

FY24 Operating Budget Overview

Montana University System

September 2023

Office of the Commissioner of Higher Education

Operating Budget Overview

TOPICS

❖ System-level Summary

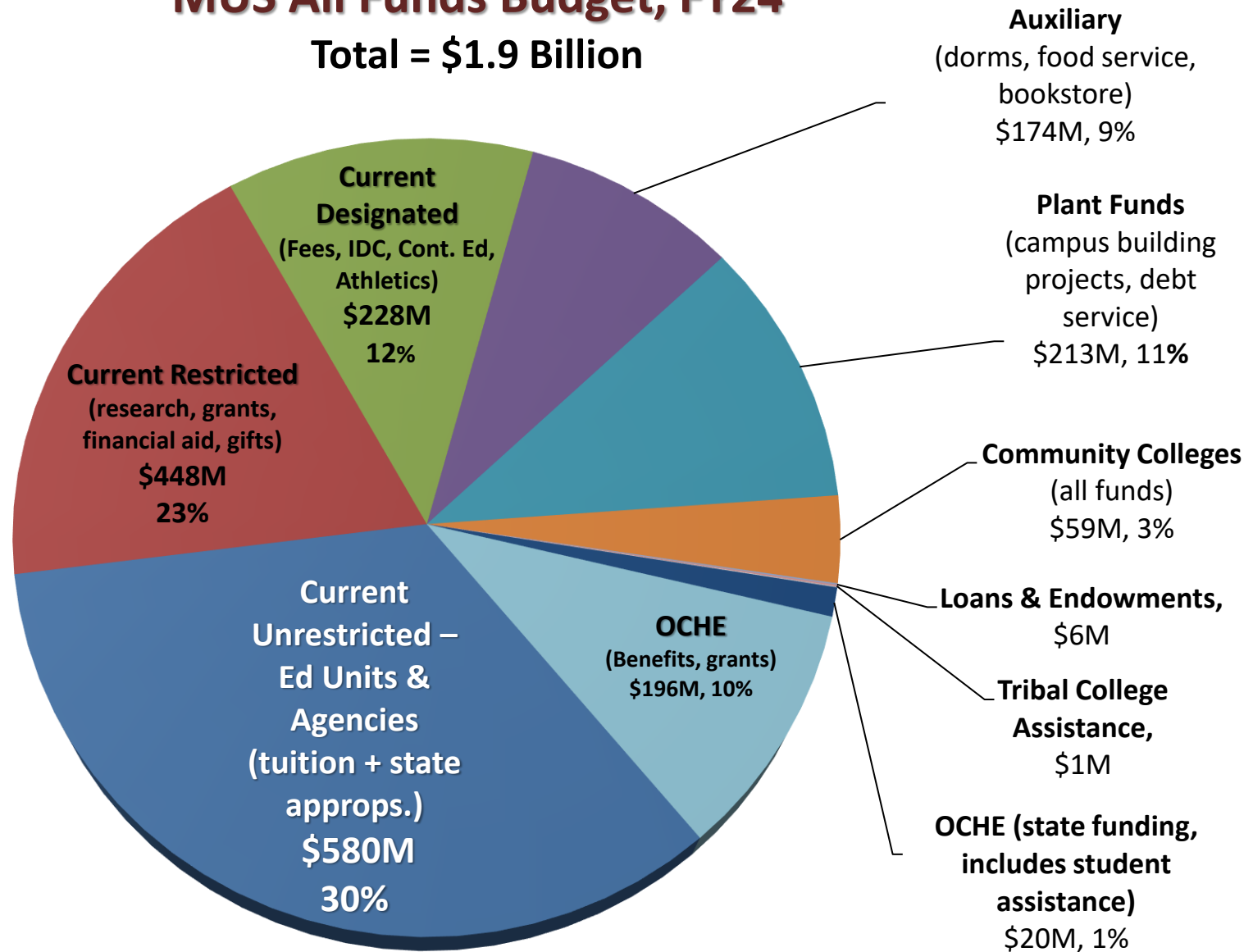
- All Funds Budget
- Budget Update / History / National Comparisons
- Operating Budget Metrics

