

# **FY23 Operating Budget Overview**

## **Montana University System**

September 2022

Office of the Commissioner of Higher Education

# Operating Budget Overview

## TOPICS

### ❖ System-level Summary

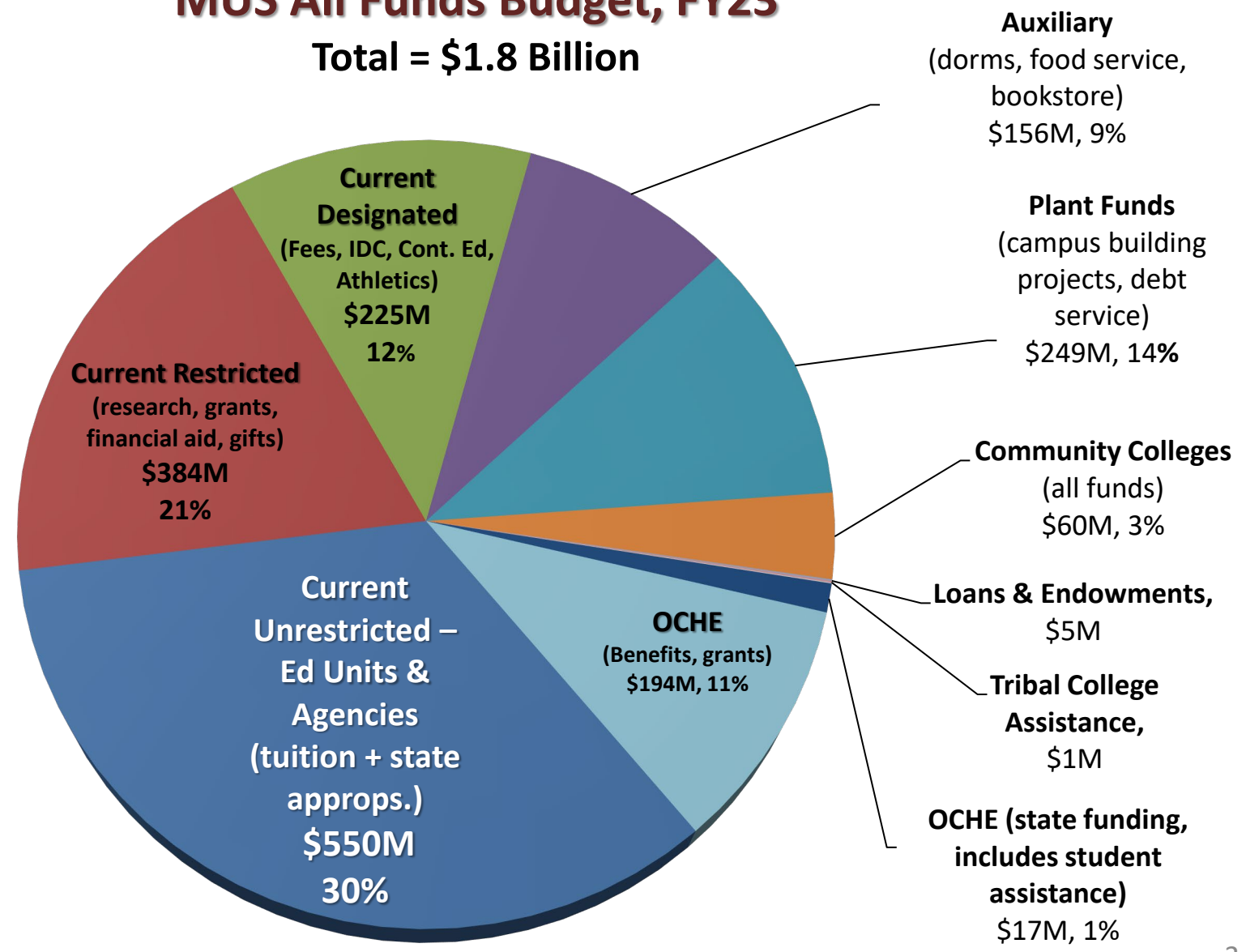
- All Funds Budget
- Budget Update / History / National Comparisons
- Operating Budget Metrics

### ❖ 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, FY23

Total = \$1.8 Billion

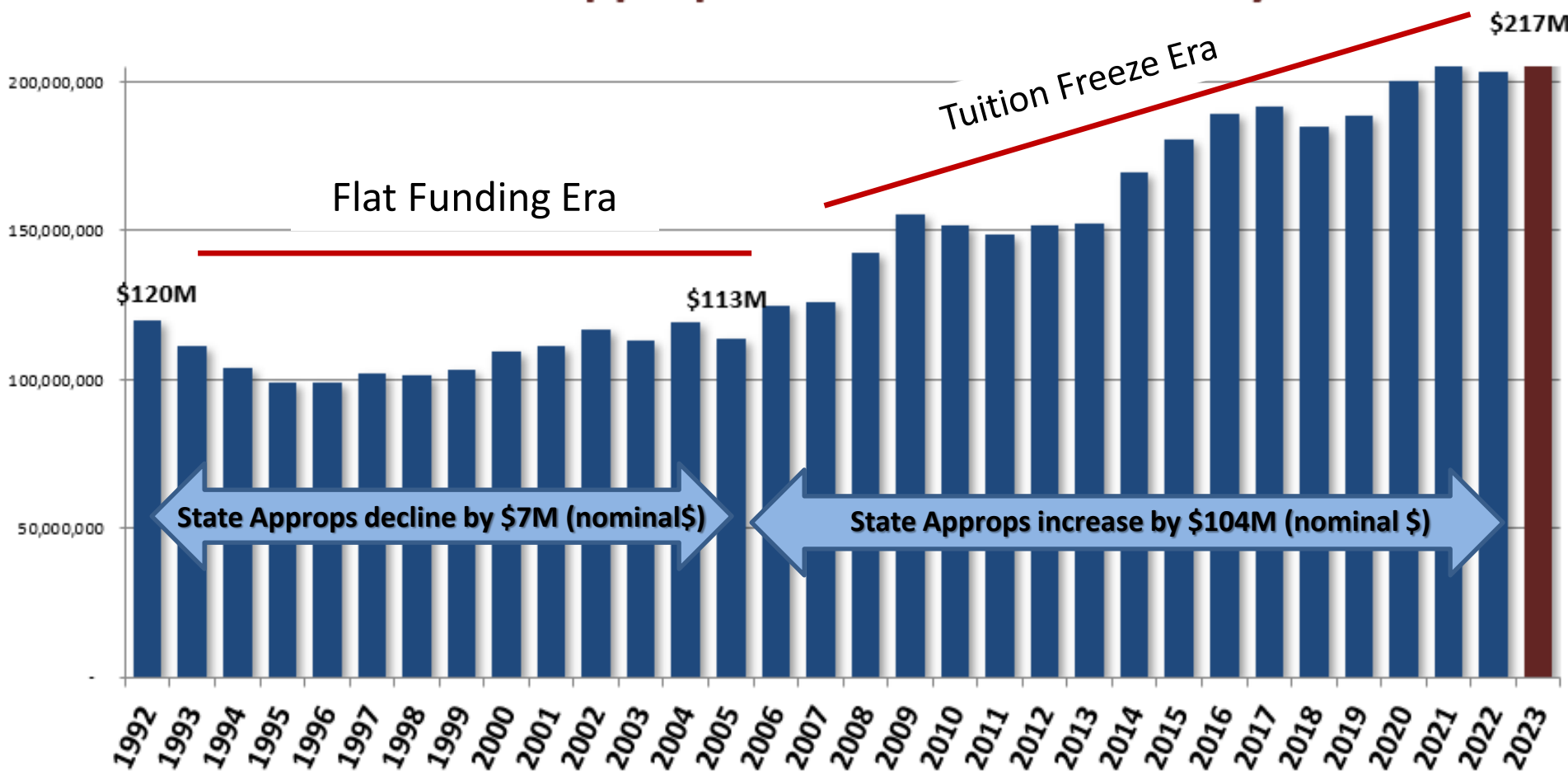


## MUS All Funds Budget

	FY 2022	FY 2023	Difference	
	Actual	Budgeted	\$	%CHG
<b>Ed. Units &amp; Agencies</b>				
Current Unrestricted	509,684,344	550,218,409	40,534,065	8%
Current Restricted	385,391,741	384,366,534	-1,025,207	0%
Current Designated	213,796,657	224,947,215	11,150,558	5%
Auxiliary Enterprises	143,347,898	156,312,481	12,964,583	9%
Loan & Endowment Funds	5,274,275	5,102,238	-172,037	-3%
Plant Funds	168,142,166	249,433,904	81,291,738	48%
<b>Ed. Unit/Agency Total</b>	<b>1,425,637,081</b>	<b>1,570,380,781</b>	<b>144,743,700</b>	<b>10%</b>
<b>Community Colleges Total</b>	<b>60,678,957</b>	<b>59,507,295</b>	<b>-1,171,661</b>	<b>-2%</b>
<b>Tribal College Assistance</b>	<b>950,851</b>	<b>1,012,875</b>	<b>62,024</b>	<b>7%</b>
OCHE (general fund) <small>includes student assistance</small>	14,106,933	17,418,442	3,311,509	23%
OCHE (Federal, SS, Private, & Proprietary)	167,346,327	193,927,299	26,580,972	16%
<b>TOTAL ALL FUNDS</b>	<b>\$1,668,720,149</b>	<b>\$1,842,246,692</b>	<b>173,526,543</b>	<b>10%</b>

