

FY22 Operating Budget Overview

Montana University System

September 2021

Office of the Commissioner of Higher Education

Operating Budget Overview

TOPICS

❖ System-level Summary

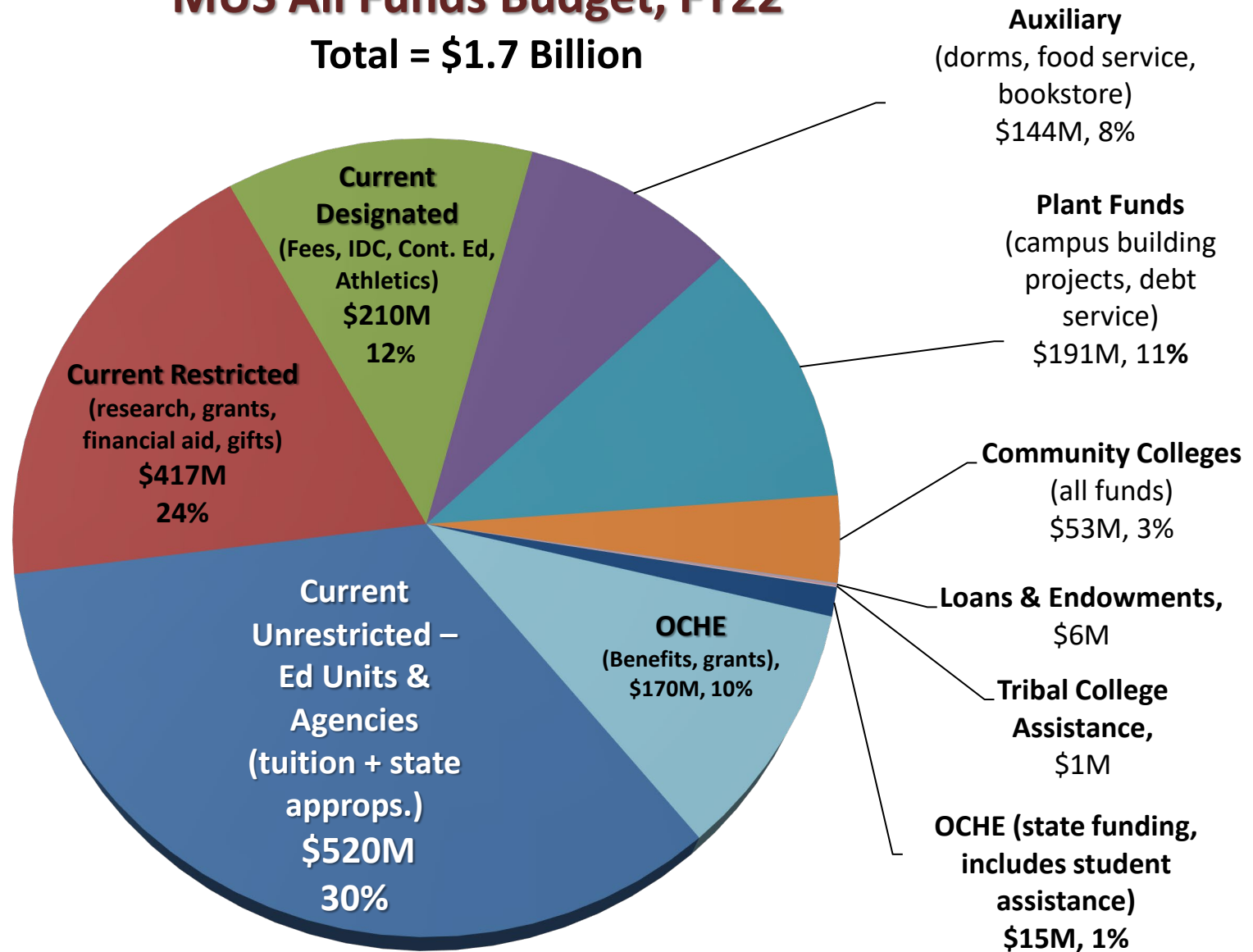
- All Funds Budget
- Budget Update / History / National Comparisons
- Operating Budget Metrics

❖ 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, FY22

Total = \$1.7 Billion



MUS All Funds Budget

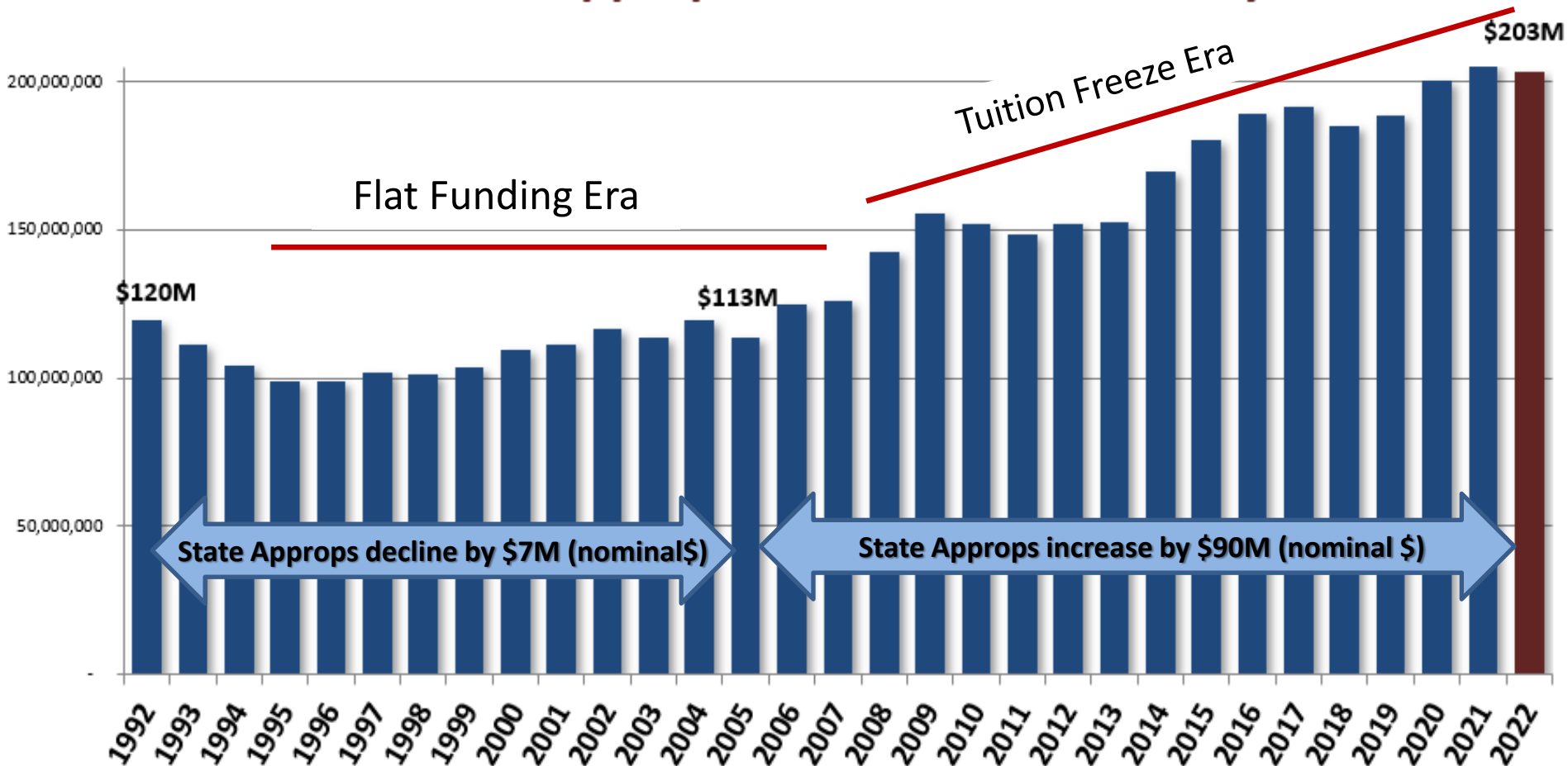
	FY 2021 Actual	FY 2022 Budgeted	Difference	
			\$\$	%CHG
Ed. Units & Agencies				
Current Unrestricted	505,942,612	519,882,731	13,940,119	3%
Current Restricted	384,248,069	416,917,596	32,669,527	9%
Current Designated	177,305,363	209,941,754	32,636,391	18%
Auxiliary Enterprises	130,703,960	144,171,858	13,467,898	10%
Loan & Endowment Funds	6,237,730	6,108,269	-129,461	-2%
Plant Funds	153,174,797	191,299,623	38,124,826	25%
Ed. Unit/Agency Total	1,357,612,531	1,488,321,831	130,709,300	10%
Community Colleges Total	52,375,763	53,881,037	1,505,274	3%
Tribal College Assistance	877,047	1,012,875	135,828	15%
OCHE (general fund) <small>includes student assistance</small>	15,896,194	15,181,439	-714,755	-4%
OCHE (Federal, SS, Private, & Proprietar	147,586,170	170,756,266	23,170,096	16%
TOTAL ALL FUNDS	\$1,574,347,705	\$1,729,153,449	154,805,743	10%