❖ 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, FY24

Total = \$1.9 Billion

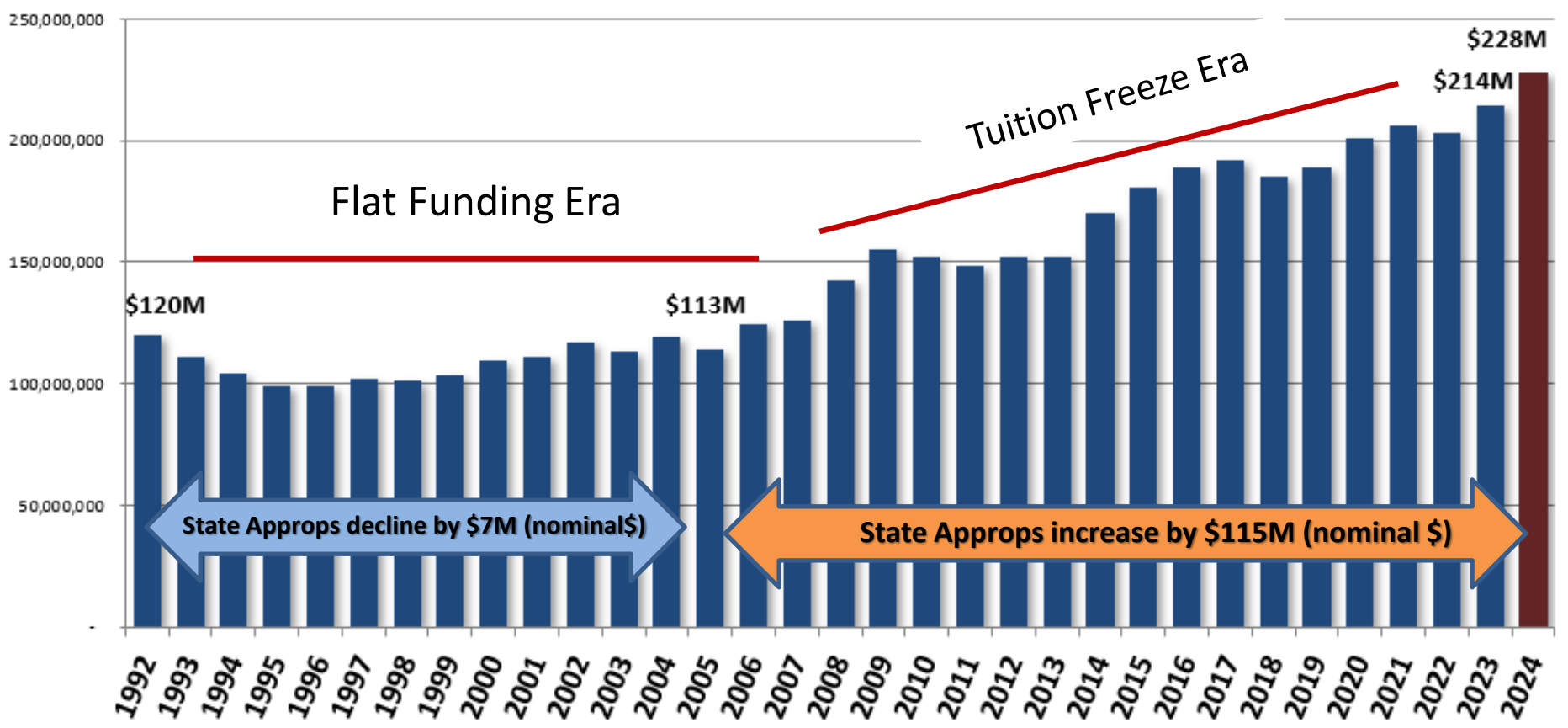


MUS All Funds Budget

	FY 2023	FY 2024	Difference	
	Actual	Budgeted	\$\$	%CHG
Ed. Units & Agencies				
Current Unrestricted	551,760,773	579,467,129	27,706,356	5%
Current Restricted	402,222,046	448,010,131	45,788,085	11%
Current Designated	225,001,934	227,620,846	2,618,912	1%
Auxiliary Enterprises	171,142,061	174,788,943	3,646,882	2%
Loan & Endowment Funds	7,255,535	5,792,270	-1,463,265	-20%
Plant Funds	175,247,926	212,516,176	37,268,250	21%
Ed. Unit/Agency Total	1,532,630,275	1,648,195,495	115,565,220	8%
Community Colleges Total	55,017,236	58,638,761	3,621,525	7%
Tribal College Assistance	1,012,875	1,018,400	5,525	1%
OCHE (general fund) <small>includes student assistance</small>	16,679,088	20,446,859	3,767,771	23%
OCHE (Federal, SS, Private, & Proprietary)	165,144,014	196,272,638	31,128,624	19%
TOTAL ALL FUNDS	\$1,770,483,489	\$1,924,572,153	154,088,665	9%