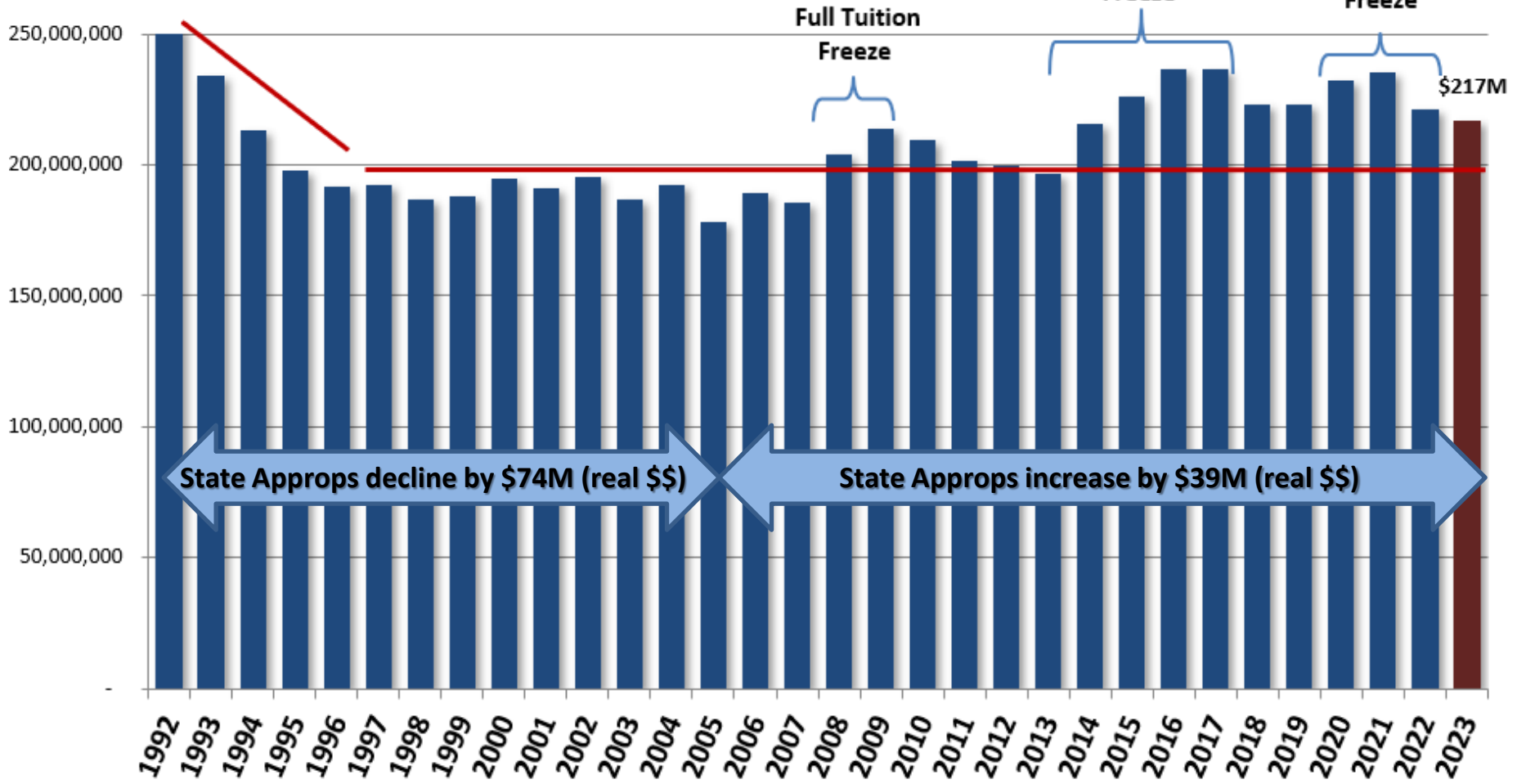
The expenditure of money appropriated in the general appropriations act to the Board of Regents...as defined in §17-7-102, MCA, is contingent upon approval of a comprehensive operating budget...

## State Appropriations -- Ed Units Only



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

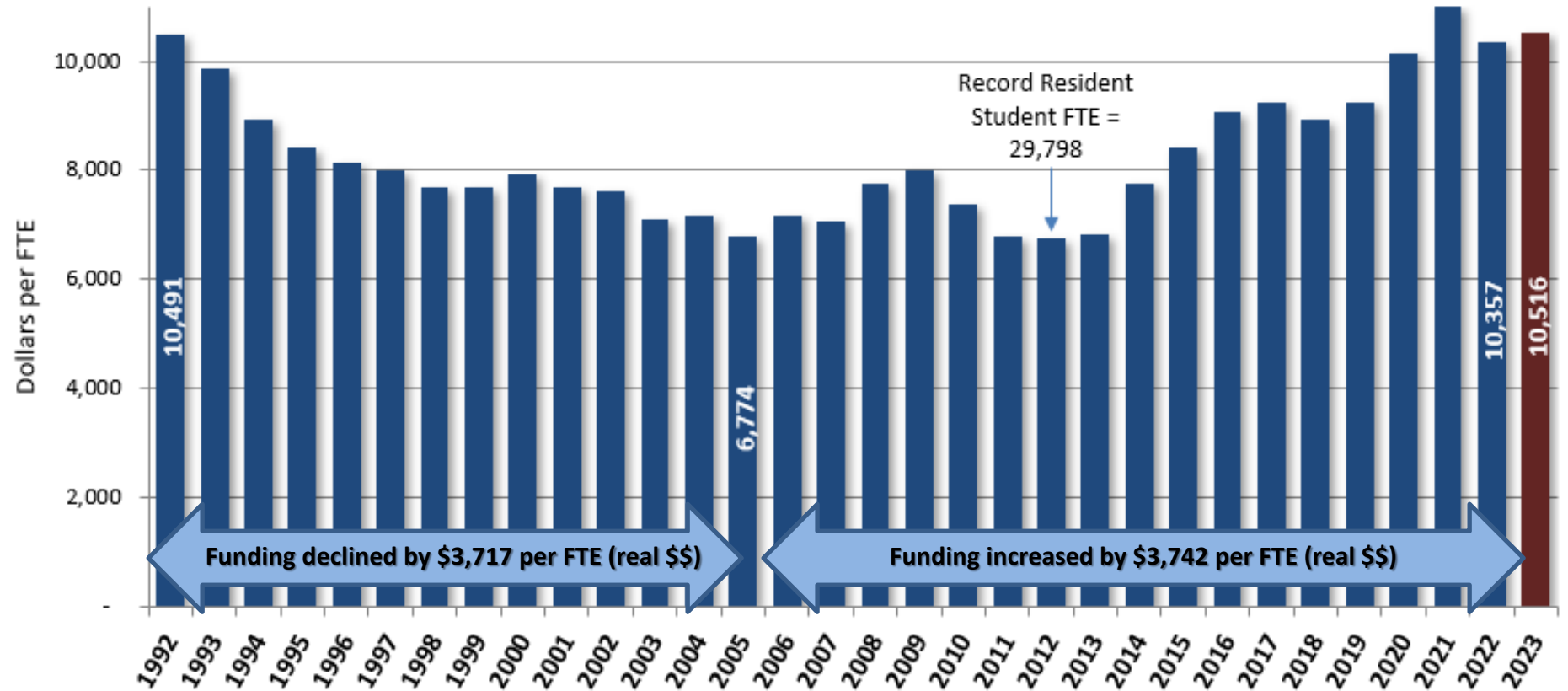
## State Appropriations -- Ed Units Only (2022 constant dollars)



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

# State Appropriations per Resident Student FTE -- Ed Units Only (2022 constant dollars)

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

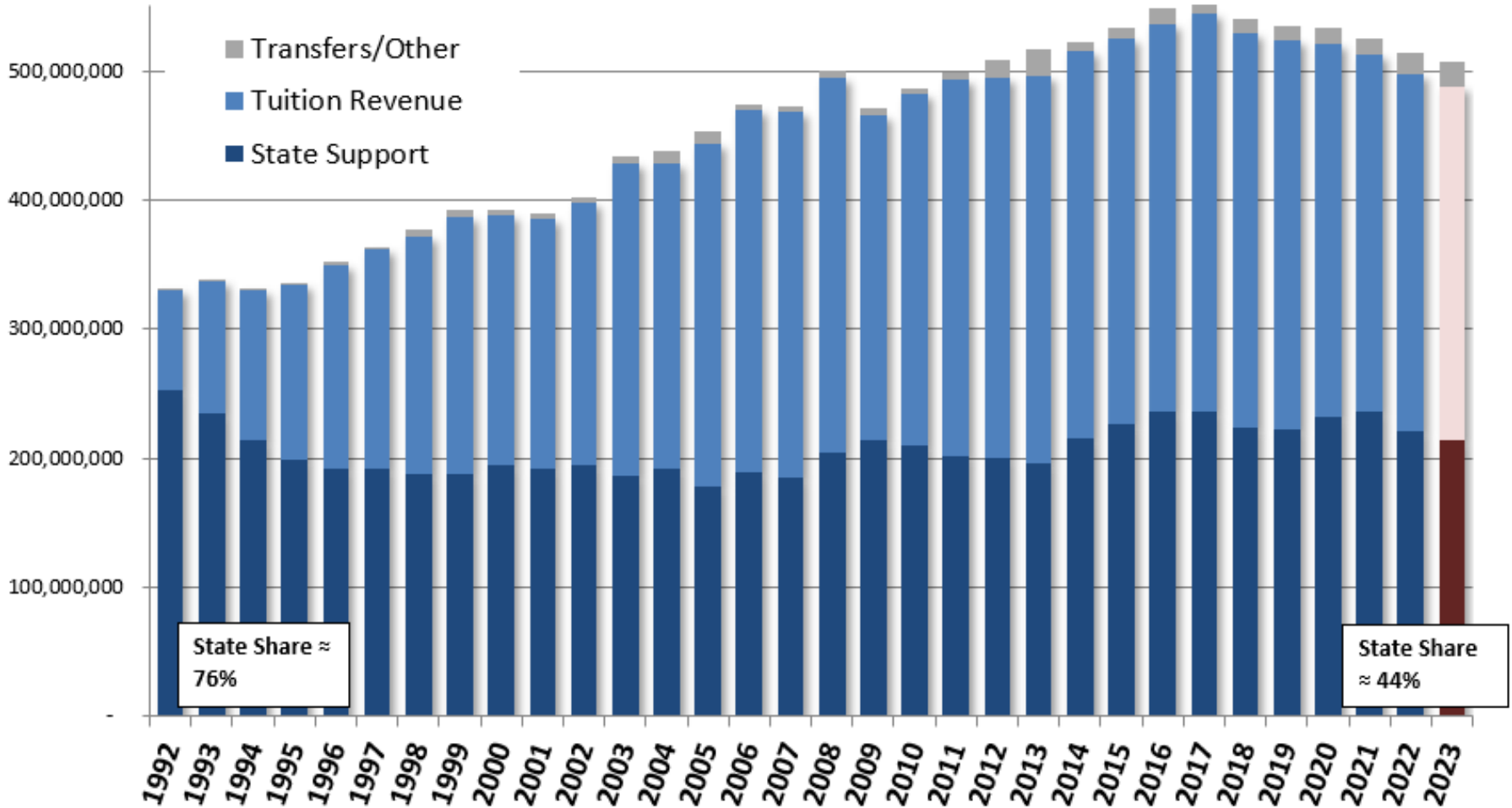


The U-system has come a long way toward gaining back funding levels of early 1990's