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

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

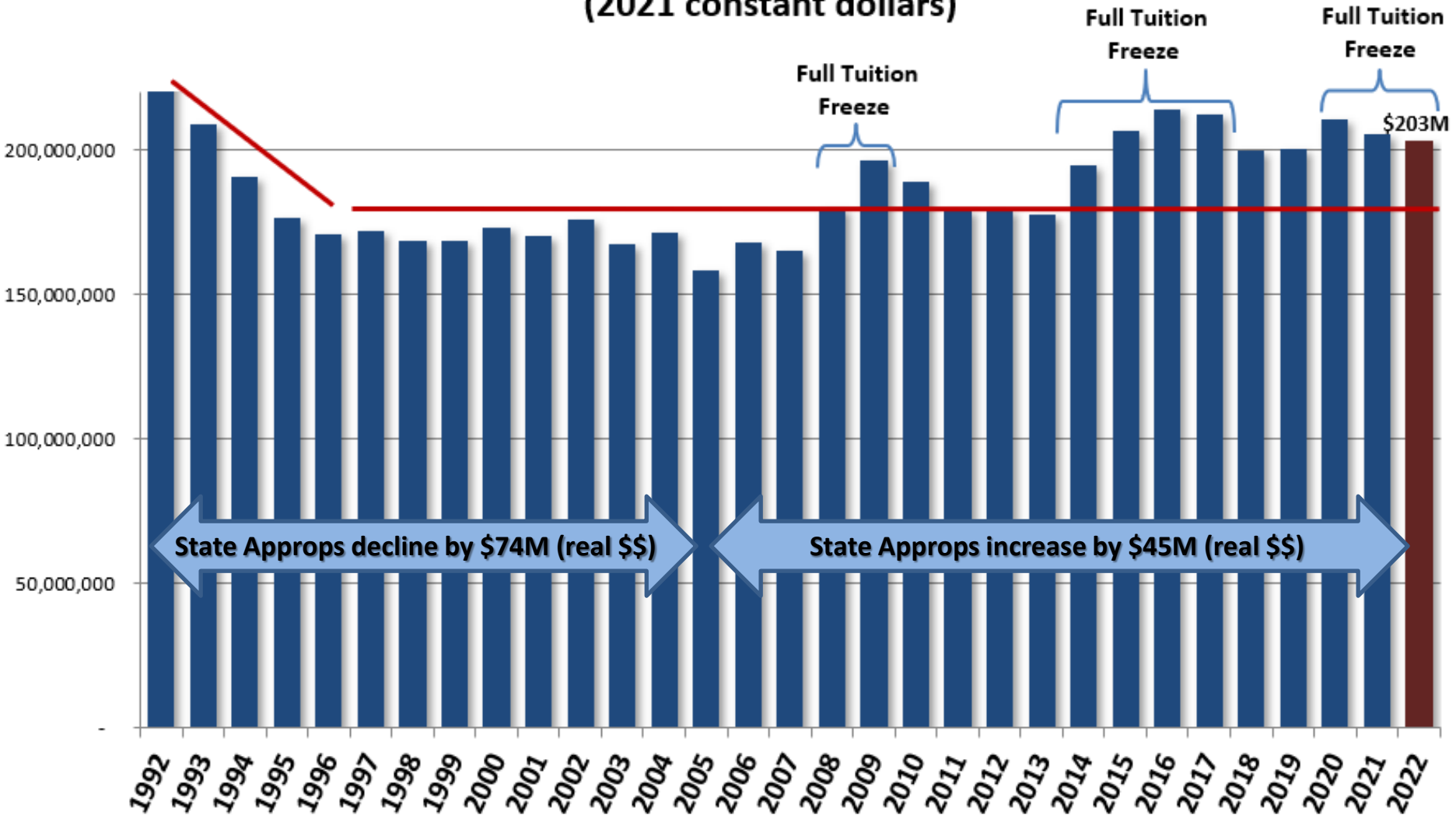
The expenditure of money appropriated in the general appropriations act to the Board of Regents...as defined in §17-7-102, MCA, is contingent upon approval of a comprehensive operating budget...

State Appropriations -- Ed Units Only



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

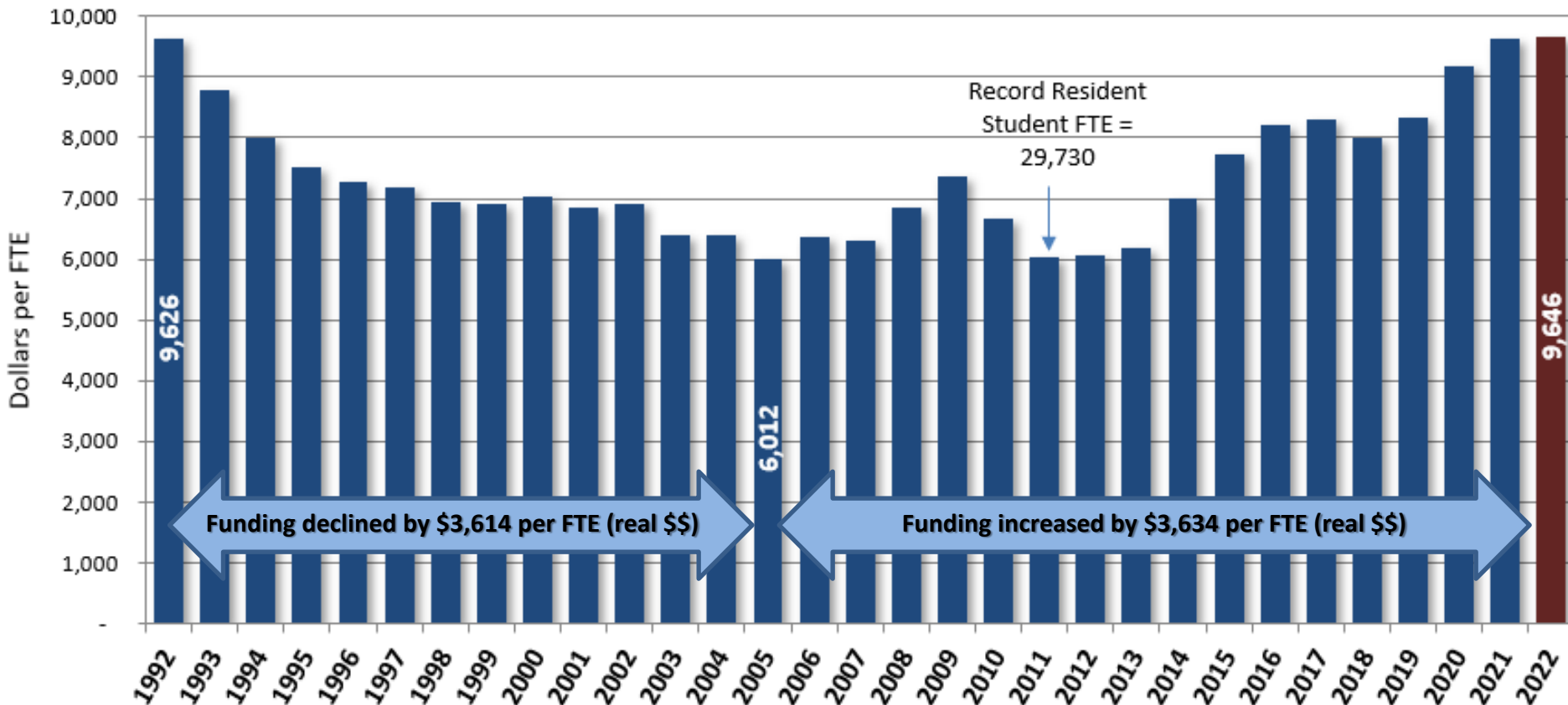
State Appropriations -- Ed Units Only (2021 constant dollars)