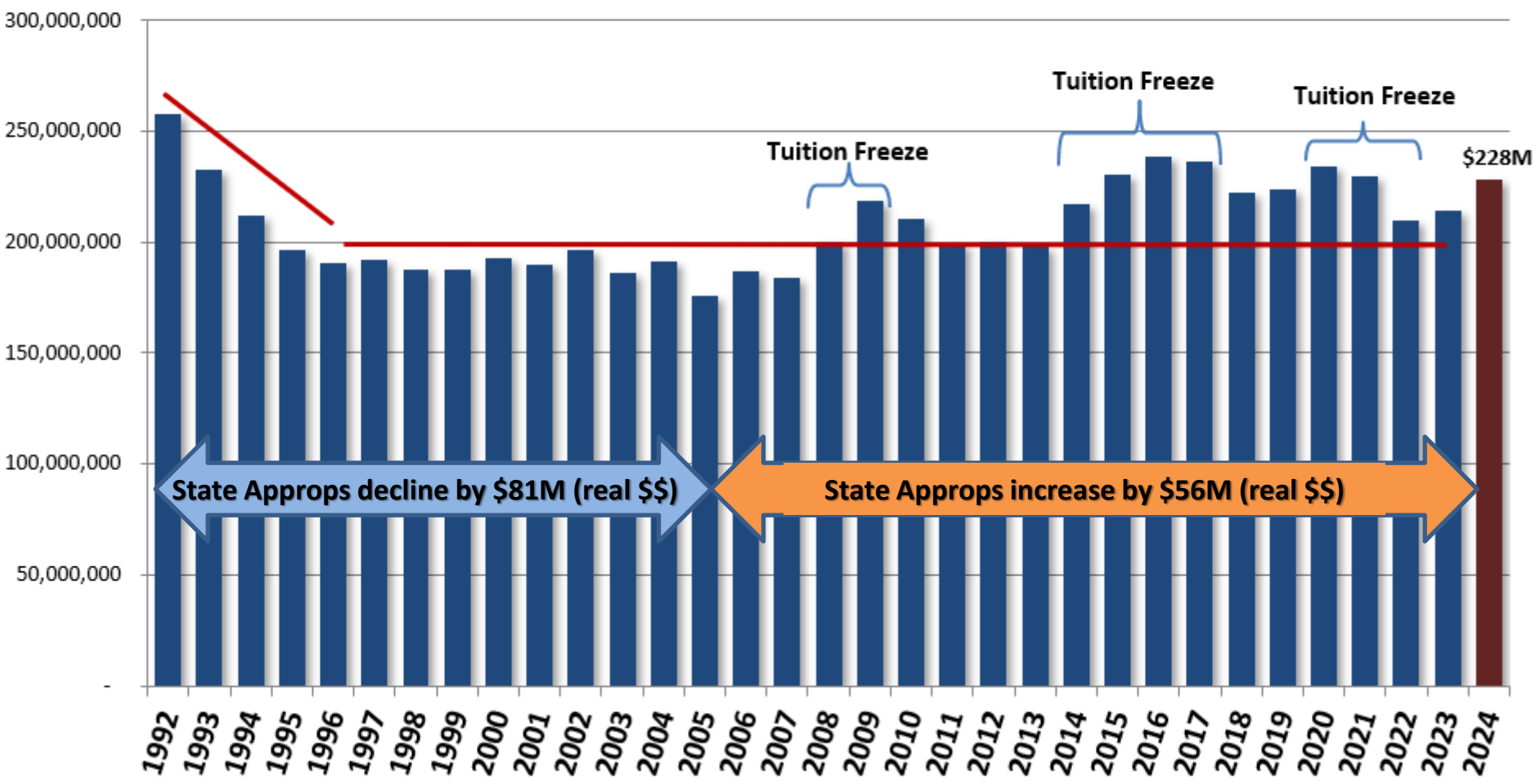
The expenditure of money appropriated in the general appropriations act to the Board of Regents...as defined in §17-7-102, MCA, is contingent upon approval of a comprehensive operating budget...

State Appropriations -- Ed Units Only



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

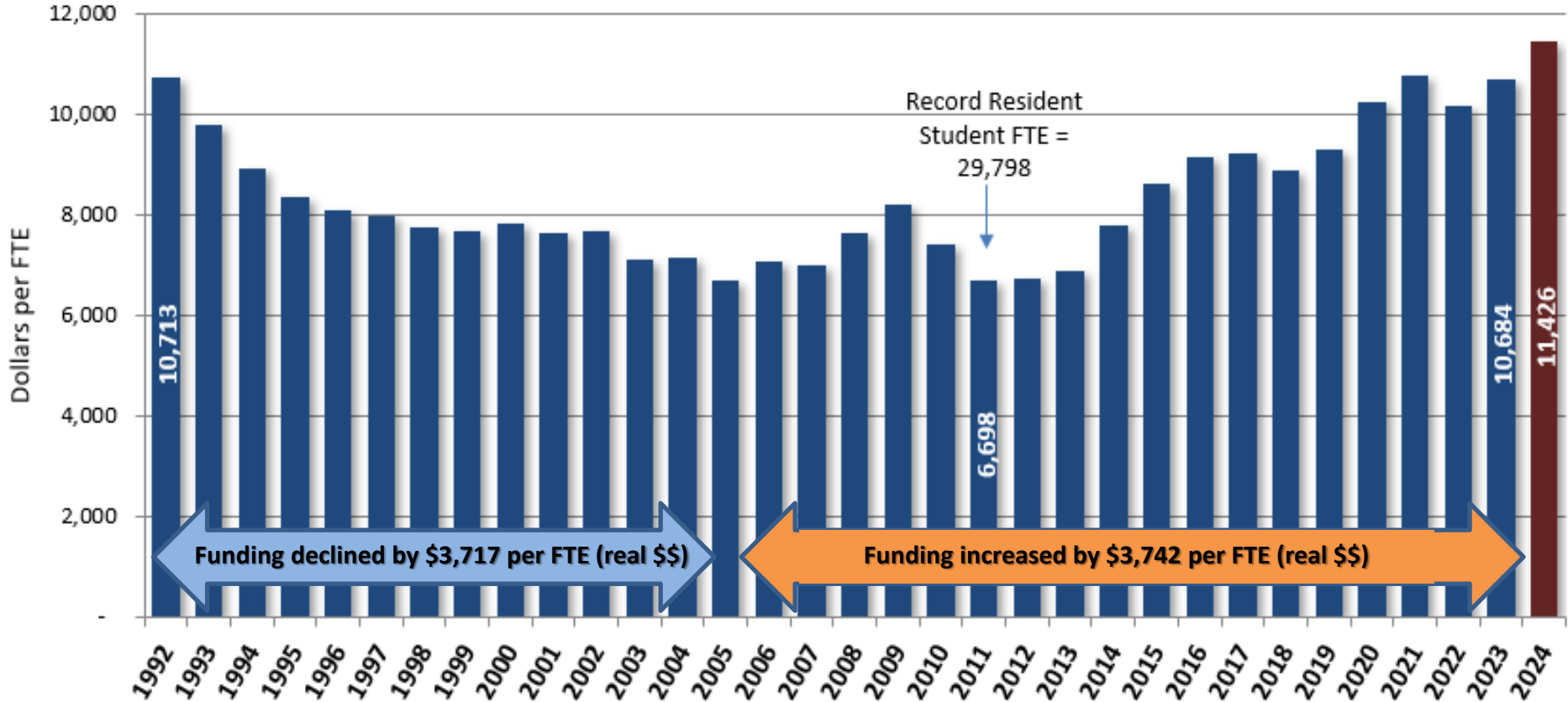
State Appropriations -- Ed Units Only (2023 constant dollars)



