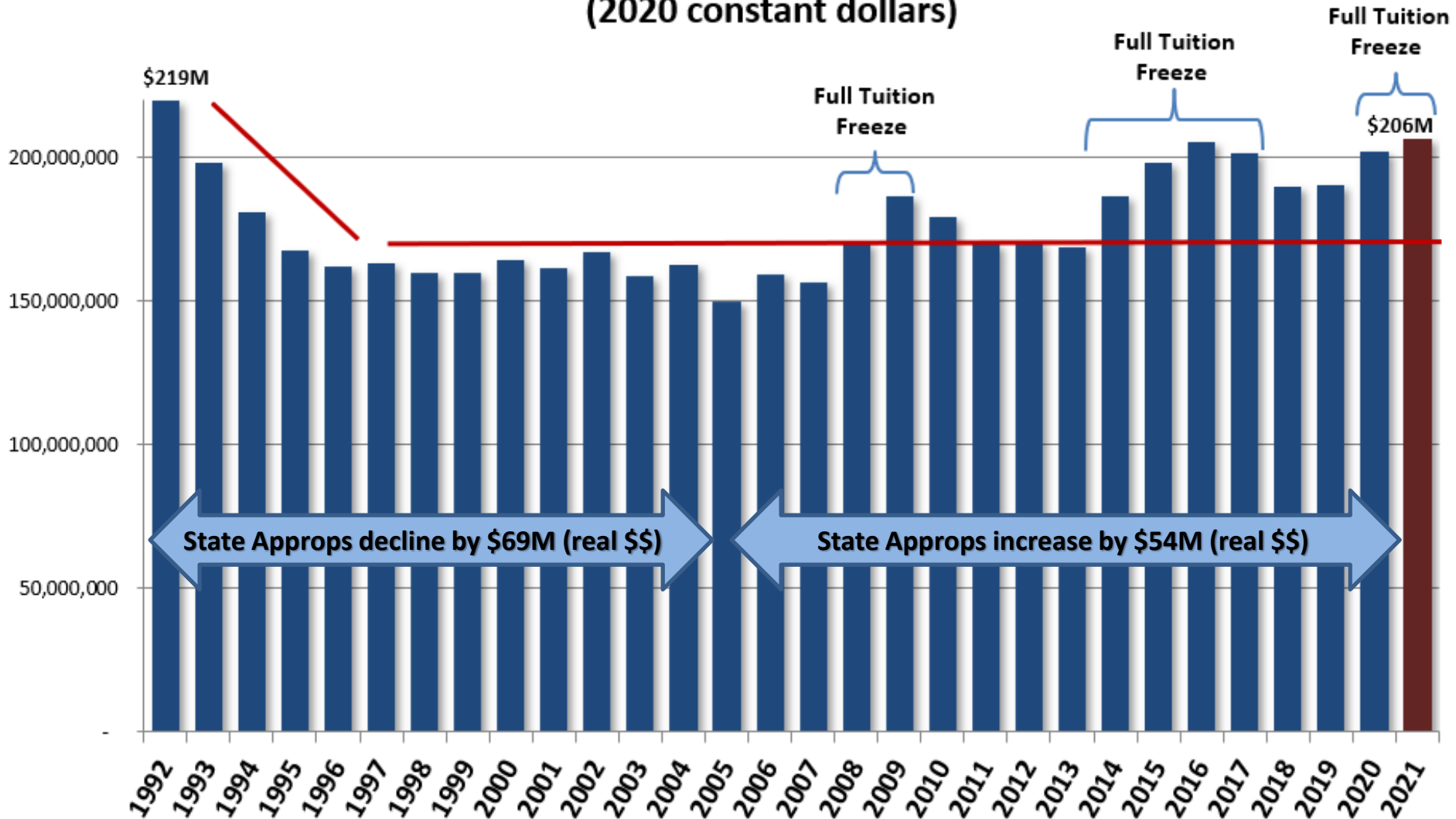
State Appropriations -- Ed Units Only

(includes full Performance Funding and Regents Priority Funds)