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

State Appropriations per Resident Student FTE – Ed Units Only (2021 constant dollars)

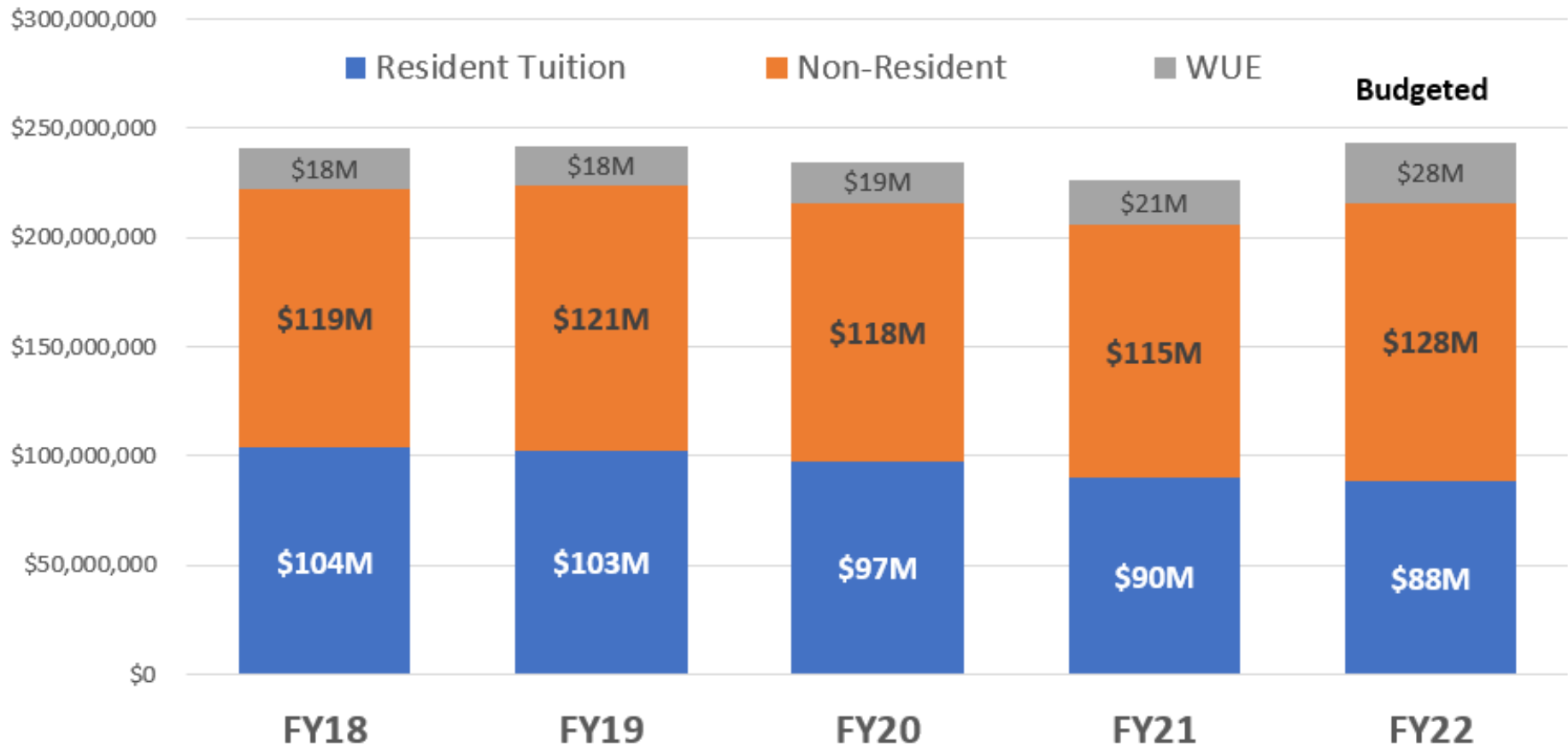
source: Official LFD Historical Funding Spreadsheet & MUS Enrollment Report, calculations done by OCHE



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)