## Current Unrestricted Funds - Ed Units Only (2022 constant dollars)

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

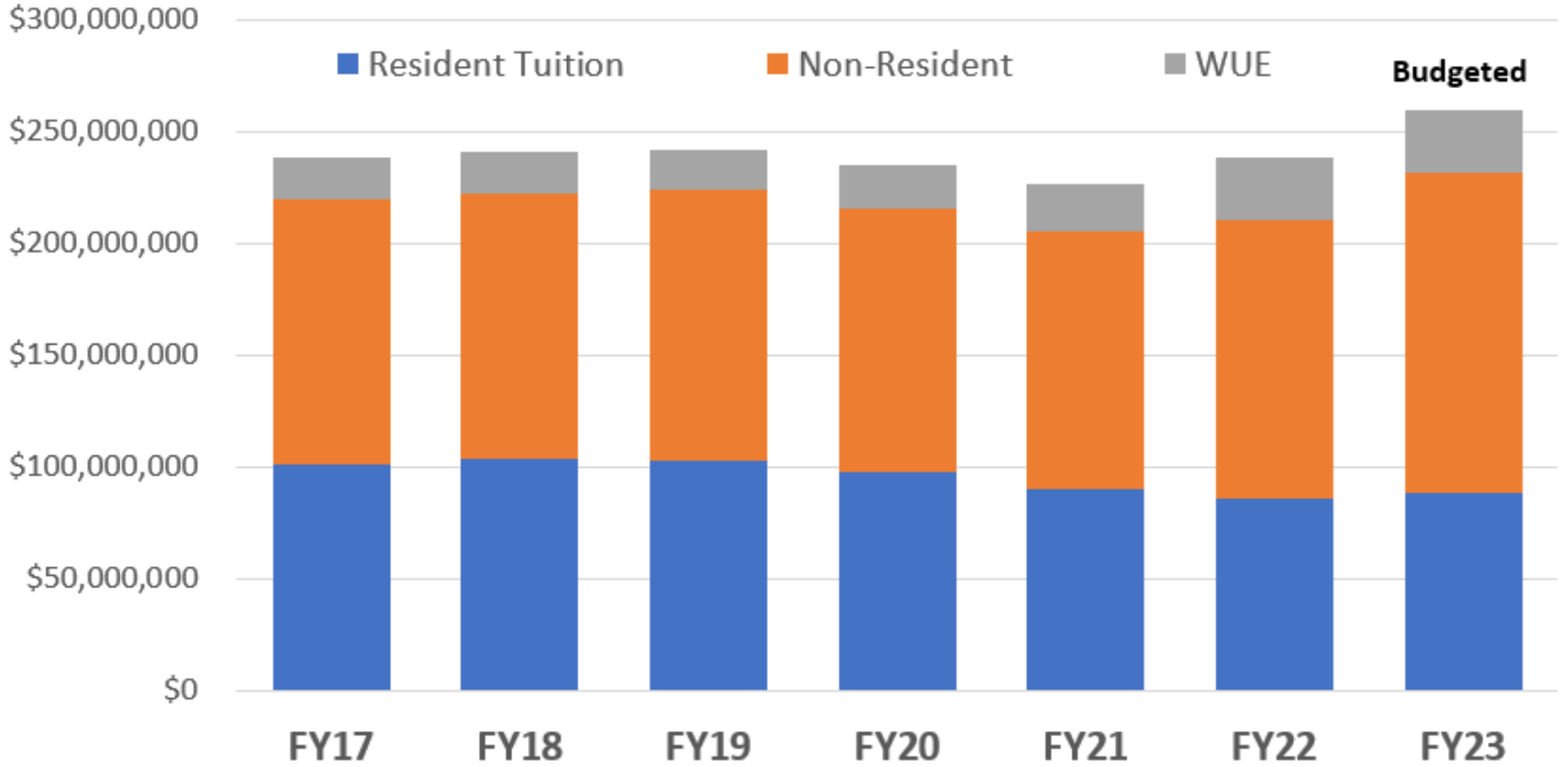


**State % Share has dropped from 76% to 44% over past 30 years**



## Net Tuition Revenue

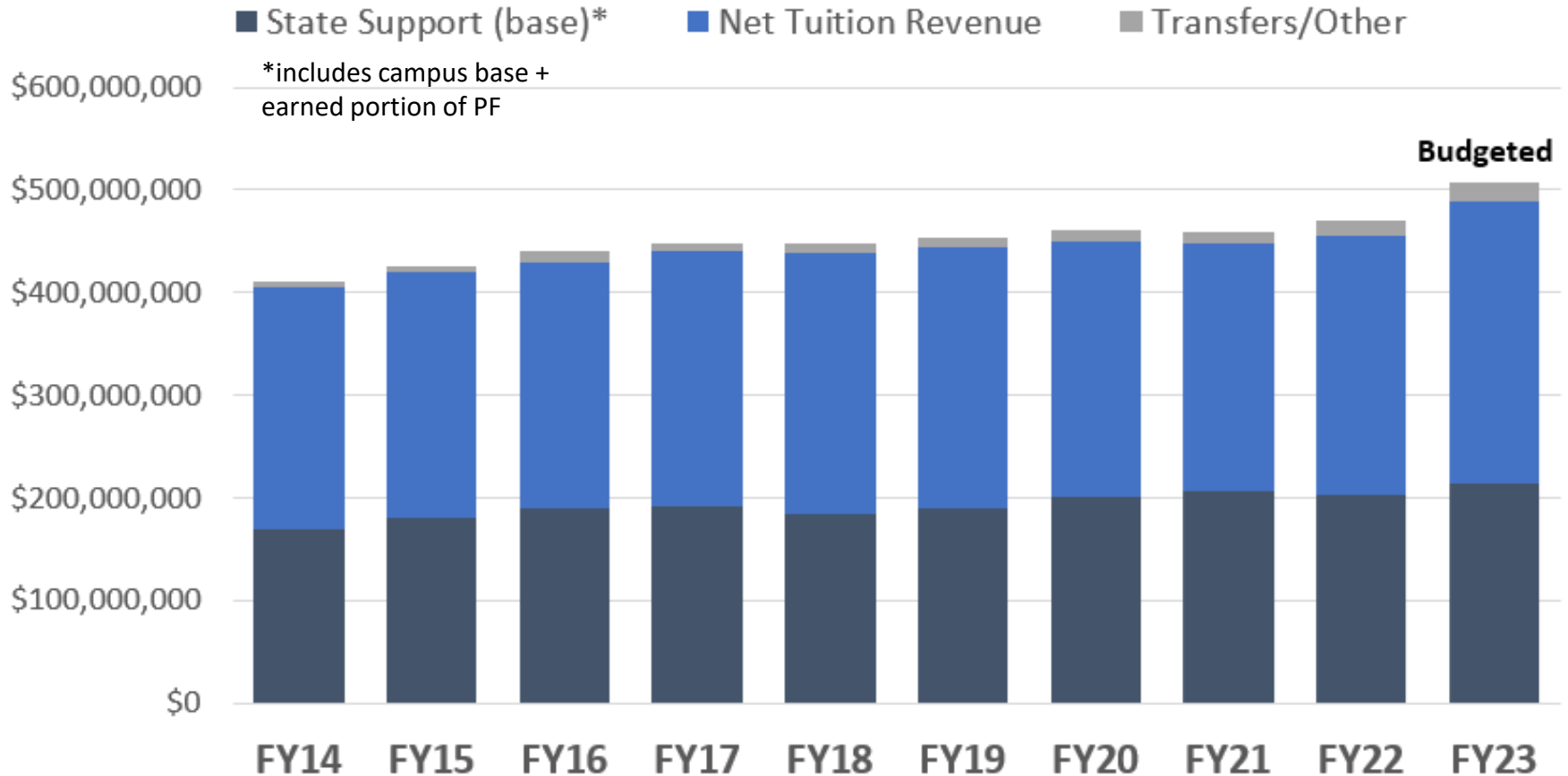
(does not include program tuition and general fund fee revenue)