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

State Appropriations per Resident Student FTE -- Ed Units Only (2023 constant dollars)

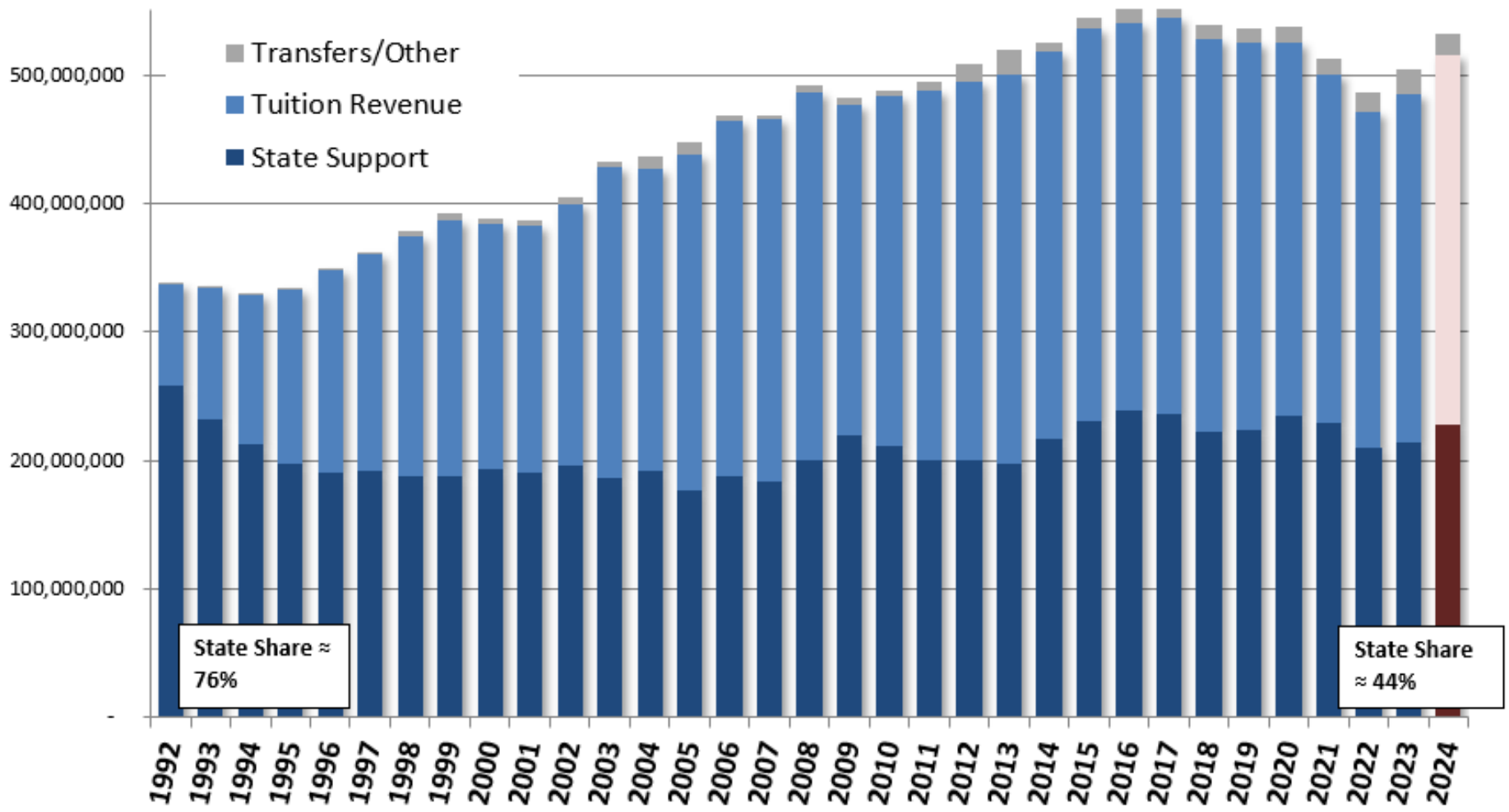
source: Official LFD Historical Funding Spreadsheet & MUS Enrollment Report, calculations done by OCHE