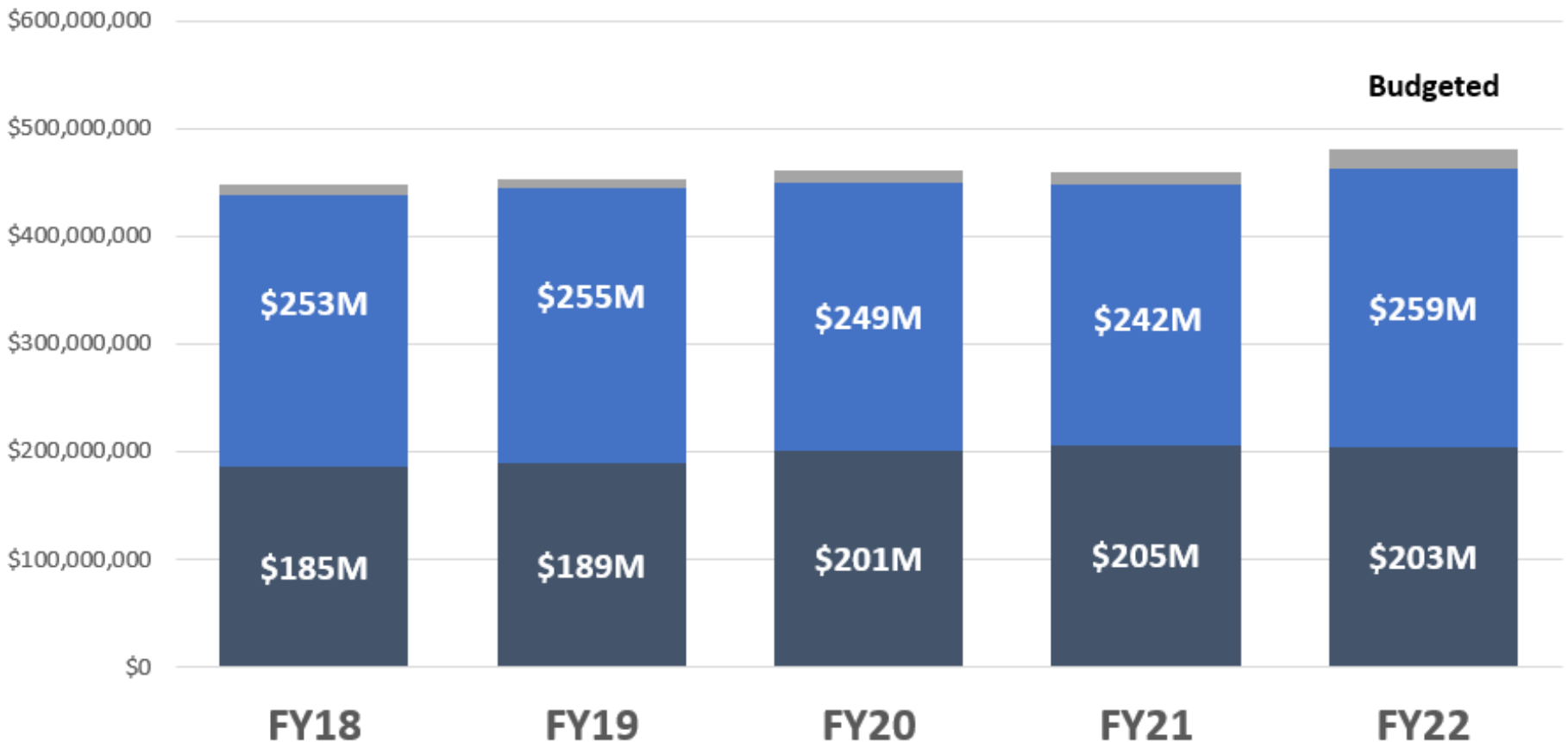


Tuition revenue projected to be up 7%:

Resident Tuition = -2%, Non-resident = 11%, WUE = 34%

MUS Current Unrestricted Revenue - Operating Budget

■ State Support, base + OTO
 ■ Net Tuition Revenue
 ■ Transfers/Other

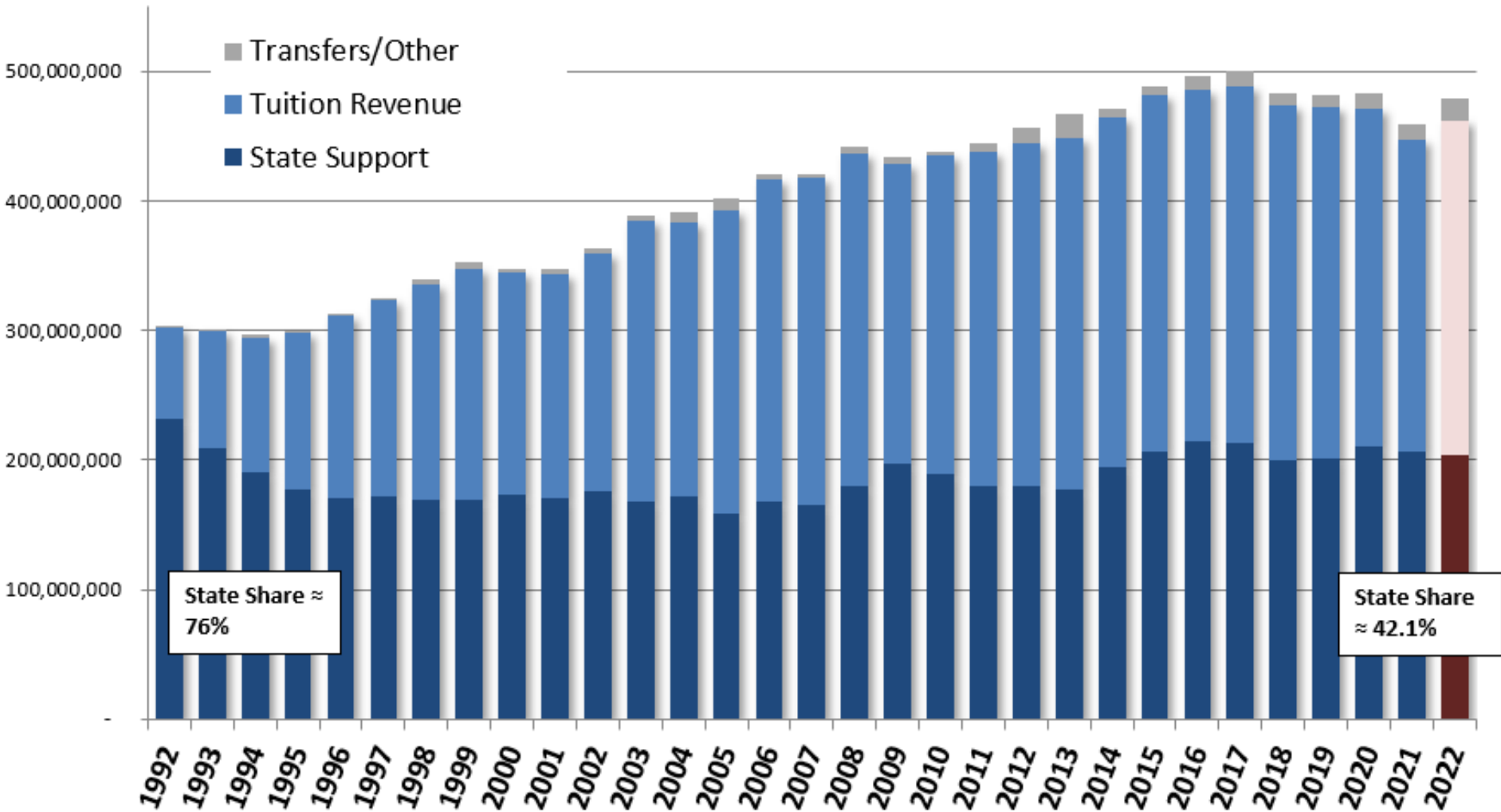


Current Unrestricted Revenue set to increase by 2% over FY21

*carryover in FY21 not presented on chart (see Slide 20)

Current Unrestricted Funds - Ed Units Only (2021 constant dollars)