**Tuition revenue projected to be up 8%:**

Resident Tuition = +3.5%, Non-resident = 15%, WUE = -3.5%

## MUS Current Unrestricted Revenue - Operating Budget

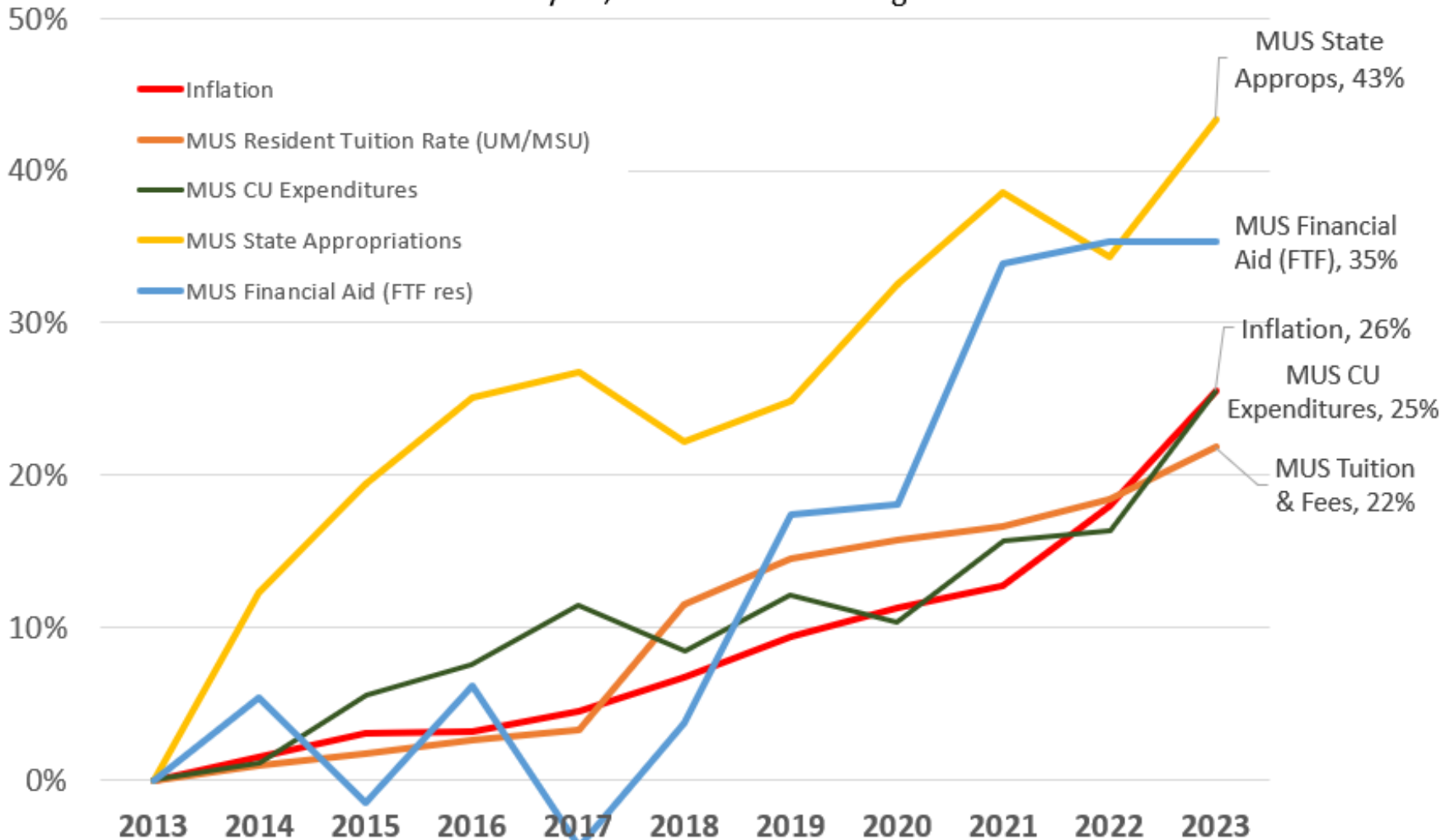


### Current Unrestricted Revenue budgeted to increase by \$36M (8%)

- 1) State Support up \$11M (6%) \*\*present law/pay plan\*\*
- 2) Tuition Revenue up \$21M (8%) \*\*tuition increases + enrollment growth\*\*
- 3) Transfers/Other up \$4M \*\*carryover from FY22\*\*

## Growth of Key Budget Drivers

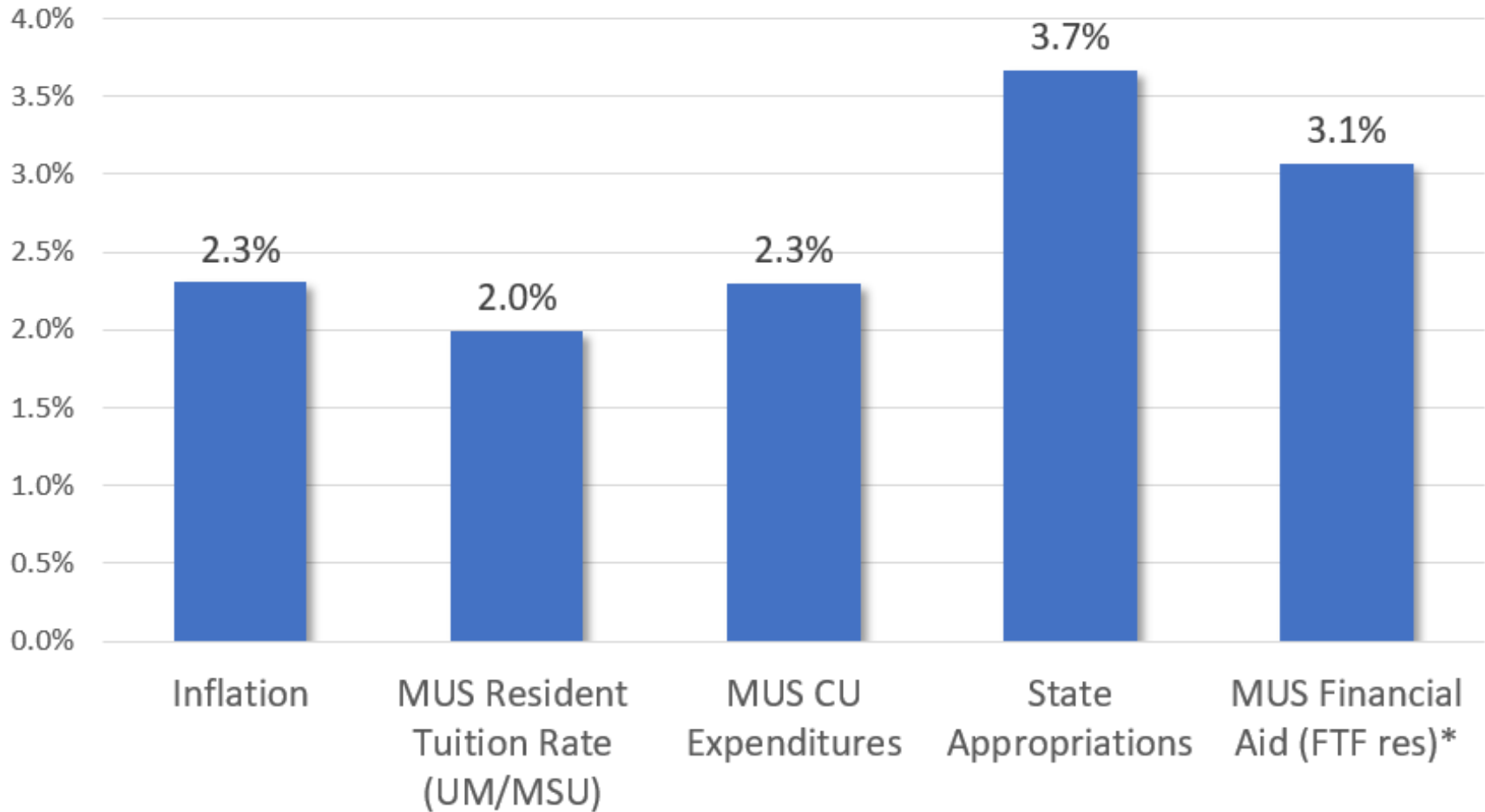
10-year, Cumulative % Change



**Tuition freezes accelerated State Approps and slowed the growth of tuition/fees.**

## Growth of Key Budget Drivers

Compounded Annual Growth Rate, FY13 - FY23

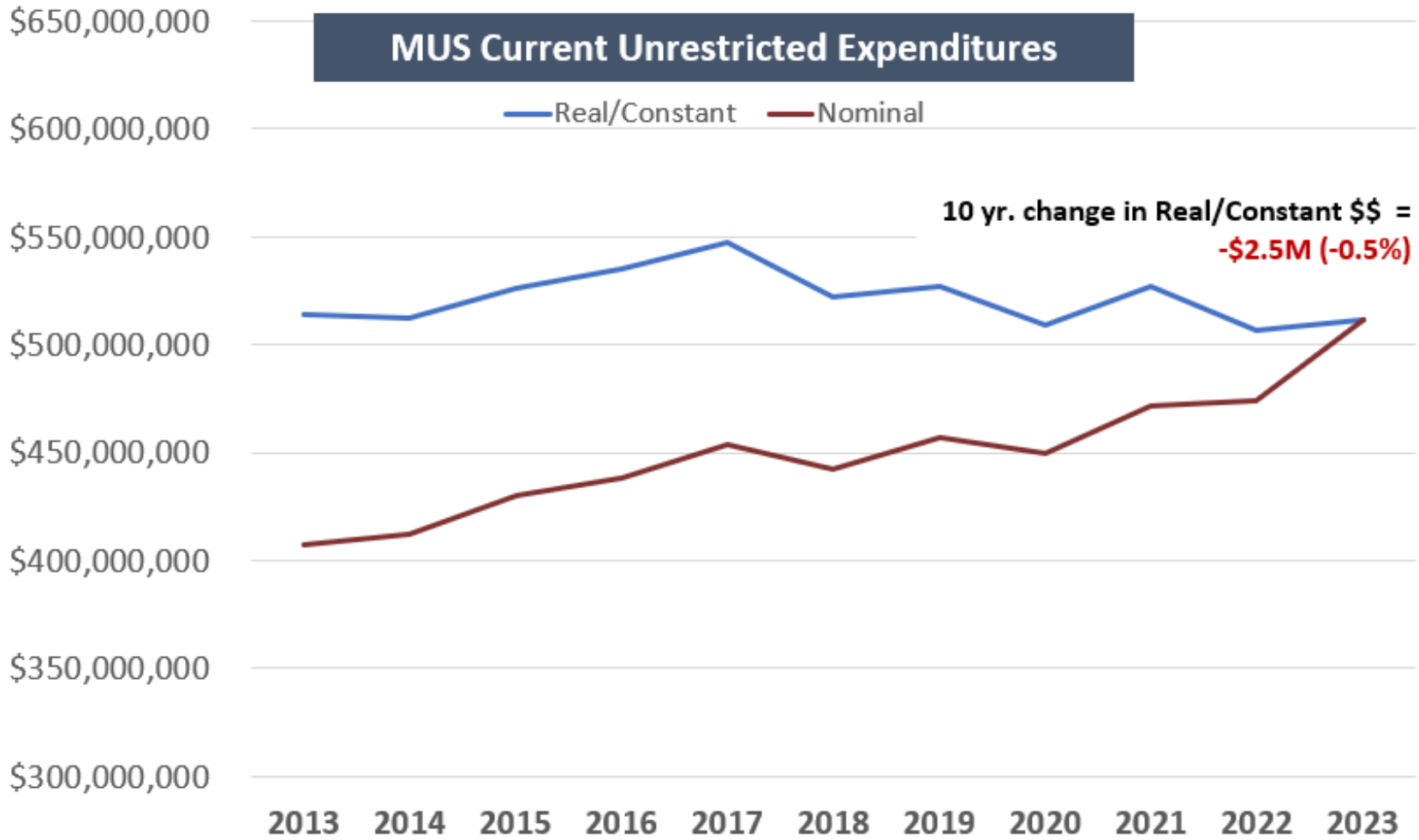


\*annual average financial aid provided to first-time, full-time, resident students