FY24 marks the first year funding per resident student surpassed the 1992 high mark

Current Unrestricted Funds - Ed Units Only (2023 constant dollars)

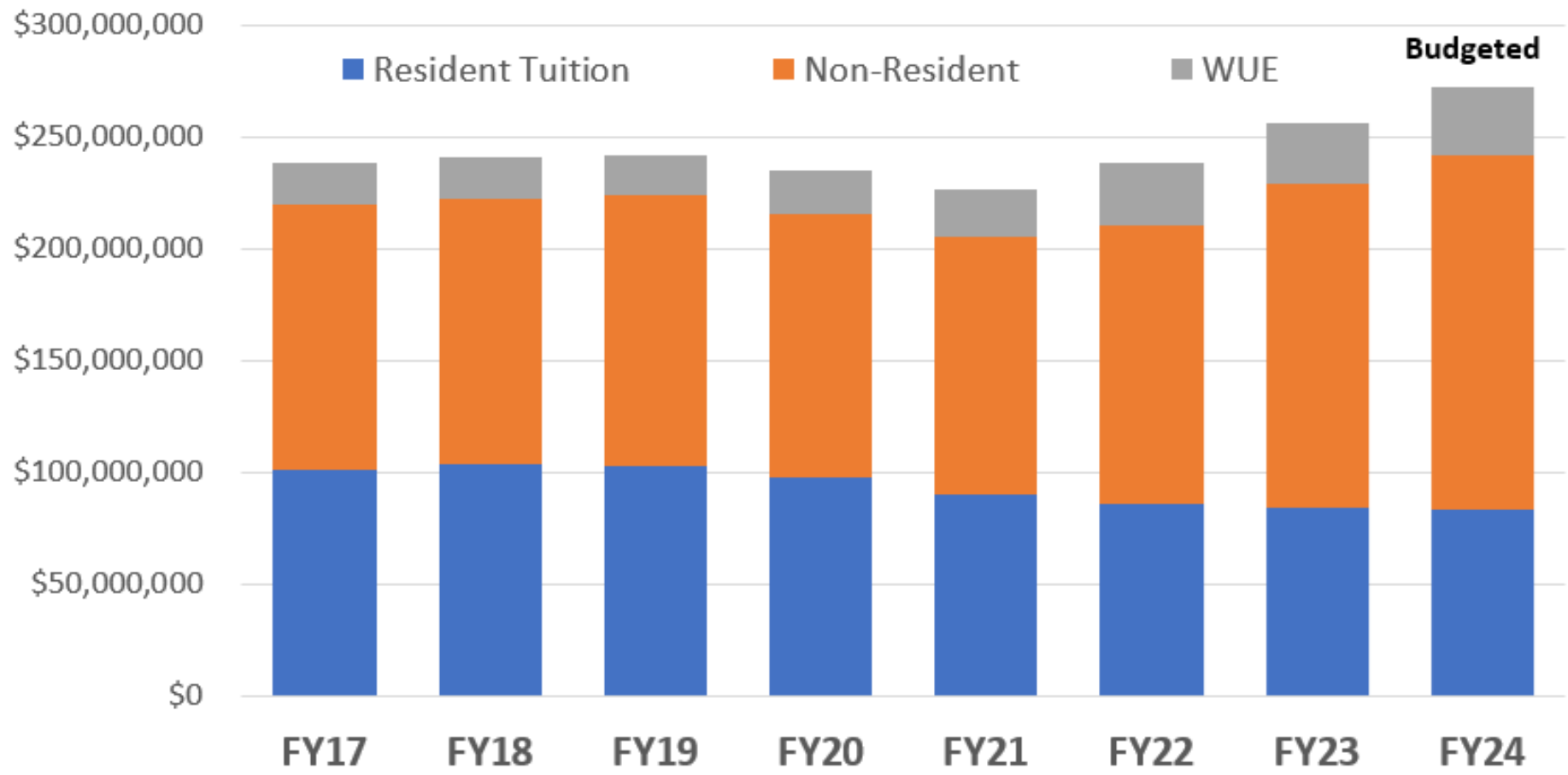
source: Official LFD Historical Funding Spreadsheet & MUS Enrollment Report, calculations done by OCHE