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

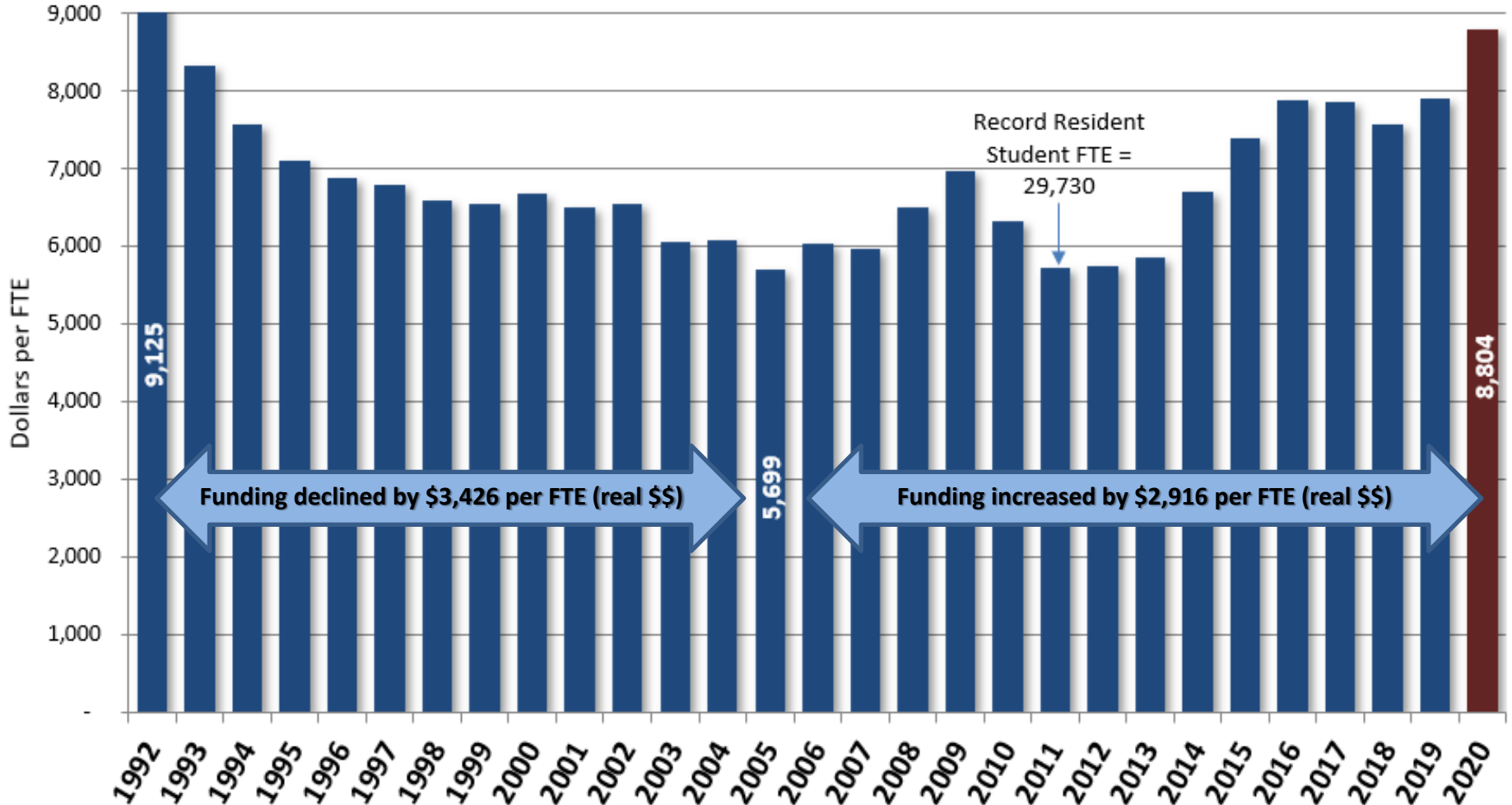
State Appropriations -- Ed Units Only (2020 constant dollars)



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

State Appropriations per Resident Student FTE -- Ed Units Only (2020 constant dollars)

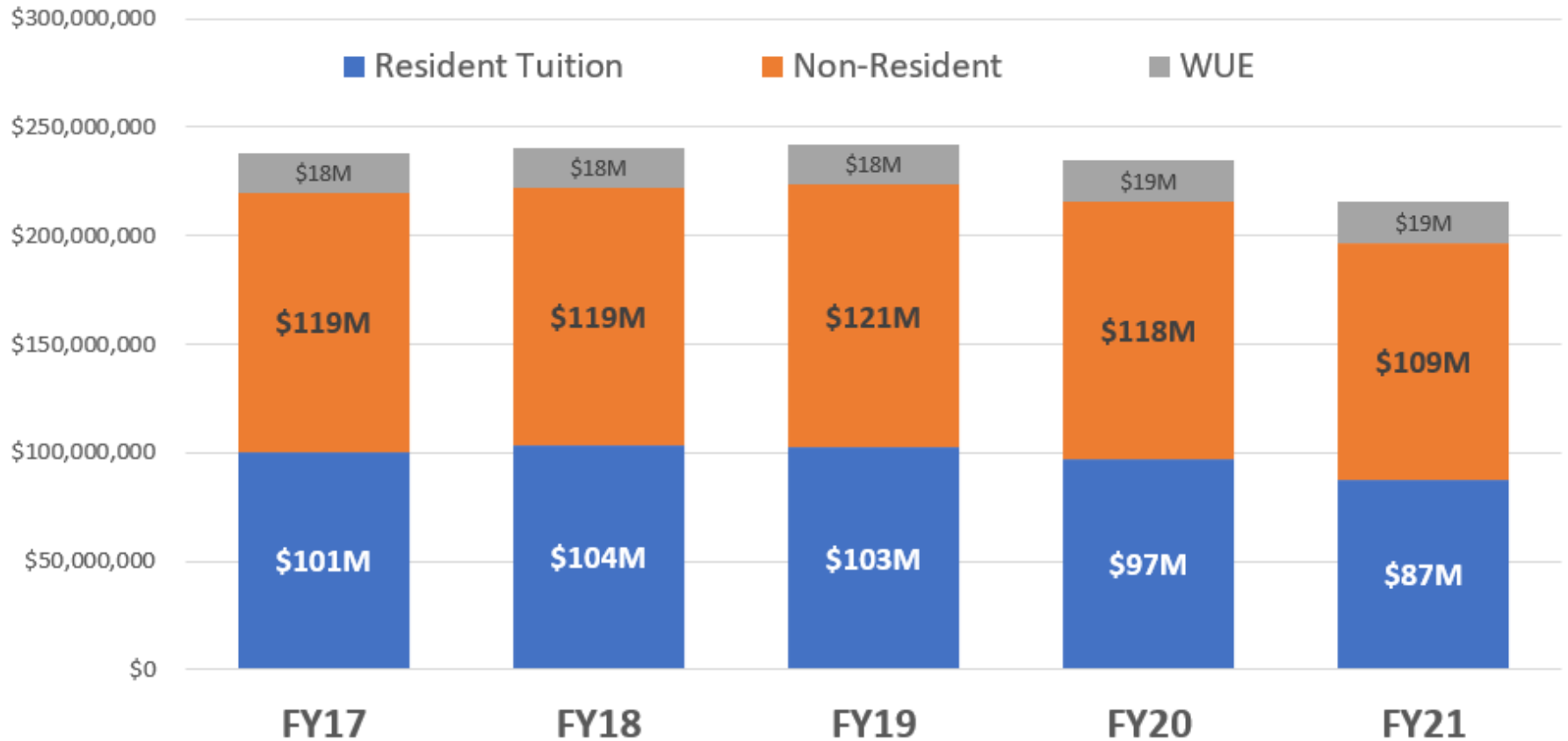
source: Official LFD Historical Funding Spreadsheet & MUS Enrollment Report, calculations done by OCHE