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

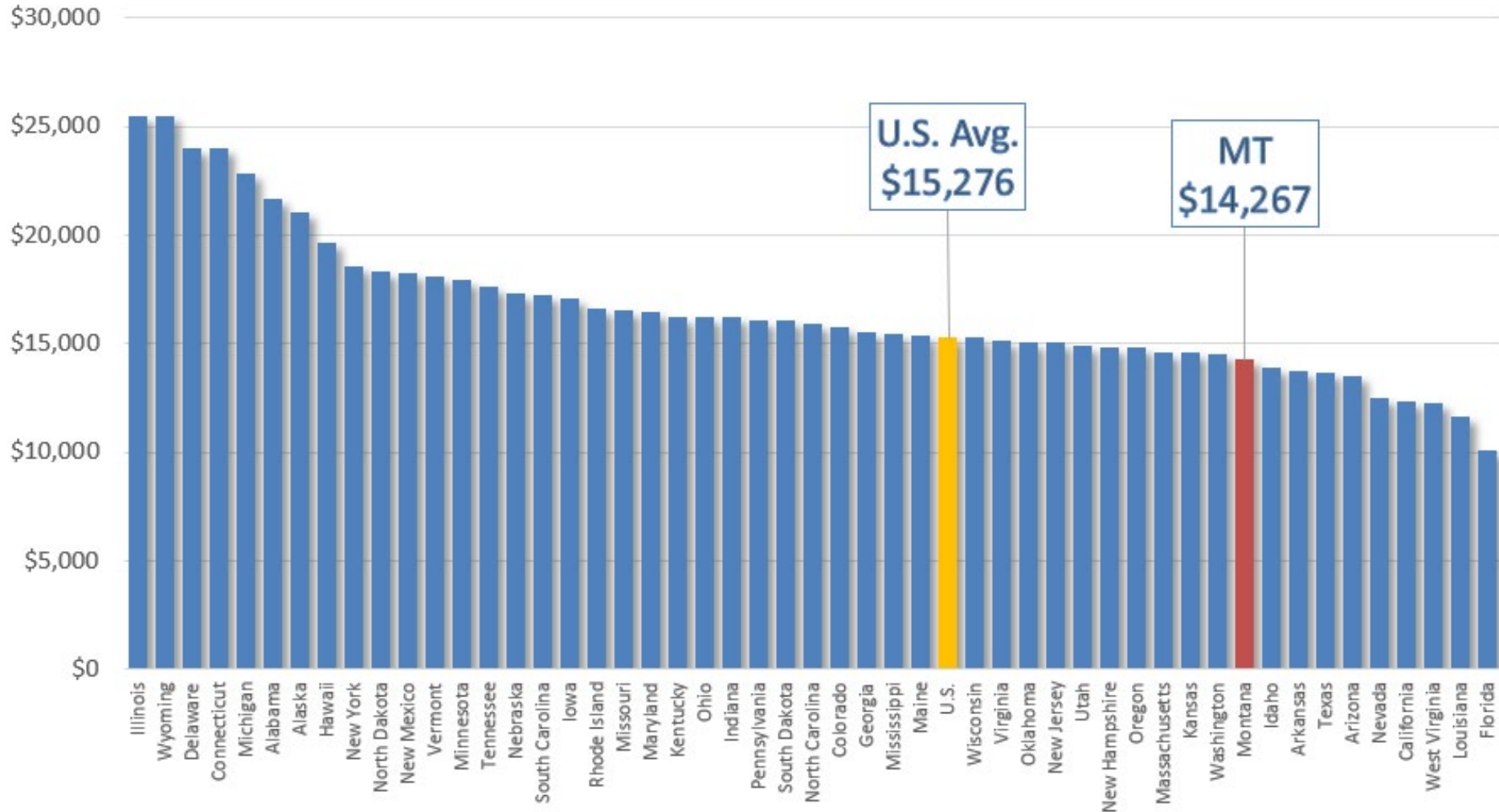


State % Share has dropped from 76% to 42% over past 30 years

Educational Revenue per Student FTE, FY20



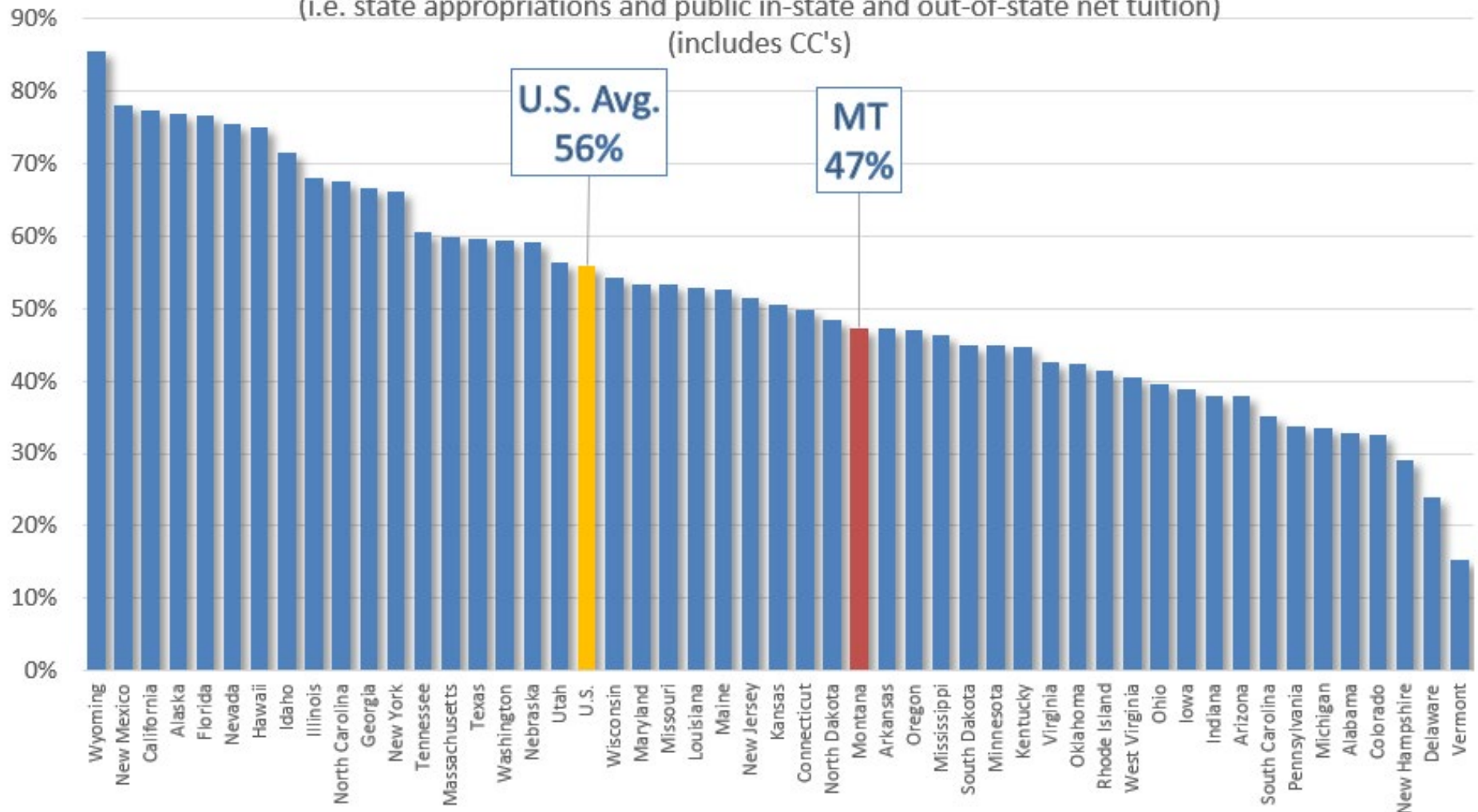
Educational revenue is the sum of public higher education state appropriations and public in-state and out-of-state net tuition. (adjusted for cost of living and enrollment mix; includes CC's)



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

State % Share, FY20

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)