**Inflation and MUS Expenditures grew at the same pace.**

## Growth of Key Budget Drivers

(2022 Constant Dollars)

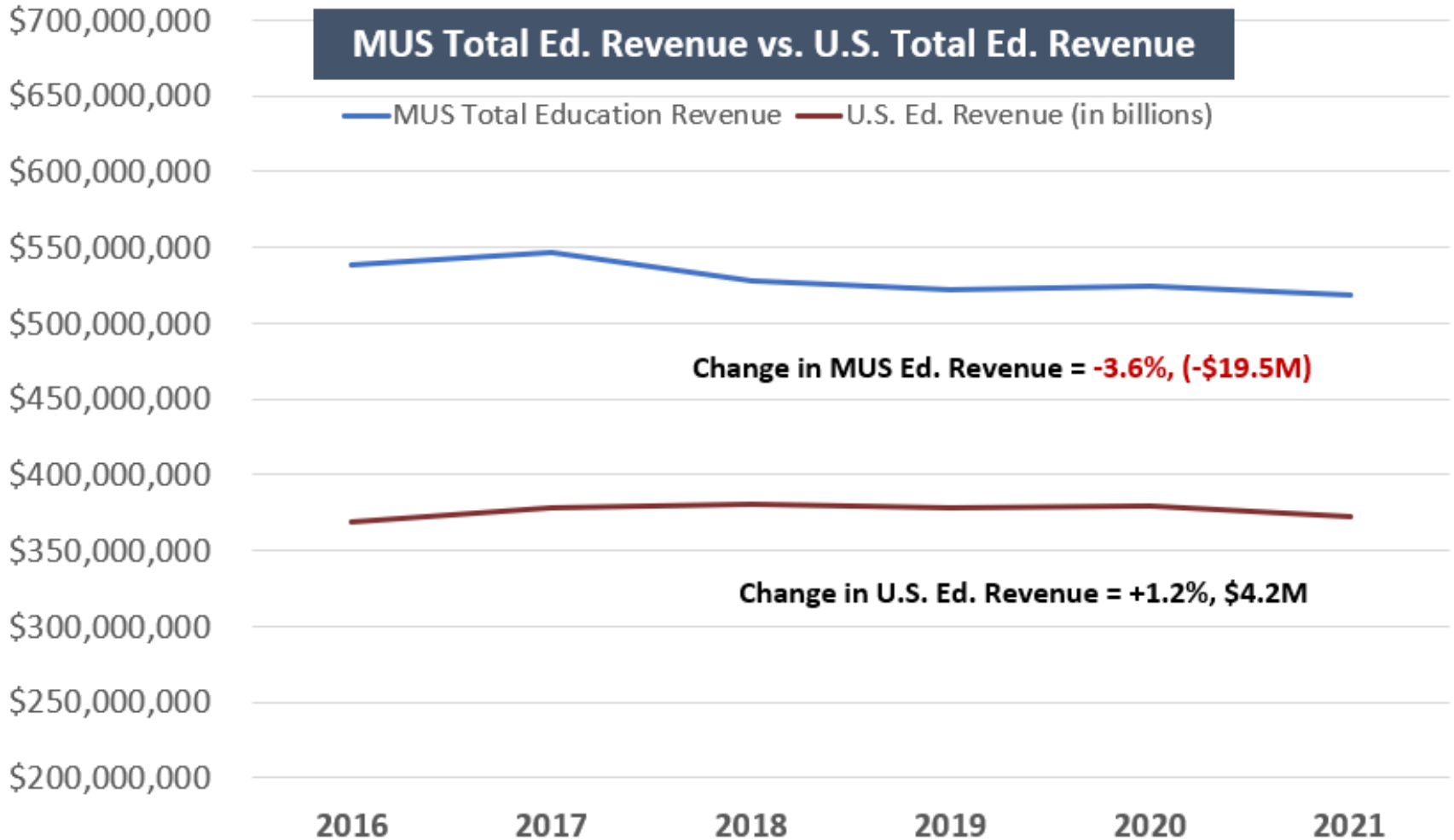


**In real/constant dollars, MUS total expenditures drop by -\$2.5M over the past 10 years.**

## Growth of Key Budget Drivers

(2022 Constant Dollars)

### MUS Total Ed. Revenue vs. U.S. Total Ed. Revenue

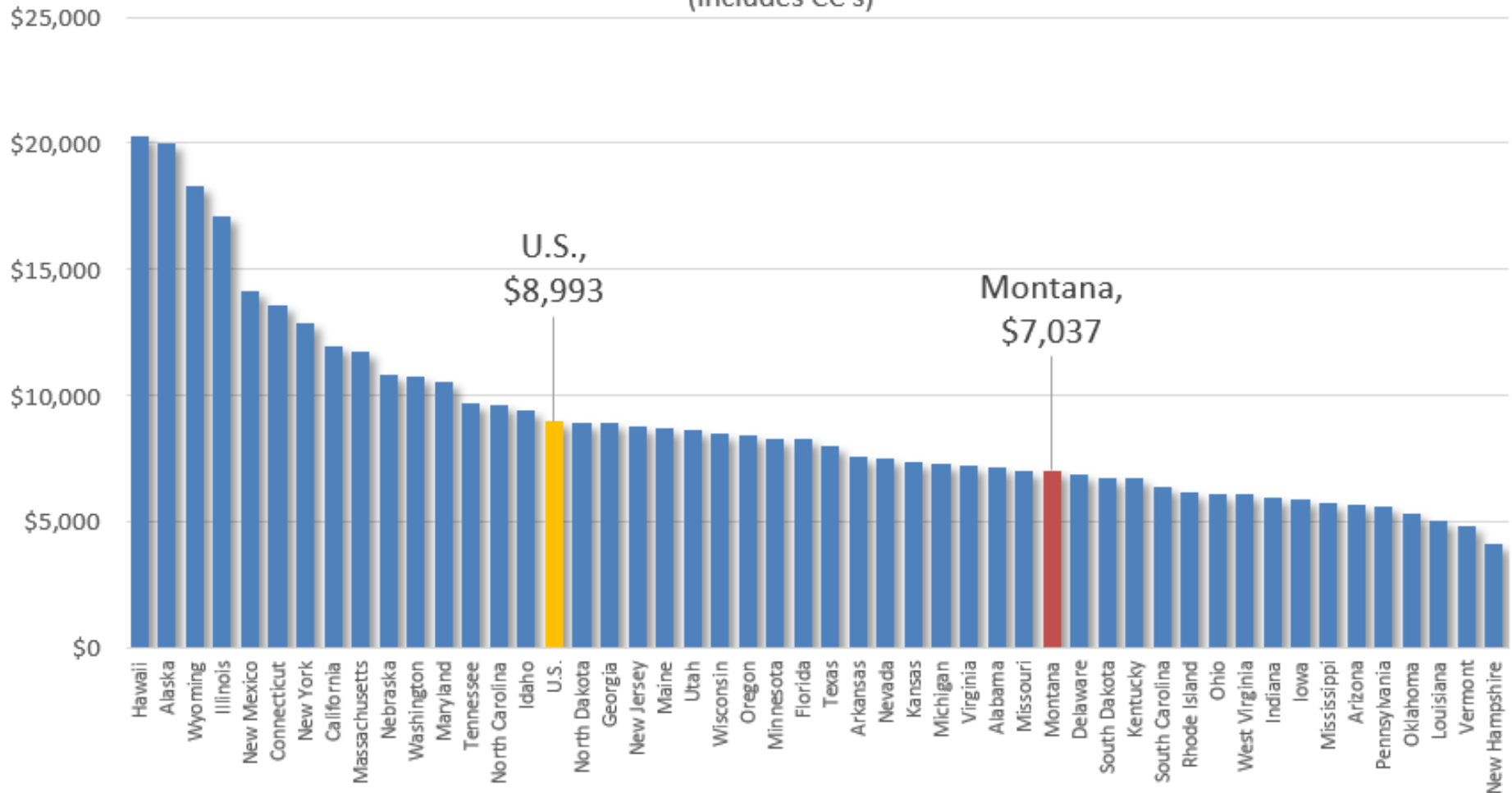


**In real/constant dollars, MUS Ed. Revenue declined while nationally it remained flat.**

## State Support per Student FTE, FY21



State appropriations AND state funded financial aid per resident and non-resident student FTE)  
(includes CC's)



State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2021.