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

Net Tuition Revenue

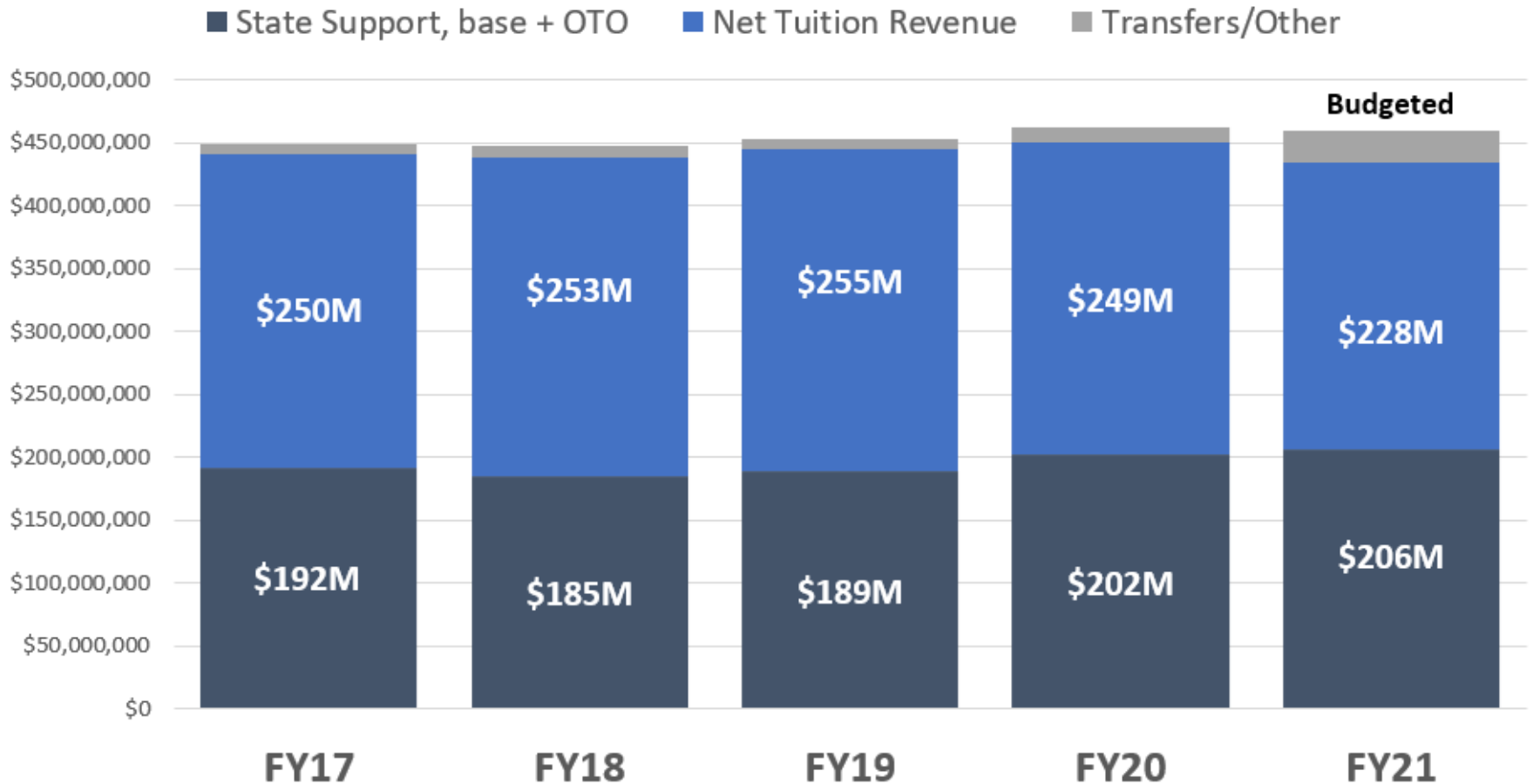
(does not include program tuition and general fund fee revenue)



Tuition revenue projected to be down -8%:

Resident Tuition = -10%, Non-resident = -8%, WUE = -0.5%

MUS Current Unrestricted Revenue - Operating Budget

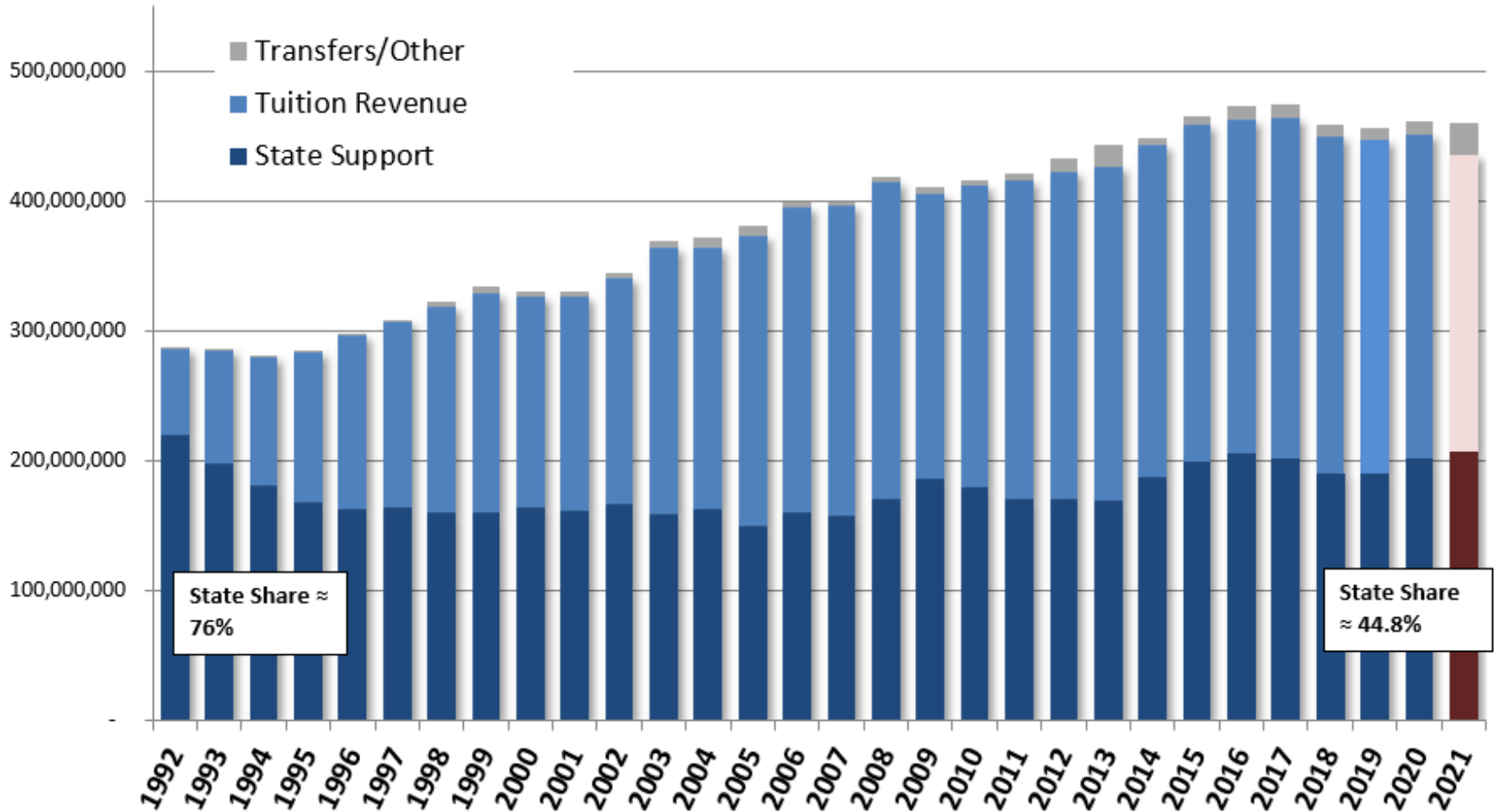


Current Unrestricted Revenue set to decrease by \$2.3M (-1%) compared to FY20

- 1) State Support up \$4M (3%) ****tuition freeze/pay plan****
- 2) Tuition Revenue down \$20.3M (-8%) ****budgeted****
- 3) Transfers/Other up \$13M ****backfill****

Current Unrestricted Funds - Ed Units Only (2020 constant dollars)