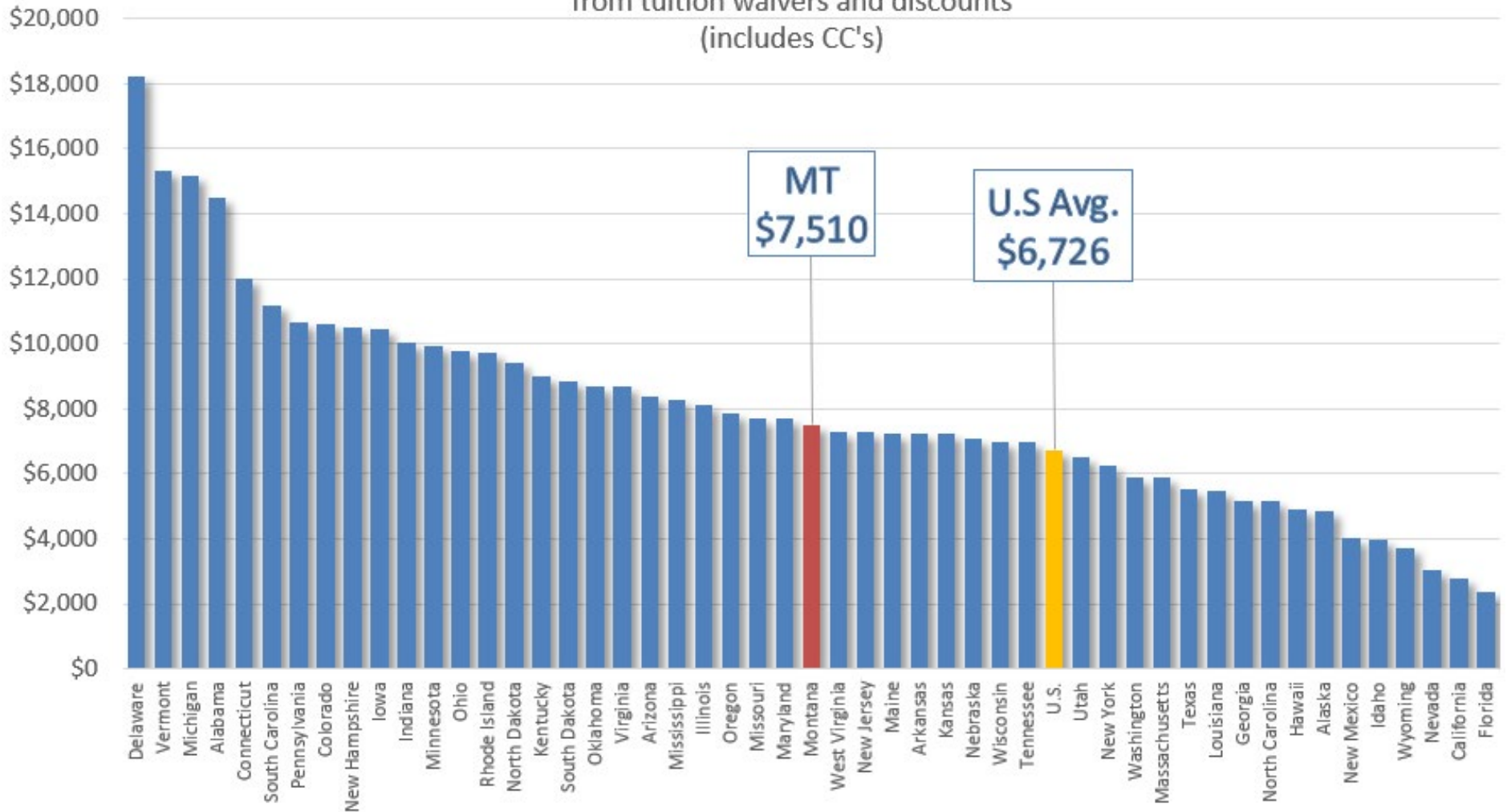


MT is closer to national average on the percent of funding coming from the State

Net Tuition Revenue per Student FTE, FY20

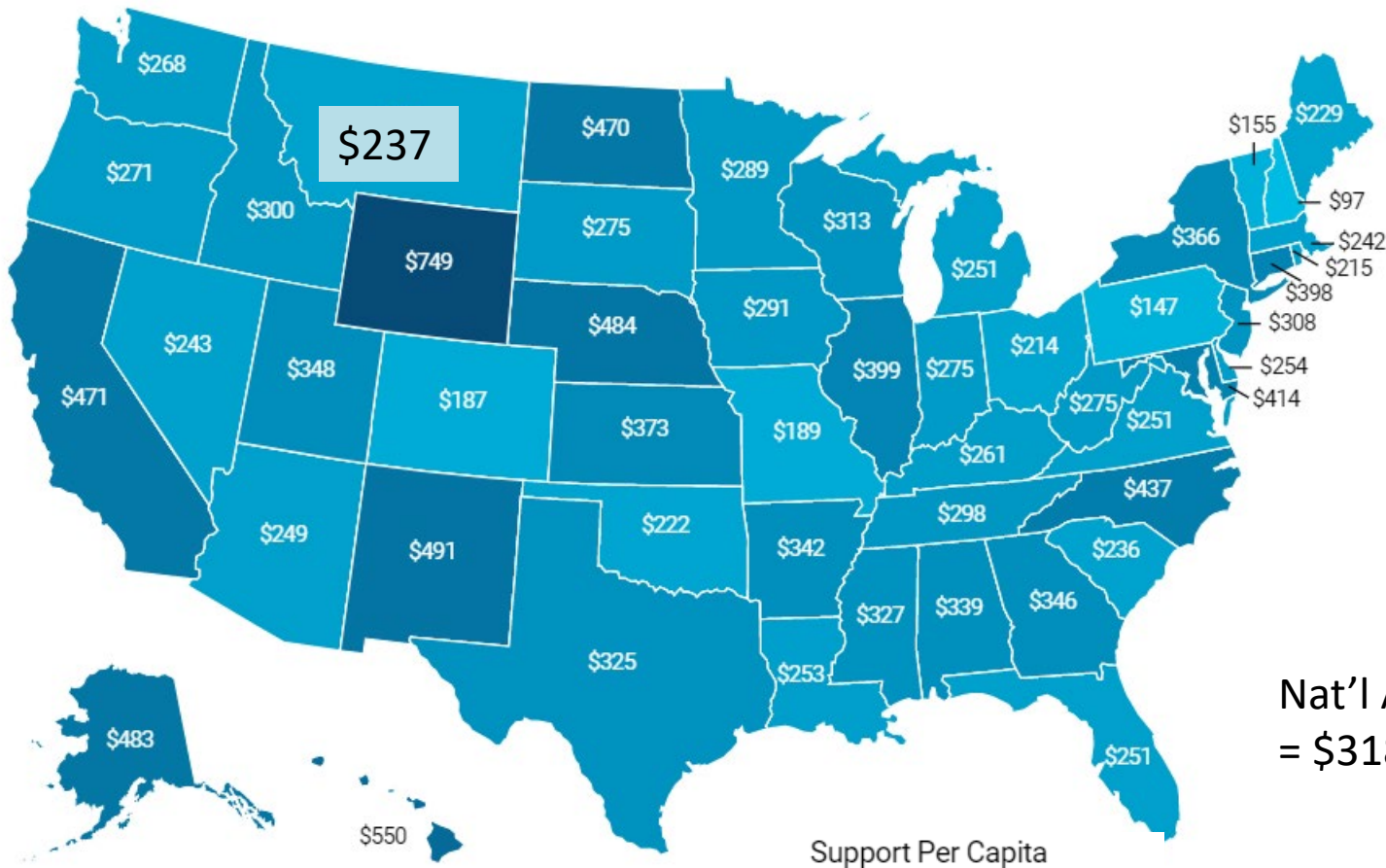


Net tuition revenue is calculated by taking the gross amount from tuition, less institutional aid from tuition waivers and discounts
(includes CC's)



MT is above the national average in the amount of net tuition per student

State Higher Education Support per Capita, FY19



Nat'l Avg
= \$318



MT ranks below the national average in state support per capita

Enrollment



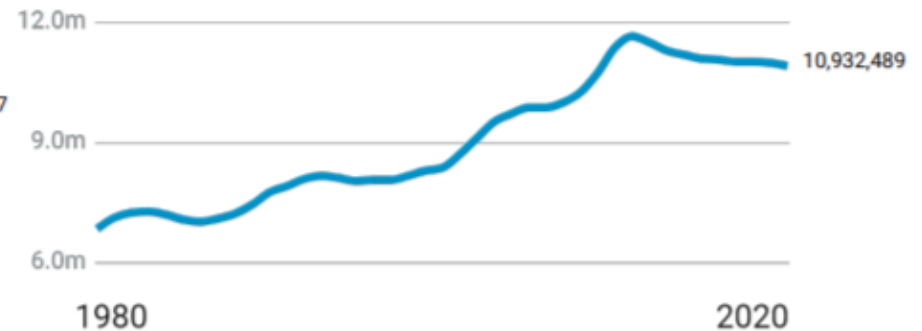
How has Student Enrollment Changed Over Time?