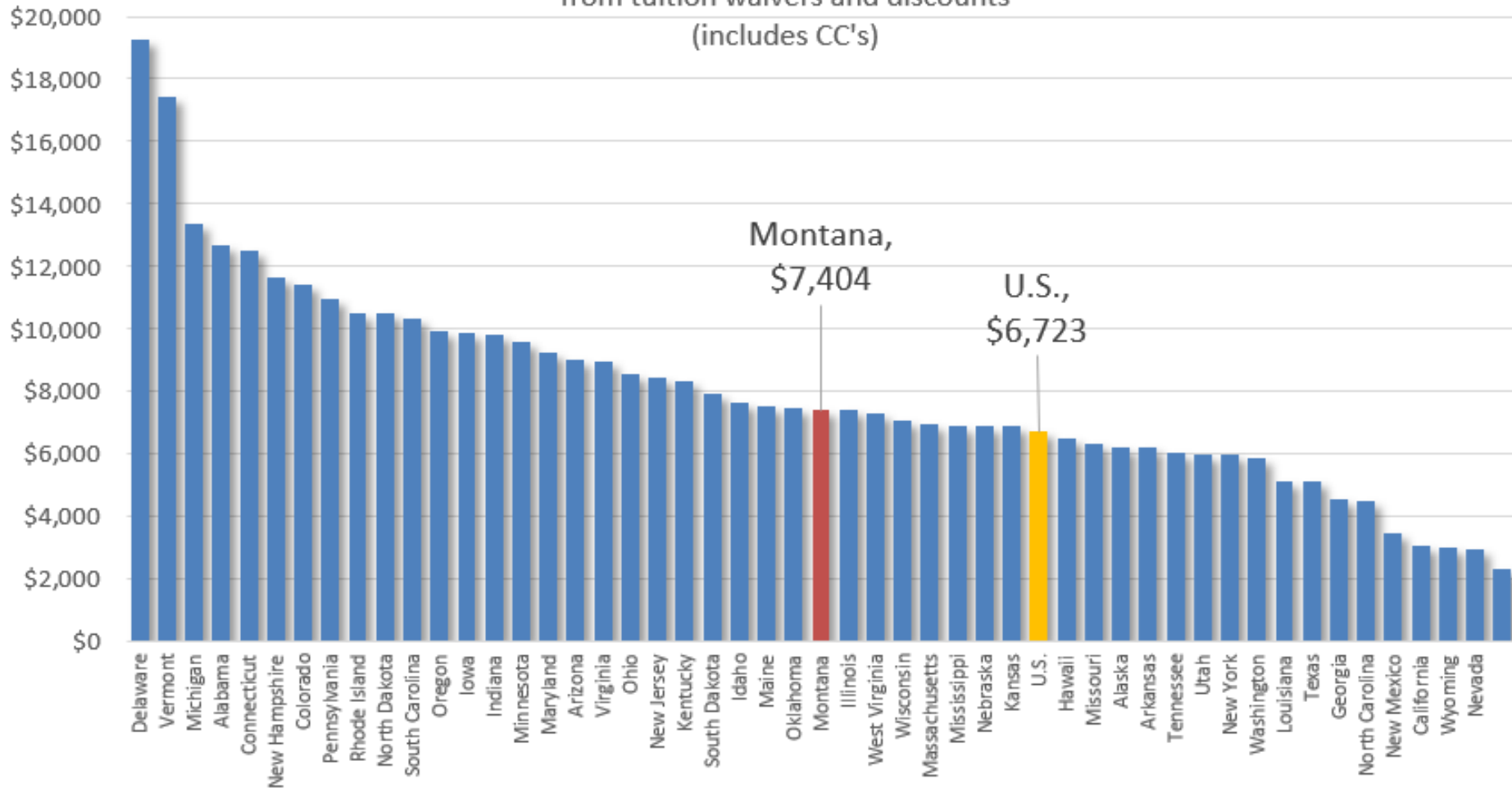
**MT is below the national average and on the borderline of the lower third of states**



## Net Tuition Revenue per Student FTE, FY21



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



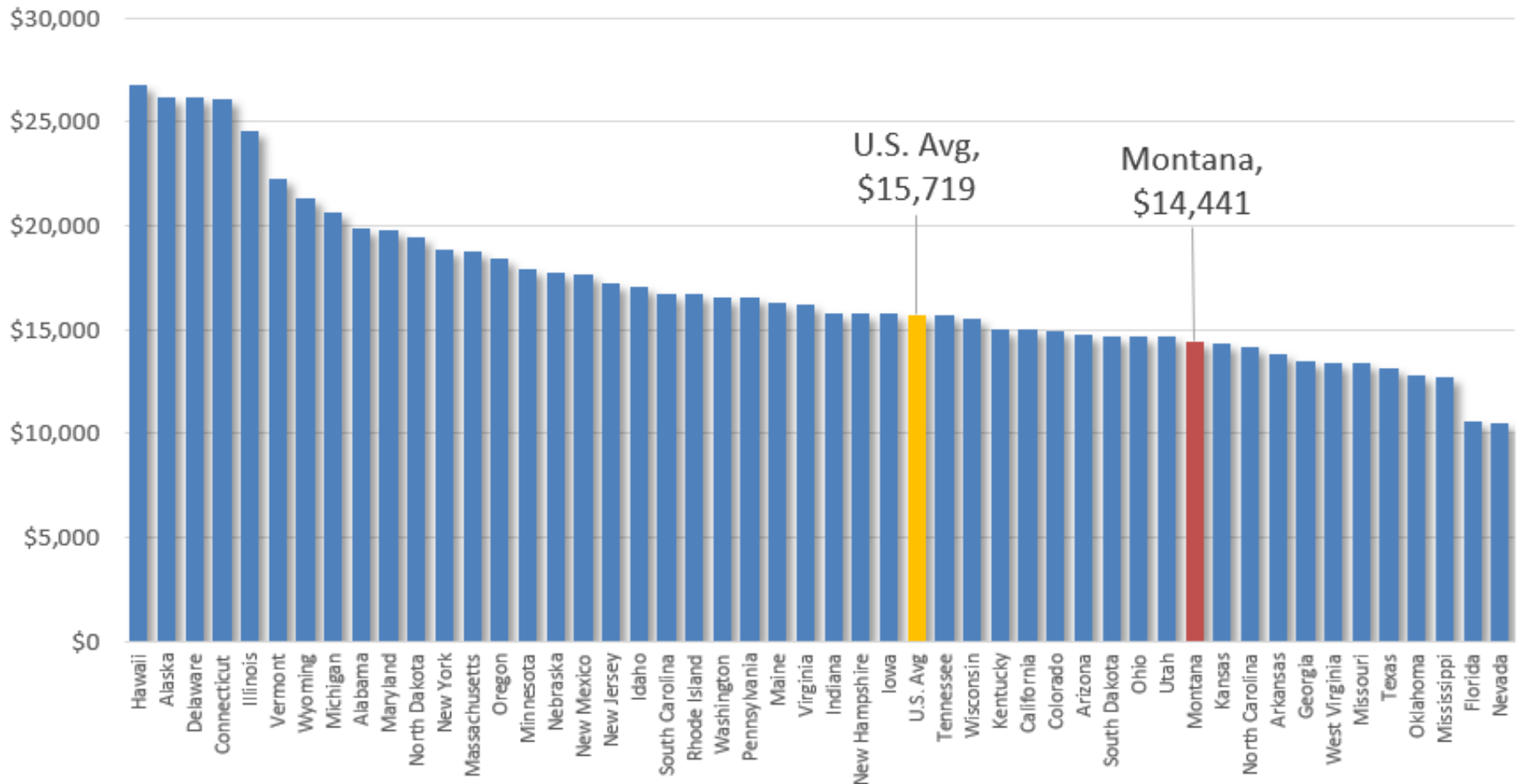
State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2021.

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

## Educational Revenue per Student FTE, FY21



Educational revenue is the sum of public higher education state appropriations and public in-state and out-of-state net tuition. (includes CC's & state funded financial aid)



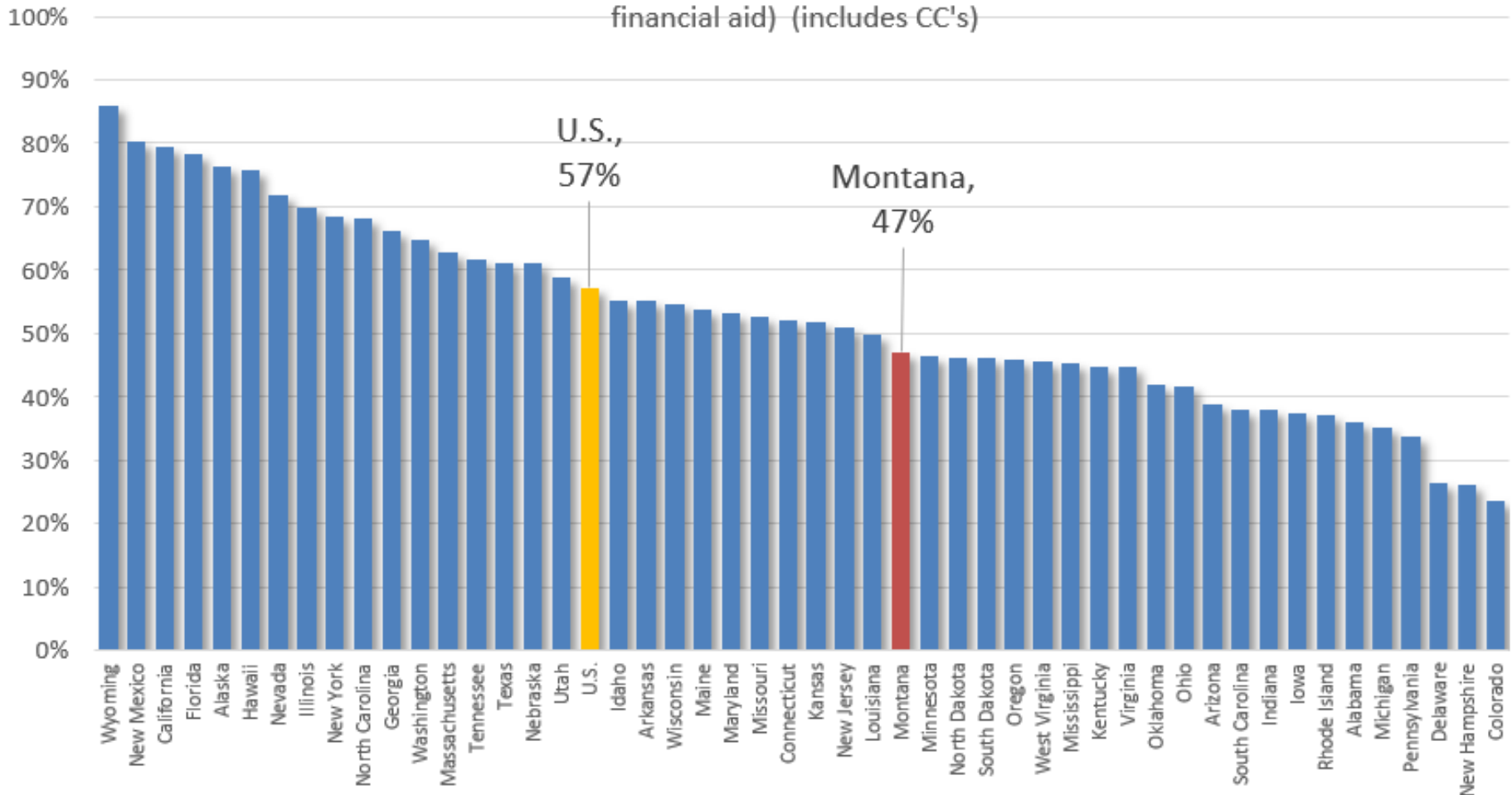
State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2021.