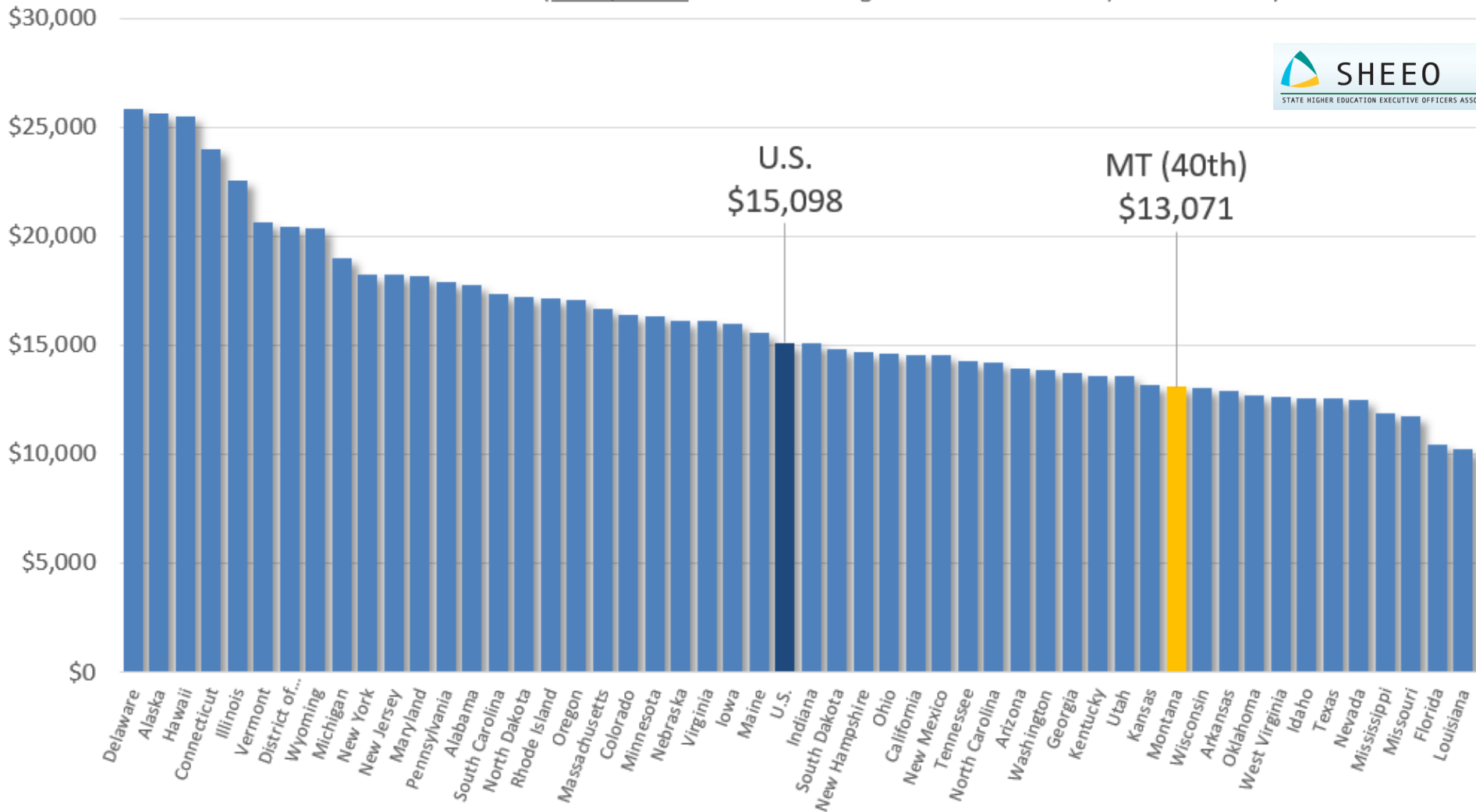
source: Official LFD Historical Funding Spreadsheet & MUS Enrollment Report, calculations done by OCHE



State % Share has dropped from 76% to 45% over past 30 years

Educational Revenue per Student FTE, FY19

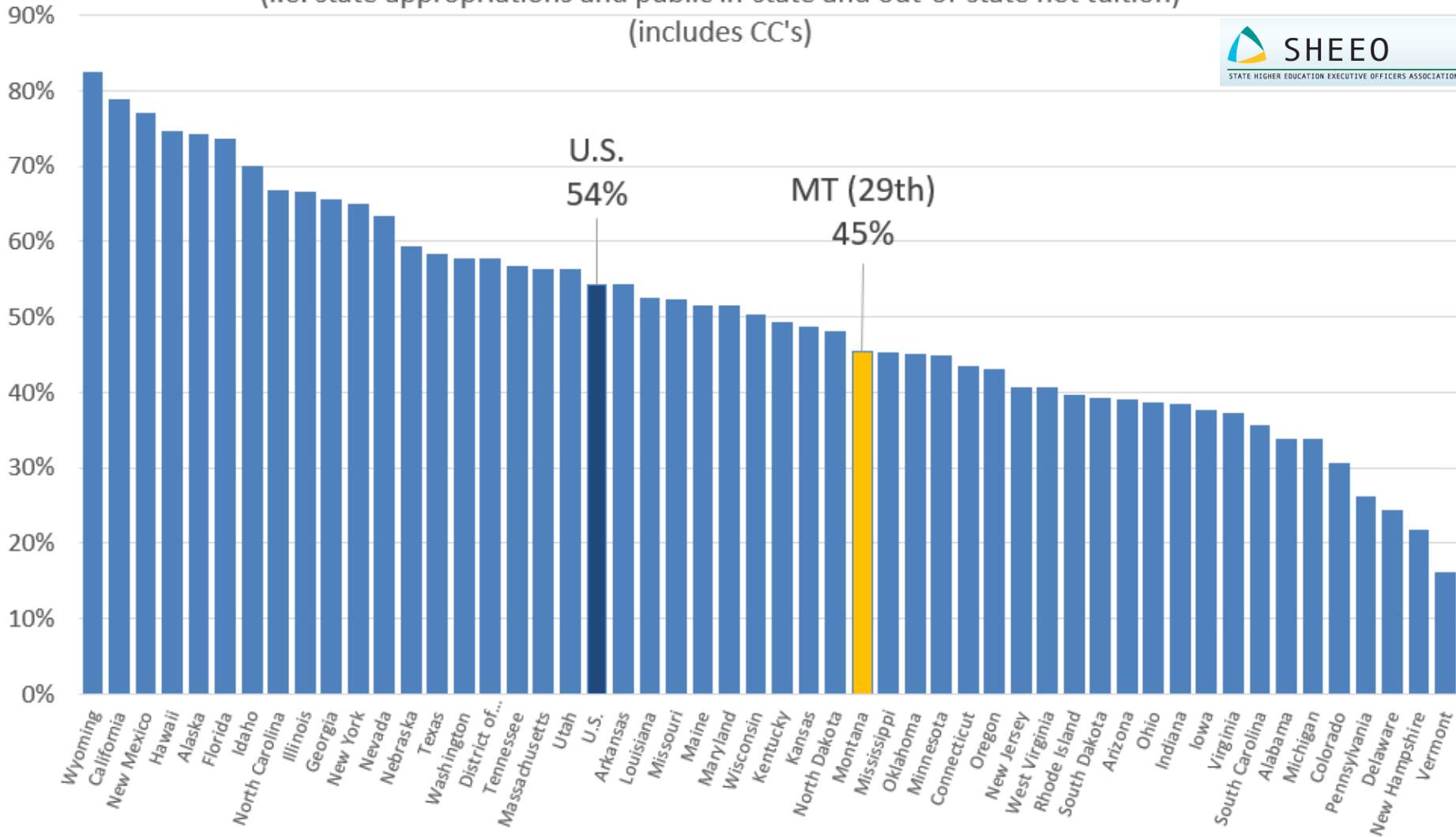
Educational revenue is the sum of public higher education state appropriations and public in-state and out-of-state net tuition. (unadjusted for cost of living and enrollment mix; includes CC's)