Montana has the tenth smallest net FTE enrollment ¹ in the United States. In recent years, enrollment has remained relatively stable both nationally and in most states. In the last year, net full-time equivalent (FTE) enrollment, which excludes medical students, decreased 3.1% in Montana. Changes in enrollment are often counter-cyclical to economic downturns. In Montana, net FTE enrollment increased 14.9% from 2008 through 2012 due to the Great Recession and has since declined 13.7% as the economy recovered. Students attending two-year institutions make up 18% of Montana’s FTE enrollment, which is lower than the U.S. average of 39%.

Montana



U.S.



Enrollment in MT, as well as the U.S., is counter-cyclical to economic downturns

State Financial Aid

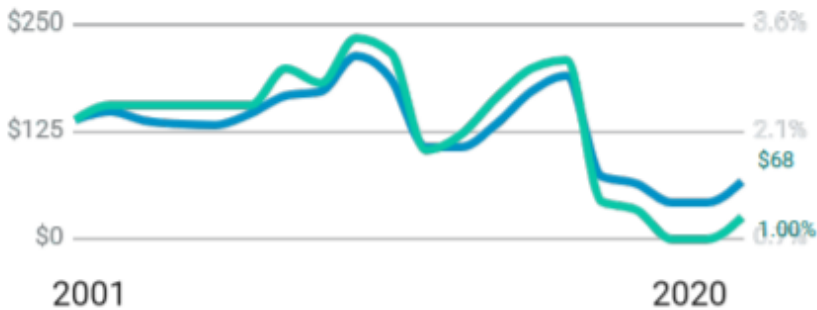


In 2020, Montana provided \$2.0 million in student financial aid (excluding loans). ⁹ Of that aid, 100.0% went to students attending public institutions; no aid went to students at independent (private) institutions, and no aid supported students at out-of-state institutions. Unlike the rest of education appropriations, in most states, financial aid to public institutions has increased over time. ³ Since 2001, state public financial aid in Montana has decreased 51.8% per FTE and has gone from 2.3% to 1.0% of all education appropriations. ¹⁰

State Financial Aid for Students Attending Public Institutions

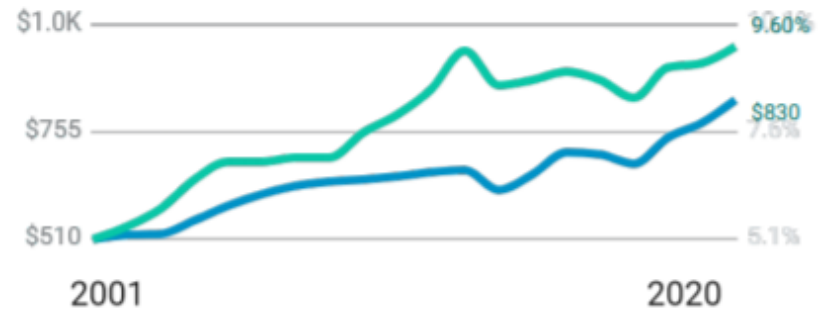
Montana

■ State Aid per FTE ■ % of Appropriations



U.S.

■ State Aid per FTE ■ % of Appropriations



MT ranks close to last in nation for state funded financial aid

System-level Summary & Metrics

Revenue
Expenditures
Staffing
Waivers
Enrollment

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

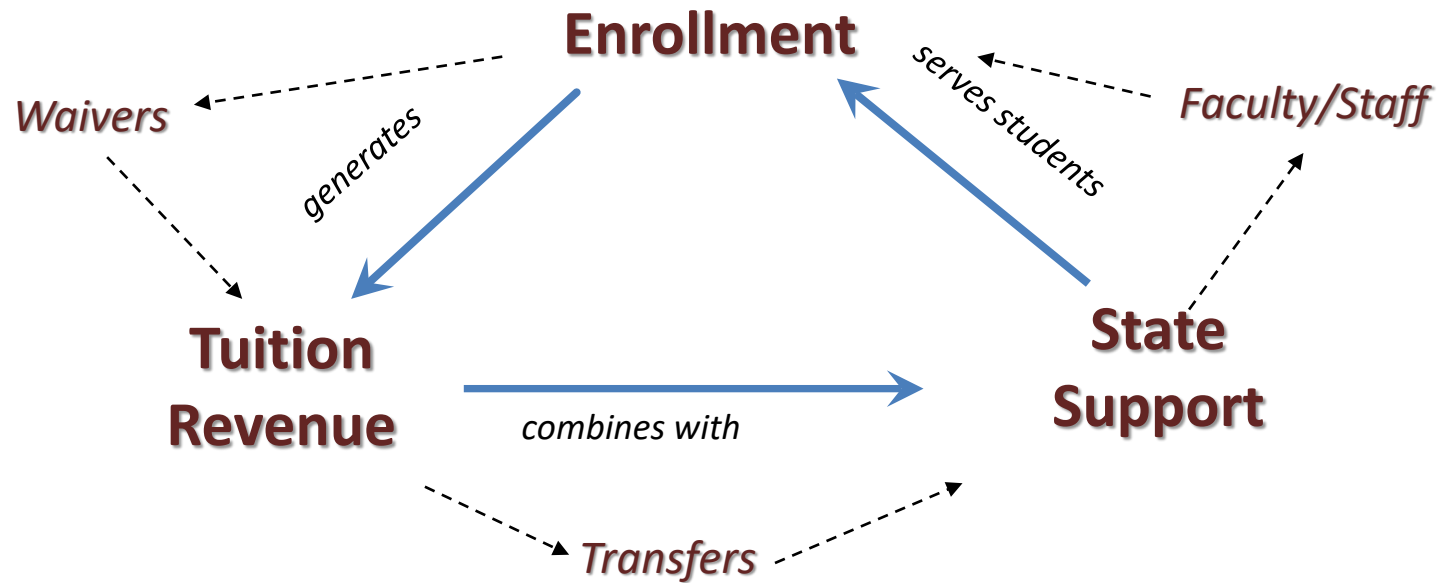
Major Budget Drivers

- Enrollment (Res/Non-res/WUE)
- Resident student tuition freeze
- Graduate & Non-res tuition increases
- State approps/Insurance Holiday
- COVID-19 – *Healthy MUS*

Themes

- Projected enrollment increase
- Slight drop in State Approps
- Increasing tuition revenue
- Savings from insurance holiday
- Small budgeted increase in expenditures

Keep it Simple!