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

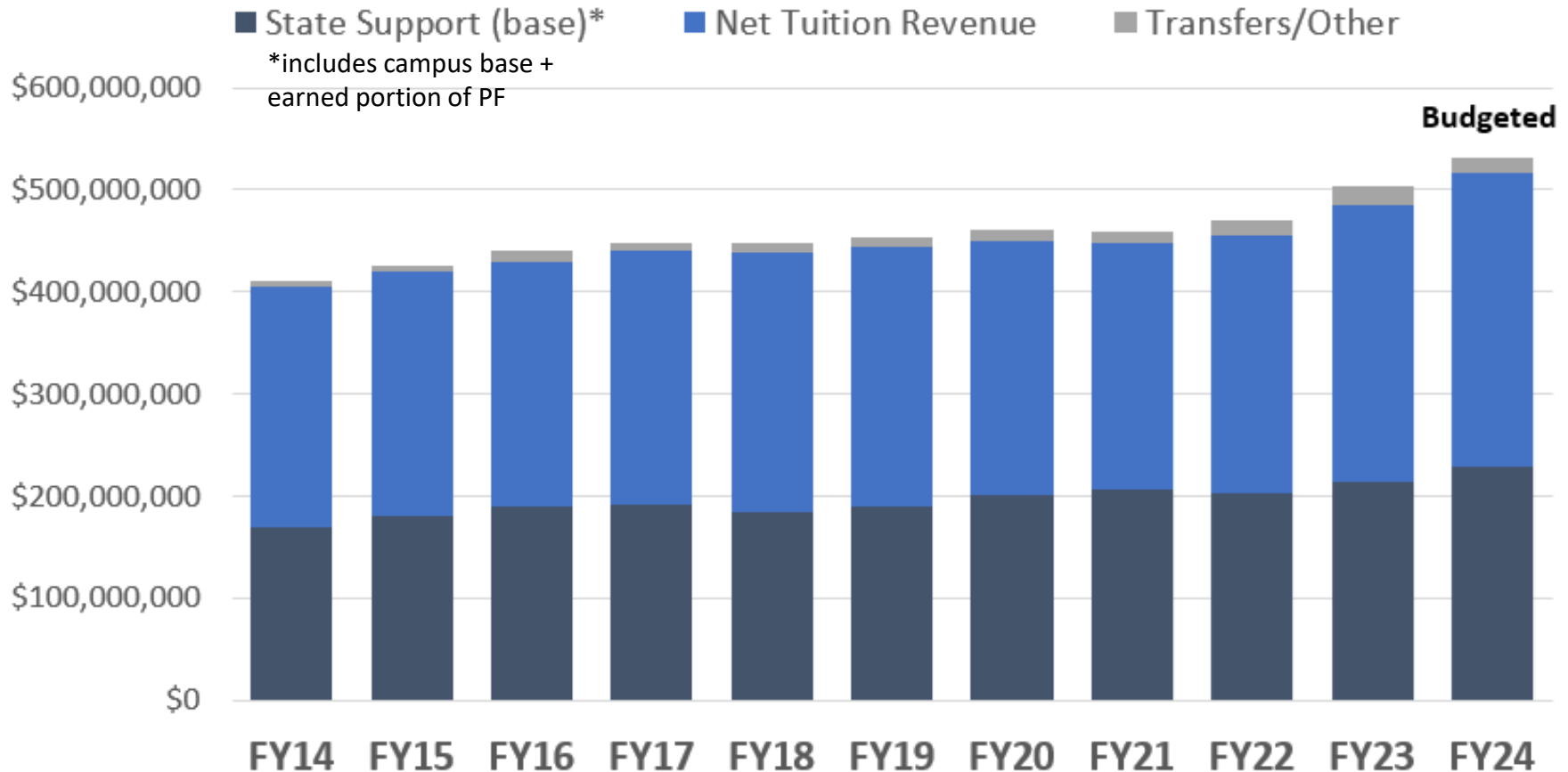
Net Tuition Revenue

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



Tuition revenue projected to be up 7%:
 Resident Tuition = 0%, Non-resident = 9%, WUE = 11%