MT ranks in the lower third in the nation in total funding per student

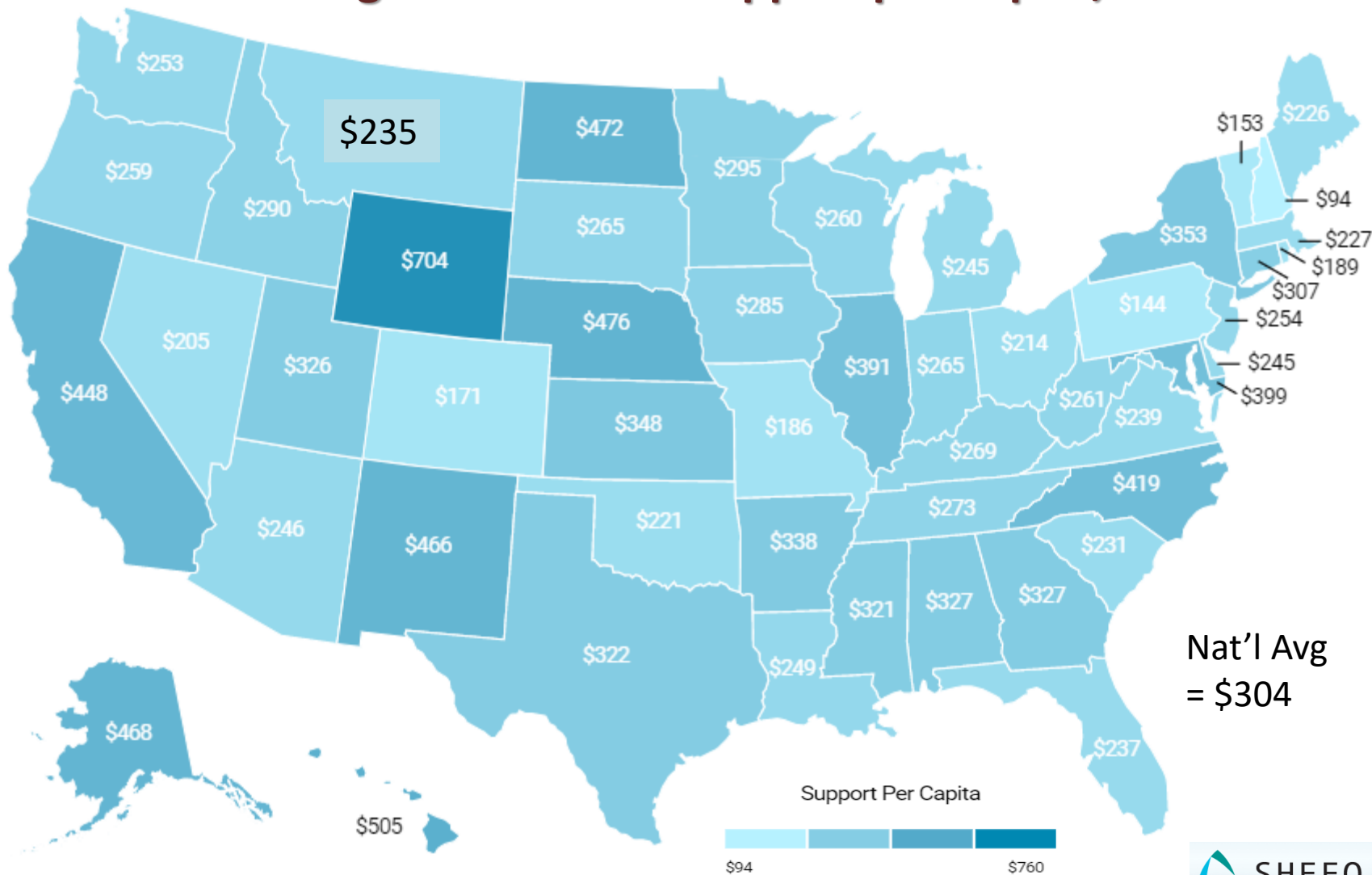
State % Share, FY19

State appropriations as a percent of public higher education total educational revenue
(i.e. state appropriations and public in-state and out-of-state net tuition)
(includes CC's)



MT is closer to national average on the percent of funding coming from the State

State Higher Education Support per Capita, FY18



MT ranks below the national average in state support per capita

System-level Summary & Metrics

Revenue
Expenditures
Staffing
Waivers
Enrollment

Dashboards: [System](#) | [Institutional](#)