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

- Pay Plan (annualize FY21 pay plan) *state side base funding provided for ½ of FY21*
= \$6M
- Other Personnel Costs (faculty merit/market, leave payout)
= \$3.0M
- Higher Ed. Fixed Costs (IT, library, rent, contracts, etc...)
= \$3.5M
- Other Costs (RMTD insurance, utilities, compliance/safety)
= \$3.5M
- Insurance Holiday (2 month)
= (-\$5M)

System-level Math:

FY21 total expenditures + \$11M in PLA = 2% increase in expenditures (FY22)

Montana University System - Ed. Units Only

Current Unrestricted Revenue & Metrics

REVENUE	FY18	FY19	FY20	FY21	FY22	Difference	
					Budgeted	1yr	5yr
State Support (base)*	\$184,871,932	\$188,922,029	\$200,574,977	\$205,859,030	\$203,229,615	-1%	10%
State Support (OTO)			\$1,284,252	\$1,024,374	\$2,435,000	138%	-
Net Tuition Revenue	\$253,449,767	\$255,242,571	\$248,654,669	\$242,052,353	\$258,866,186	7%	2%
Transfers/Other	\$8,779,884	\$8,794,093	\$11,238,000	\$11,346,388	\$17,698,168	56%	102%
Total Operating Revenue	\$447,101,583	\$452,958,693	\$461,751,899	\$460,282,145	\$482,228,969	5%	8%
			<i>Carryforward Adjustment*</i>	\$471,740,105	\$482,228,969	2%	
Student FTE	35,178	34,153	33,013	31,338	31,973	2%	-9%
Resident Students	25,053	24,070	22,930	21,380	21,069	-1%	-16%
Non-resident Students	10,126	10,083	10,083	9,958	10,904	9%	8%
Key Metrics							
State % Share	41.3%	41.7%	43.4%	44.7%	42.1%	-3%	1%
State Support per Res FTE	\$7,379	\$7,849	\$8,747	\$9,629	\$9,646	0%	31%

*revenue carried over from FY20 to FY21 is only recorded as revenue in the first year of the biennium; a carryover adjustment is need to provide for an accurate analysis of available revenue in FY21 vs FY22.

- **State % Share – decreases to 42%, MT ranks 27th, Nat'l Avg. = 56% (FY20)**
- **State Funds per Resident – remain unchanged over FY21**
MT ranks 35th (state support per total FTE), 78% of national average

Montana University System - Ed. Units Only

Current Unrestricted Expenditures & Metrics

EXPENDITURES	FY18	FY19	FY20	FY21	FY22	Difference	
					Budgeted	1yr	5yr
Instruction	\$238,607,825	\$242,901,107	\$238,885,801	\$245,422,908	\$243,045,037	-1%	2%
Academic Support	\$54,284,496	\$56,908,098	\$56,220,738	\$58,673,902	\$62,404,736	6%	15%
Student Services	\$44,053,231	\$45,824,273	\$47,193,089	\$50,605,349	\$52,474,060	4%	19%
Institutional Support	\$42,358,542	\$44,327,987	\$41,598,804	\$49,555,729	\$52,350,165	6%	24%
Operation & Maintenance	\$53,913,793	\$55,884,468	\$57,103,682	\$58,563,123	\$60,731,935	4%	13%
Research	\$2,568,884	\$2,452,559	\$2,448,904	\$2,412,265	\$4,070,554	69%	58%
Public Service	\$4,494,000	\$4,316,692	\$3,997,056	\$3,838,773	\$4,017,354	5%	-11%
Scholarships	\$2,125,817	\$3,974,574	\$2,794,953	\$2,668,056	\$3,135,127	18%	47%
Total CU Exp (net of waivers) →	\$442,406,589	\$456,573,446	\$450,243,027	\$471,740,105	\$482,228,968	2%	9%
Student FTE	35,178	34,153	33,013	31,338	31,973	2%	-9%
Key Metrics							
% Instruction Exp	53.9%	53.2%	53.1%	52.0%	50.4%	-2%	-4%
% Instruct/Acad/Stud Ser	76.2%	75.7%	76.0%	75.2%	74.2%	-1%	-2%
Expenditures per Student	\$12,576	\$13,369	\$13,638	\$15,053	\$15,082	0%	20%

- **Instruction – comprises 50% of total expenditures** BOR target = 50%
- **% Instruction + Aca Support + Stud Service is consistently over 74%** BOR target = 70%
- **Expenditures per Student – budgeted FLAT compared to 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	FY18	FY19	FY20	FY21	FY22	Difference		
						Budgeted	1yr	5yr
Contract Faculty (all)	2,073	2,018	1,955	1,885	1,887	0%	-9%	
Contract Administrators	120	100	98	93	98	5%	-18%	
Contract Professionals	615	599	579	586	613	5%	0%	
Classified FTE	1,426	1,421	1,472	1,431	1,496	5%	5%	
Total Faculty/Staff	4,233	4,138	4,104	3,995	4,094	2%	-3%	
EXPENDITURES								
Personnel Services	361,416,181	364,967,192	371,777,850	369,723,909	388,574,371	5%	8%	
Total Expenditures <small>(net of waivers)</small>	442,406,589	456,573,446	450,243,027	471,740,105	482,228,968	2%	9%	
Student FTE	35,178	34,153	33,013	31,338	31,973	2%	-9%	
Key Metrics								
Student to Faculty Ratio	17.0	16.9	16.9	16.6	16.9	2%	0%	
%Personnel Services of Total	82%	80%	83%	78%	81%	2%	-1%	

➤ **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

Discounts, Waivers & Scholarships

DISCOUNTS/WAIVERS/SCH	FY18	FY19	FY20	FY21	FY22	Difference	
					Budgeted	1yr	5yr
BOR Designated	\$8,298,452	\$8,385,241	\$8,765,968	\$8,590,939	\$9,120,141	6%	10%
Resident Discretionary	\$7,514,729	\$8,197,808	\$7,891,265	\$8,995,885	\$10,451,815	16%	39%
Non-resident Discretionary	\$30,707,678	\$34,274,684	\$38,272,343	\$43,609,357	\$44,832,953	3%	46%
Scholarships	\$2,544,324	\$4,318,086	\$2,794,365	\$2,669,051	\$3,668,525	37%	44%
Total Discounts/Waivers/Sch	\$49,065,183	\$55,175,819	\$57,723,940	\$63,865,232	\$68,073,434	7%	39%
Student FTE	35,178	34,153	33,013	31,338	31,973	2%	-9%
Key Metrics							
Waivers per Student FTE	\$1,395	\$1,616	\$1,749	\$2,038	\$2,129	4%	53%
Net Tuition Revenue per FTE	\$7,205	\$7,474	\$7,532	\$7,724	\$8,096	5%	12%
Average Net Revenue per FTE							
Non-resident (net tuition)	\$15,500	\$15,910	\$15,674	\$15,893	\$17,409	10%	12%
Resident (net tuition + state approps)	\$11,540	\$12,152	\$12,951	\$13,849	\$13,840	0%	20%
Difference	\$3,960	\$3,758	\$2,723	\$2,044	\$3,570	75%	-10%

Policy 940.13: The MUS 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: 4% budgeted increase, growth of \$100 per student FTE**
- **Net tuition revenue per student continues to increase, 5% increase over FY21**
- **Average Net Revenue per FTE Benchmark: Yes, meets required levels**

Montana University System - Ed. Units Only

Fiscal Year Student FTE - Average Annual Enrollment

ENROLLMENT	FY18	FY19	FY20	FY21	FY22	% Change	
						21 vs 22	Fall 2021
					Budgeted	Projected	YTD
Resident Undergrad	22,572	21,657	20,556	18,942	18,617	-1.7%	-3.3%
Resident Graduate	2,481	2,414	2,374	2,438	2,452	0.6%	0.8%
Non-resident Undergrad	6,418	6,437	6,392	6,047	6,109	1.0%	3.0%
WUE	2,521	2,454	2,539	2,703	3,573	32.2%	36.0%
Non-resident Graduate	1,187	1,192	1,152	1,208	1,222	1.2%	14.0%
Student FTE Total	35,178	34,153	33,013	31,338	31,973	2.0%	2.5%

*Fall 21 YTD comparison with
Fall 20 as of 9/13

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: 2% increase**
- **Fall 2021: 2.5% increase compared over Fall 2020 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

Bitterroot Valley CC