MUS Current Unrestricted Revenue - Operating Budget

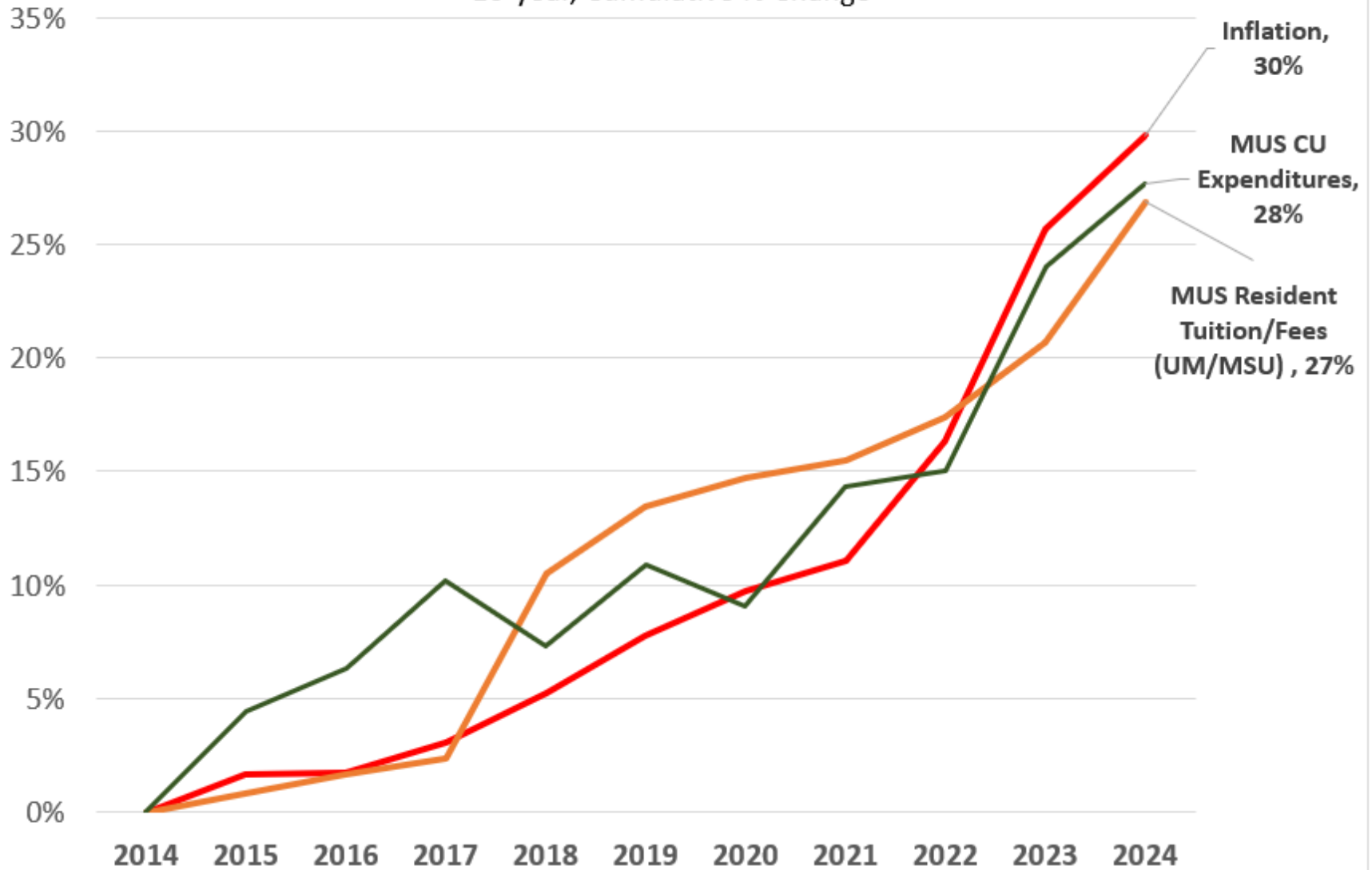


Current Unrestricted Revenue budgeted to increase by \$31M (6%) -- does not include transfers or OTO

- 1) State Support up \$14M (6%) **pay plan/present law**
- 2) Tuition Revenue up \$18M (7%) **tuition increases + enrollment growth**
- 3) Transfers/Other down \$3M **scholarships, deferred maintenance, BOR reserve**