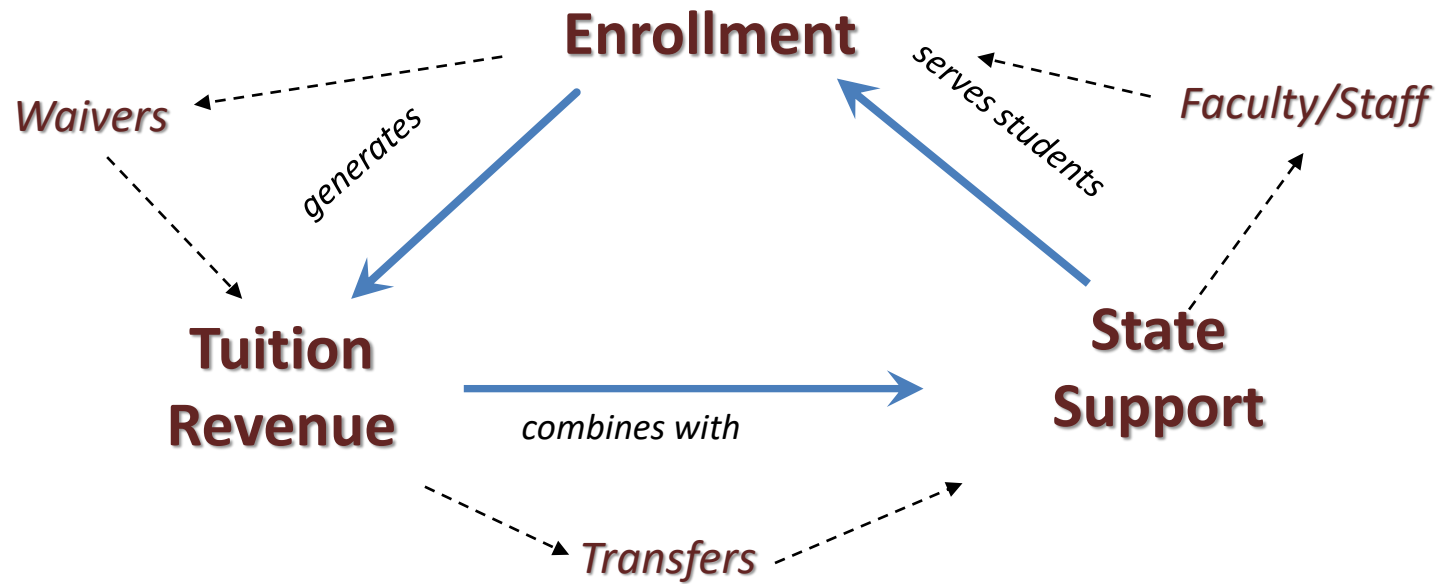
Major Budget Drivers

- 2nd year of a biennium
- Resident student tuition freeze
- Hiring freeze
- Enrollment challenges met
- COVID-19 – *Healthy MUS*

Macro Themes

- State \$\$ - slight increase
- Tuition revenue is down
- Campuses using transfers/reserves to fill the gap
- Reduction of expenditures

Keep it Simple!



Present Law Increases (a.k.a. “have to pay”)

- Pay Plan (2% in the first year must be annualized in the 2nd year)
= \$6.2M
- Faculty Merit/Market
= \$1.2M
- Higher Ed. Fixed Costs (IT, library, rent, contracts, etc...)
= \$1.8M
- Other Personnel Costs (health insurance, leave payouts)
= \$5.0M

System-level Math:

FY20 total expenditures + \$14.2M in PLA = 3% increase in expenditures

Montana University System - Ed. Units Only

Current Unrestricted Revenue & Metrics

REVENUE	FY17	FY18	FY19	FY20	FY21	Difference	
					Budgeted	1yr	5yr
State Support (base)*	\$191,716,548	\$184,871,932	\$188,922,029	\$200,574,977	\$205,683,592	3%	7%
State Support (OTO)				\$1,284,252	\$770,000	-40%	-
Net Tuition Revenue	\$249,539,748	\$253,449,767	\$255,242,571	\$248,654,669	\$228,298,239	-8%	-9%
Transfers/Other	\$7,642,253	\$8,779,884	\$8,794,093	\$11,238,000	\$24,171,263	115%	216%
Total Operating Revenue	\$448,896,549	\$447,101,583	\$452,958,693	\$461,751,899	\$458,923,094	-1%	2%
Student FTE	35,882	35,178	34,153	33,010	30,256	-8%	-16%
Resident Students	25,639	25,053	24,070	22,927	20,870	-9%	-19%
Non-resident Students	10,243	10,126	10,083	10,083	9,387	-7%	-8%
Key Metrics							
State % Share	42.7%	41.3%	41.7%	43.4%	44.8%	1%	2%
State Support per Res FTE	\$7,478	\$7,379	\$7,849	\$8,748	\$9,856	13%	32%

*includes MUS_RP

- **State % Share – increases slightly (45%), MT ranks 29th, Nat'l Avg. = 54% (FY19)**
- **State Funds per Resident –13% increase over FY20, MT ranks 39th (state support per total FTE), 72% of national average**