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

## State % Share, FY21



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, AND state funded financial aid) (includes CC's)

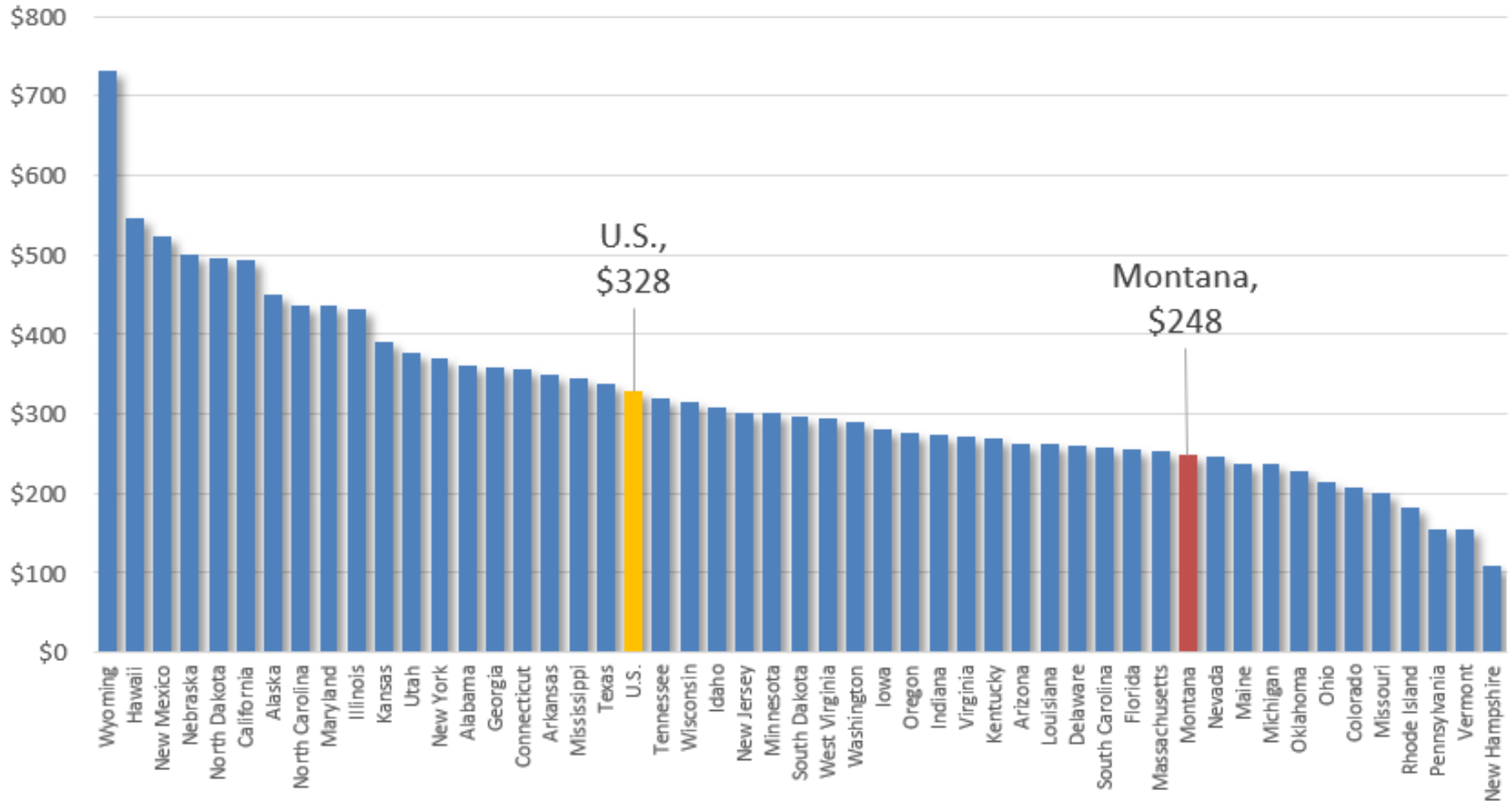


State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2021.

**MT is below the national average, but in the mid-section of state rankings for State% Share**

## State & Local Support per Capita, FY20

(includes CC's)



State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2021.

**MT ranks below the national average in state support per capita**

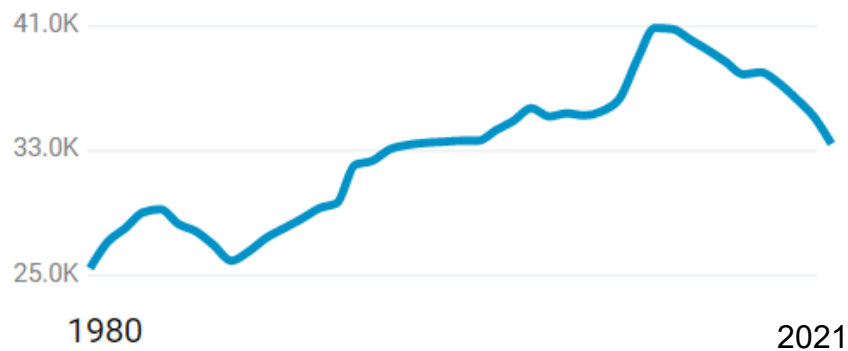
# Enrollment



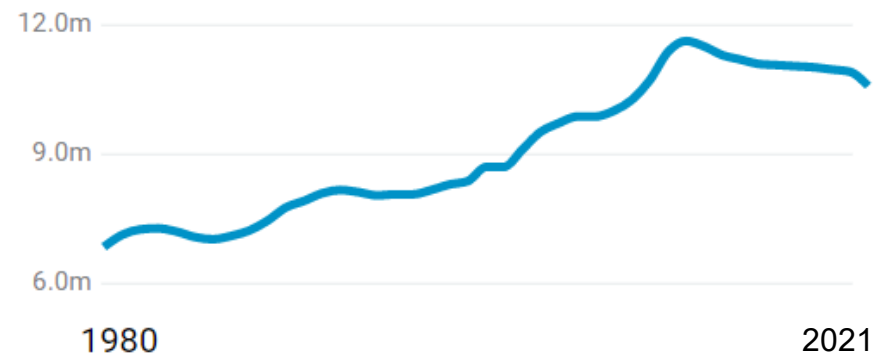
## How has Student Enrollment Changed Over Time? [🔗](#)

Montana has the eighth smallest net FTE enrollment <sup>i</sup> 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 5.1% 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 18.1% 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 38%.

### Montana



### U.S.



**Enrollment trends in MT have generally mirrored national trends**

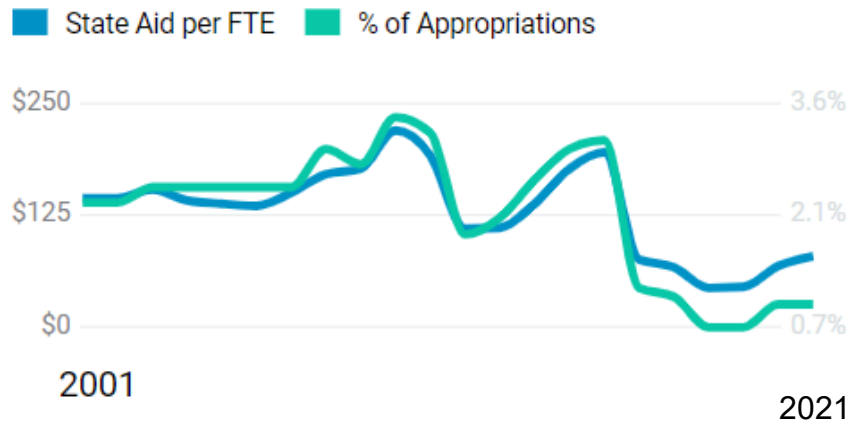
## State Financial Aid



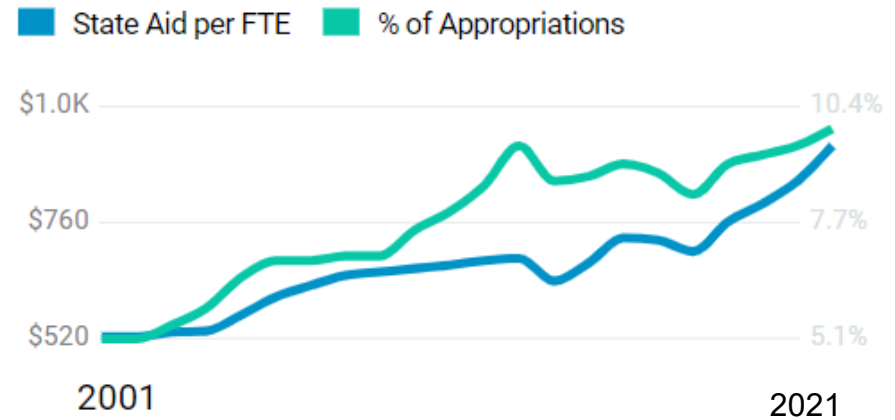
In 2021, Montana provided \$3.0 million in student financial aid (excluding loans). <sup>i</sup> Of that aid, 100.0% went to students attending public institutions; no aid went to students at independent (private) institutions, and no aid supported students at out-of-state institutions. Unlike the rest of education appropriations, in most states, financial aid to public institutions has increased over time. Since 2001, state public financial aid in Montana has decreased 44.7% per FTE and has gone from 2.3% to 1.0% of all education appropriations. <sup>i</sup>