Montana University System - Ed. Units Only

Current Unrestricted Expenditures & Metrics

EXPENDITURES	FY17	FY18	FY19	FY20	FY21	Difference	
					Budgeted	1yr	5yr
Instruction	\$243,871,649	\$238,407,083	\$243,076,278	\$238,885,801	\$240,306,045	1%	-1%
Academic Support	\$56,367,224	\$54,224,686	\$57,024,427	\$56,220,738	\$56,724,331	1%	1%
Student Services	\$44,116,578	\$44,130,564	\$45,830,574	\$47,193,089	\$48,768,651	3%	11%
Institutional Support	\$45,625,757	\$42,219,296	\$44,493,912	\$41,598,804	\$45,206,574	9%	-1%
Operation & Maintenance	\$54,672,287	\$53,866,918	\$55,988,146	\$57,103,682	\$58,435,856	2%	7%
Research	\$3,206,412	\$2,568,884	\$2,436,247	\$2,448,904	\$2,394,281	-2%	-25%
Public Service	\$4,240,762	\$4,493,998	\$4,289,130	\$3,997,056	\$3,979,080	0%	-6%
Scholarships	\$2,000,659	\$2,125,817	\$4,119,750	\$2,794,953	\$3,108,273	11%	55%
Total CU Exp (net of waivers) →	\$454,101,328	\$442,037,246	\$457,258,464	\$450,243,027	\$458,923,091	2%	1%
Student FTE	35,882	35,178	34,153	33,010	30,256	-8%	-16%
Key Metrics							
% Instruction Exp	53.7%	53.9%	53.2%	53.1%	52.4%	-1%	-1%
% Instruct/Acad/Stud Ser	75.8%	76.2%	75.7%	76.0%	75.4%	-1%	0%
Expenditures per Student	\$12,655	\$12,566	\$13,389	\$13,640	\$15,168	11%	20%

- **Instruction – comprises 52% of total expenditures BOR target = 50%**
- **% Instruction + Aca Support + Stud Service is consistently over 75% BOR target = 70%**
- **Expenditures per Student – budgeted to increase 11% over last year MT ranks 40th in nation**

Montana University System - Ed. Units Only

Current Unrestricted Faculty/Staff FTE & Metrics

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

STAFFING	FY17	FY18	FY19	FY20	FY21	Difference	
					Budgeted	1yr	5yr
Contract Faculty (all)	2,098	2,073	2,018	1,955	1,892	-3%	-10%
Contract Administrators	143	120	100	98	98	0%	-32%
Contract Professionals	601	615	599	579	591	2%	-2%
Classified FTE	1,455	1,426	1,421	1,472	1,455	-1%	0%
Total Faculty/Staff	4,158	4,233	4,138	4,104	4,035	-2%	-3%
EXPENDITURES							
Personnel Services	363,753,869	361,416,181	364,967,192	371,777,850	376,404,621	1%	3%
Total Expenditures <small>(net of waivers)</small>	454,101,328	442,037,246	457,258,464	450,243,027	458,923,091	2%	1%
Student FTE	35,882	35,178	34,153	33,010	30,256	-8%	-16%
Key Metrics							
Student to Faculty Ratio	17.1	17.0	16.9	16.9	16.0	-5%	-7%
%Personnel Services of Total	80%	82%	80%	83%	82%	-1%	2%

- **Student to Faculty Ratio – budgeted for 16.0 to 1, BOR benchmark = 18 to 1**
- **Personal Services % Share – budgeted for 82%, HECA* benchmark = 75%**

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

Montana University System - Ed. Units Only

Discounts, Waivers & Scholarships

DISCOUNTS/WAIVERS/SCH	FY17	FY18	FY19	FY20	FY21 Budgeted	Difference	
						1yr	5yr
BOR Designated	\$8,697,659	\$8,298,452	\$8,385,241	\$8,765,968	\$9,031,075	3%	4%
Resident Discretionary	\$7,352,155	\$7,514,729	\$8,197,808	\$7,891,264	\$10,382,380	32%	41%
Non-resident Discretionary	\$25,245,103	\$30,707,678	\$34,274,684	\$38,272,343	\$41,220,713	8%	63%
Scholarships	\$2,537,094	\$2,544,324	\$4,318,086	\$2,794,365	\$3,472,647	24%	37%
Total Discounts/Waivers/Sch	\$43,832,011	\$49,065,183	\$55,175,819	\$57,723,940	\$64,106,815	11%	46%
Student FTE	35,882	35,178	34,153	33,010	30,256	-8%	-16%
Key Metrics							
Waivers per Student FTE	\$1,222	\$1,395	\$1,616	\$1,749	\$2,119	21%	73%
Average Net Revenue per FTE							
Non-resident		\$15,500	\$15,910	\$15,674	\$15,919	2%	-
Resident		\$11,540	\$12,152	\$12,951	\$14,054	9%	-
Difference		\$3,960	\$3,758	\$2,723	\$1,864	-32%	-

Policy 940.13: The Montana University System must ensure that the average net tuition revenue per non-resident student (not including WUE students) exceeds the average net tuition revenue plus state appropriations per resident student. In other words, net educational revenues per student FTE must be greater for the non-resident student population than the resident student population.

- **Waivers per student: 21% budgeted increase, growth of \$350 per student FTE**
- **Average Net Revenue per FTE Benchmark: Yes, meets required levels**

Montana University System - Ed. Units Only

Fiscal Year Student FTE - Average Annual Enrollment

ENROLLMENT	FY17	FY18	FY19	FY20	FY21 Budgeted	% Change	
						20 vs 21 Projected	Fall 2020 Census*
Resident Undergrad	23,197	22,572	21,657	20,553	18,579	-9.6%	-11.0%
Resident Graduate	2,442	2,481	2,414	2,374	2,291	-3.5%	2.2%
Non-resident Undergrad	6,401	6,418	6,437	6,392	5,675	-11.2%	-5.2%
WUE	2,693	2,521	2,454	2,539	2,531	-0.3%	0.1%
Non-resident Graduate	1,149	1,187	1,192	1,152	1,180	2.4%	3.9%
Student FTE Total	35,882	35,178	34,153	33,010	30,256	-8.3%	-7.5%

*Fall 20 as of 9/14 compared to Fall 2019 census

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 enrollment change: -8.3% drop**
- **Fall 2020: -7.5% compared to Fall 2019 census**

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