### State Financial Aid for Students Attending Public Institutions [↗](#)

#### Montana



#### U.S.



**MT ranks close to last in the nation in state funded financial aid per student**

# System-level Summary & Metrics

Revenue  
Expenditures  
Staffing  
Waivers  
Enrollment

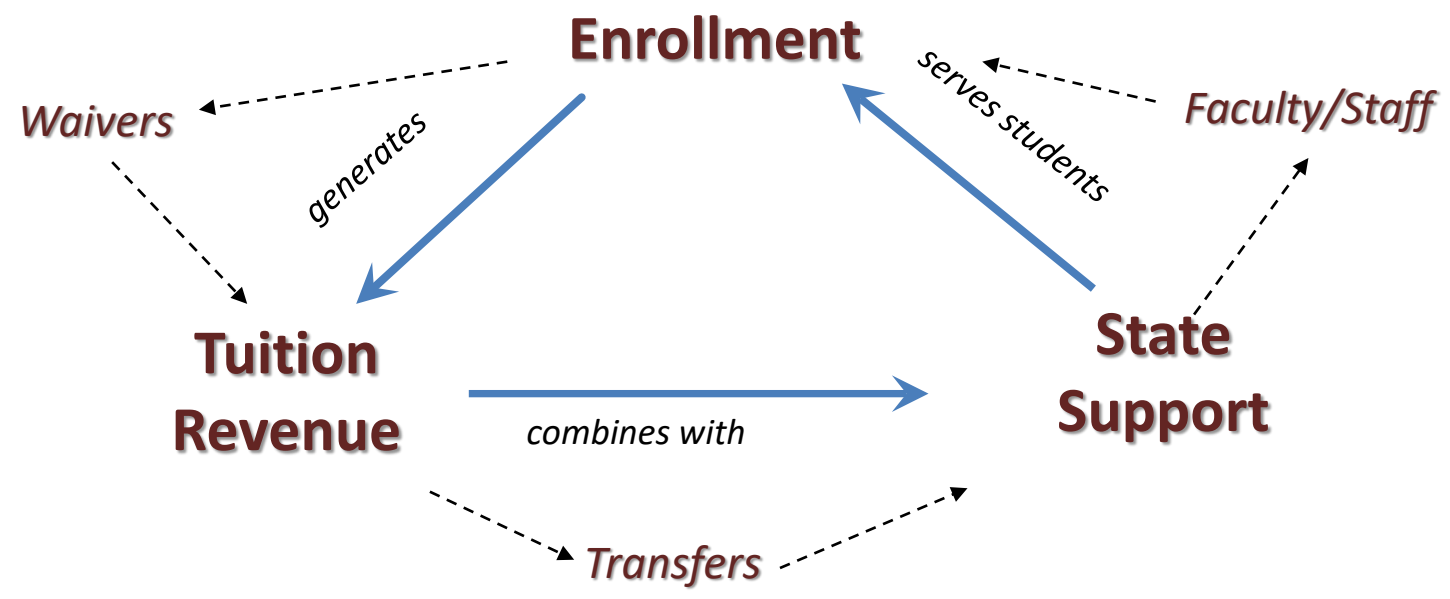
Dashboards: [System](#) | [Institutional](#)

## Major Budget Drivers

- Enrollment (Res/Non-res/WUE); projected increase
- Resident/Non-Res tuition increases; increasing tuition revenue
- Present Law Adjustment \$10M, Pay Plan \$2M
- Enrollment management and financial aid
- Staffing demands



Keep it Simple!



## Present Law Increases & Pay Plan

- Pay Plan (55 cents/hour or 2% increase, whichever is greater)  
= \$6M
- Other Personnel Costs (faculty merit/market, leave payout, retention)  
= \$11M
- Higher Ed Specific Costs (IT, library, safety, compliance, rent, contracts, maintenance)  
= \$15M
- Other Costs (RMDT insurance, utilities, compliance/safety)  
= \$1.5M

TOTAL = \$34M

## Montana University System - Ed. Units Only

### Current Unrestricted Revenue & Metrics

REVENUE	FY18	FY21	FY22	%Change		FY23 Budgeted	%Change 1yr
				1yr	5yr		
State Support (base)*	\$184,871,932	\$205,859,030	\$203,067,258	-1%	10%	\$214,496,963	6%
State Support (OTO)		\$1,024,374	\$3,213,299	214%	-	\$3,823,969	19%
Net Tuition Revenue	\$253,449,767	\$242,052,353	\$252,723,254	4%	0%	\$273,454,160	8%
Transfers/Other	\$8,779,884	\$11,346,388	\$15,338,521	35%	75%	\$19,608,136	28%
<b>Total Operating Revenue</b>	<b>\$447,101,583</b>	<b>\$460,282,145</b>	<b>\$474,342,331</b>	3%	6%	<b>\$511,383,228</b>	8%
<i>*includes campus base + earned portion of PF</i>							
<b>Student FTE</b>	35,178	31,338	31,684	1%	-10%	32,108	1%
Resident Students	25,053	21,380	20,626	-4%	-18%	20,369	-1%
Non-resident Students	10,126	9,958	11,058	11%	9%	11,739	6%
<b>Key Metrics</b>							
State % Share	41.3%	44.7%	42.8%	-2%	1%	41.9%	-1%
State Support per Res FTE	\$7,379	\$9,629	\$9,845	2%	33%	\$10,531	7%

- **State % Share – drops to 42%, MT ranks 26th, Nat'l Avg. = 57% (FY21)**
- **State Funds per Resident are budgeted to increase**  
**MT ranks 38th (state support per total FTE), 92% of national average**

## Montana University System - Ed. Units Only

Current Unrestricted Expenditures & Metrics

EXPENDITURES	FY18	FY21	FY22	%Change		FY23 Budgeted	%Change 1yr
				1yr	5yr		
Instruction	\$238,646,800	\$245,422,908	\$237,190,779	-3%	-1%	\$254,737,640	7%
Academic Support	\$54,322,716	\$58,673,902	\$60,907,916	4%	12%	\$69,297,951	14%
Student Services	\$44,034,674	\$50,605,349	\$51,982,362	3%	18%	\$56,418,308	9%
Institutional Support	\$42,267,190	\$49,555,729	\$52,241,203	5%	24%	\$55,649,324	7%
Operation & Maintenance	\$53,791,204	\$58,563,123	\$59,844,064	2%	11%	\$63,319,212	6%
Research	\$2,568,884	\$2,412,265	\$4,084,249	69%	59%	\$4,738,765	16%
Public Service	\$4,494,000	\$3,838,773	\$4,033,869	5%	-10%	\$4,319,823	7%
Scholarships	\$2,125,817	\$2,668,056	\$2,555,423	-4%	20%	\$2,902,204	14%
<b>Total CU Exp</b> (net of waivers) →	<b>\$442,251,284</b>	<b>\$471,740,105</b>	<b>\$472,839,867</b>	0%	7%	<b>\$511,383,228</b>	8%
<b>Student FTE</b>	35,178	31,338	31,684	1%	-10%	32,108	1%
<b>Key Metrics</b>							
% Instruction Exp	54.0%	52.0%	50.2%	-2%	-4%	49.8%	0%
% Instruct/Acad/Stud Ser	76.2%	75.2%	74.0%	-1%	-2%	74.4%	0%
Expenditures per Student	\$12,572	\$15,053	\$14,924	-1%	19%	\$15,927	7%

- **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 to increase** MT ranks 38<sup>th</sup> 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	FY21	FY22	%Change		FY23	%Change
				1yr	5yr	Budgeted	1yr
Contract Faculty (all)	2,022	1,804	1,788	-1%	-12%	1,872	5%
Contract Administrators	115	91	87	-4%	-24%	100	14%
Contract Professionals	595	567	611	8%	3%	627	3%
Classified FTE	1,365	1,359	1,301	-4%	-5%	1,504	16%
<b>Total Faculty/Staff</b>	<b>4,097</b>	<b>3,821</b>	<b>3,787</b>	<b>-1%</b>	<b>-8%</b>	<b>4,103</b>	<b>8%</b>
<b>EXPENDITURES</b>							
Personnel Services	361,416,181	369,723,909	373,323,088	1%	3%	414,094,428	11%
Total Expenditures <small>(net of waivers)</small>	442,251,284	471,740,105	472,839,867	0%	7%	511,383,228	8%
<b>Student FTE</b>	<b>35,178</b>	<b>31,338</b>	<b>31,684</b>	<b>1%</b>	<b>-10%</b>	<b>32,108</b>	<b>1%</b>
<b>Key Metrics</b>							
Student to Faculty Ratio	17.4	17.4	17.7	2%	2%	17.1	-3%
%Personnel Services of Total	82%	78%	79%	1%	-3%	81%	2%

- **Student to Faculty Ratio – budgeted for 17.1 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	FY21	FY22	%Change		FY23 Budgeted	%Change 1yr
				1yr	5yr		
BOR Designated	\$8,298,452	\$8,590,939	\$8,093,850	-6%	-2%	\$8,430,060	4%
Resident Discretionary	\$7,514,729	\$8,995,885	\$8,774,880	-2%	17%	\$8,493,923	-3%
Non-resident Discretionary Scholarships	\$30,707,678	\$43,609,357	\$44,482,817	2%	45%	\$57,649,718	30%
<b>Total Discounts/Waivers/Sch</b>	<b>\$49,065,183</b>	<b>\$63,865,232</b>	<b>\$65,638,101</b>	3%	34%	<b>\$79,749,055</b>	21%
<b>Student FTE</b>	35,178	31,338	31,684	1%	-10%	32,108	1%
<b>Key Metrics</b>							
<b>Waivers per Student FTE</b>	\$1,395	\$2,038	\$2,072	2%	49%	\$2,484	20%
<b>Net Tuition Revenue per FTE</b>	\$7,205	\$7,724	\$7,976	3%	11%	\$8,517	7%
<b>Average Net Revenue per FTE</b>							
Non-resident (net tuition)	\$15,500	\$15,893	\$17,039	7%	10%	\$17,971	5%
Resident (net tuition + state approps)	\$11,540	\$13,849	\$13,689	-1%	19%	\$15,070	10%
Difference	\$3,960	\$2,044	\$3,349	64%	-15%	\$2,902	-13%

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: 20% budgeted increase, growth of \$400 per student FTE**
- **Net tuition revenue per student continues to increase, +11% increase FY22 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	FY19	FY20	FY21	FY22	FY23 Budgeted	% Change	
						22 vs 23 Projected	Fall 2022 YTD
Resident Undergrad	21,657	20,556	18,942	18,237	18,072	-0.9%	-3.5%
Resident Graduate	2,414	2,374	2,438	2,389	2,297	-3.9%	-8.8%
Non-resident Undergrad	6,437	6,392	6,047	6,074	6,908	13.7%	16.0%
WUE	2,454	2,539	2,703	3,627	3,465	-4.5%	-6.0%
Non-resident Graduate	1,192	1,152	1,208	1,357	1,366	0.7%	-1.0%
<b>Student FTE Total</b>	<b>34,153</b>	<b>33,013</b>	<b>31,338</b>	<b>31,684</b>	<b>32,108</b>	<b>1.3%</b>	<b>0.0%</b>

\*Fall 22 YTD comparison with  
Fall 21 as of 9/16

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

- **1-year Budgeted enrollment change: 1% increase**
- **Fall 2022: 0% increase over Fall 2021 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**