Growth of Key Budget Drivers

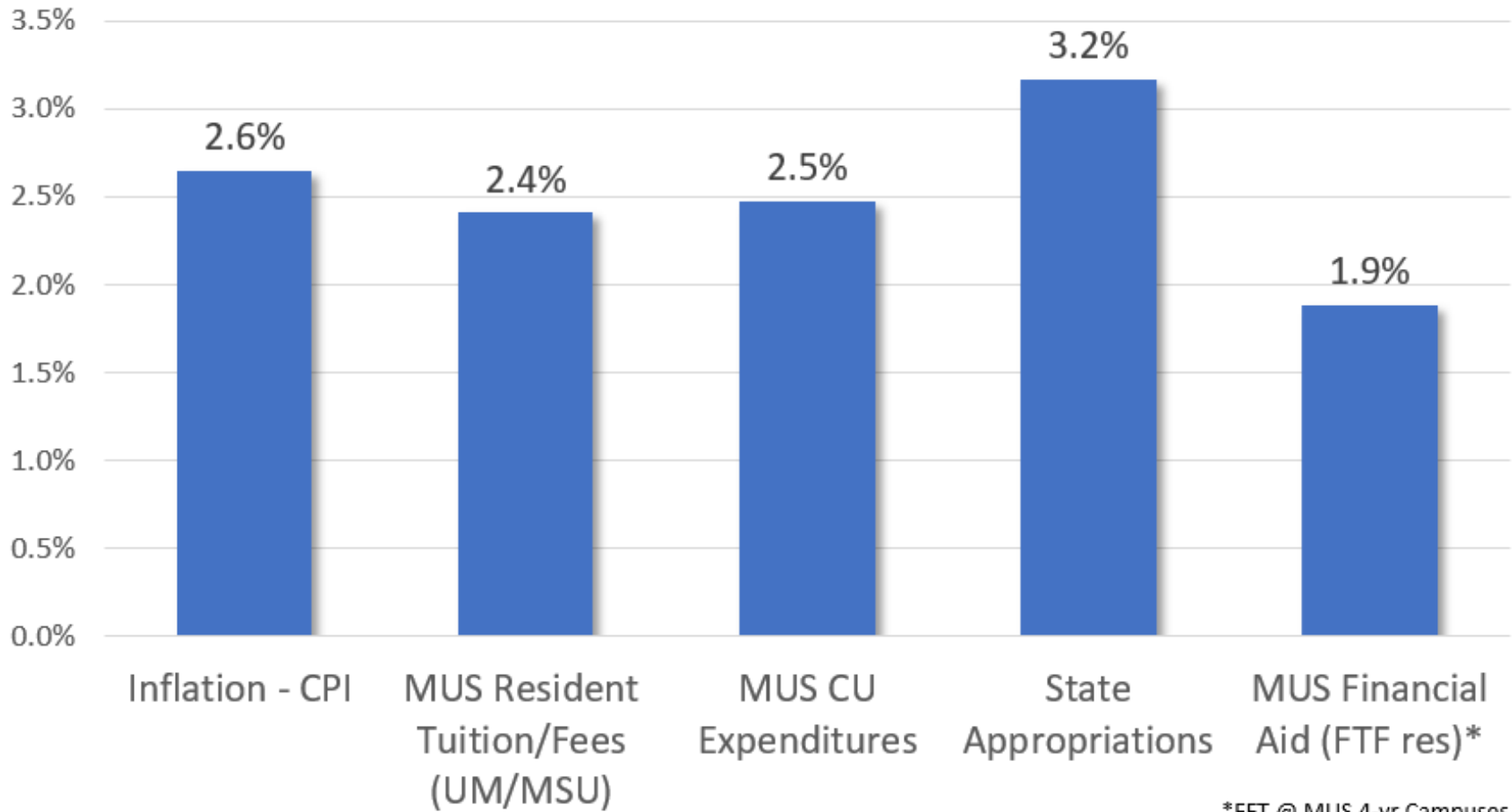
10-year, Cumulative % Change



Tuition/Fees and MUS Expenditures have mirrored the growth of inflation.

Growth of Key Budget Drivers

Compounded Annual Growth Rate, FY14 - FY24

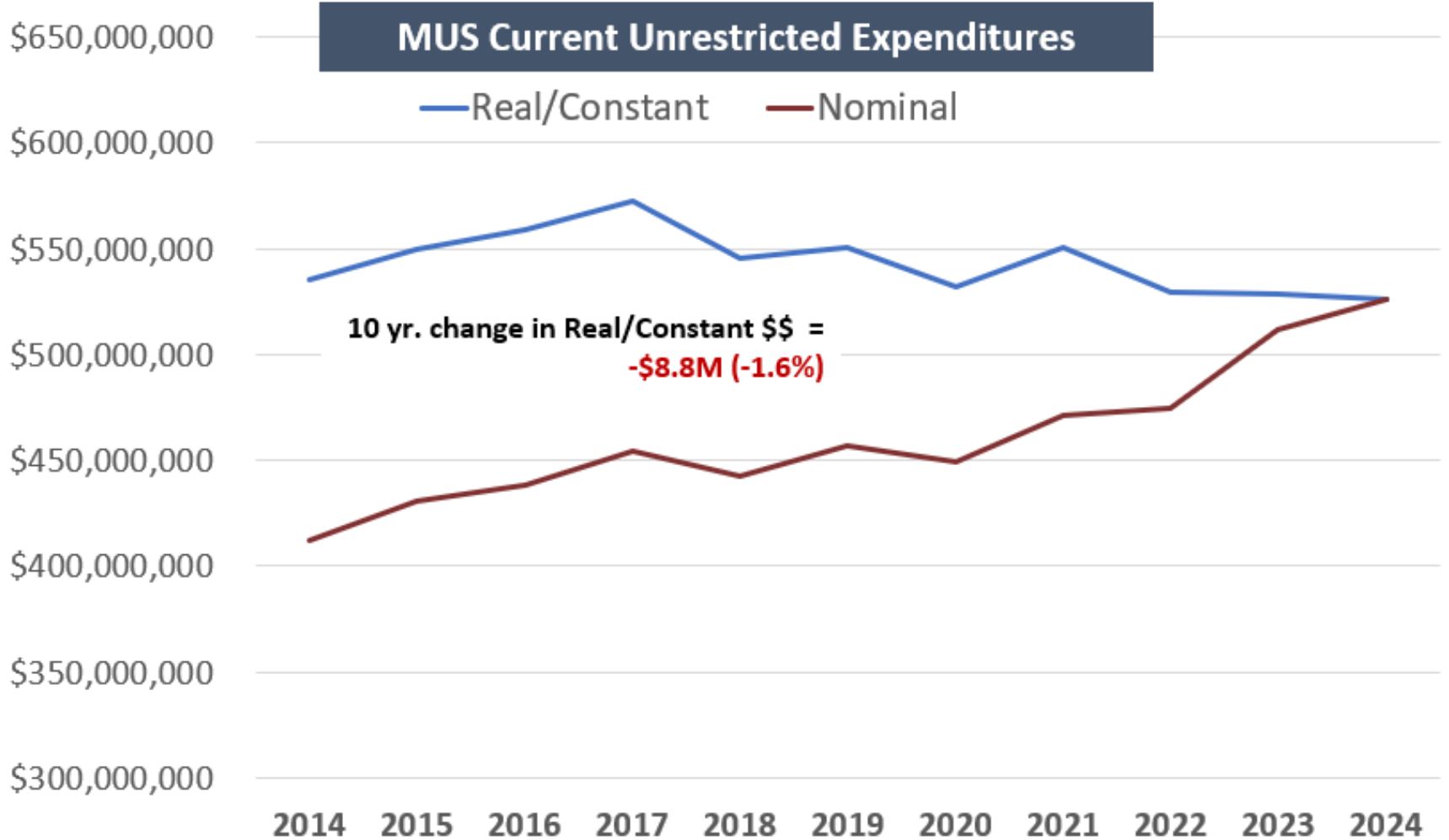


*FFT @ MUS 4-yr Campuses

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

Growth of Key Budget Drivers

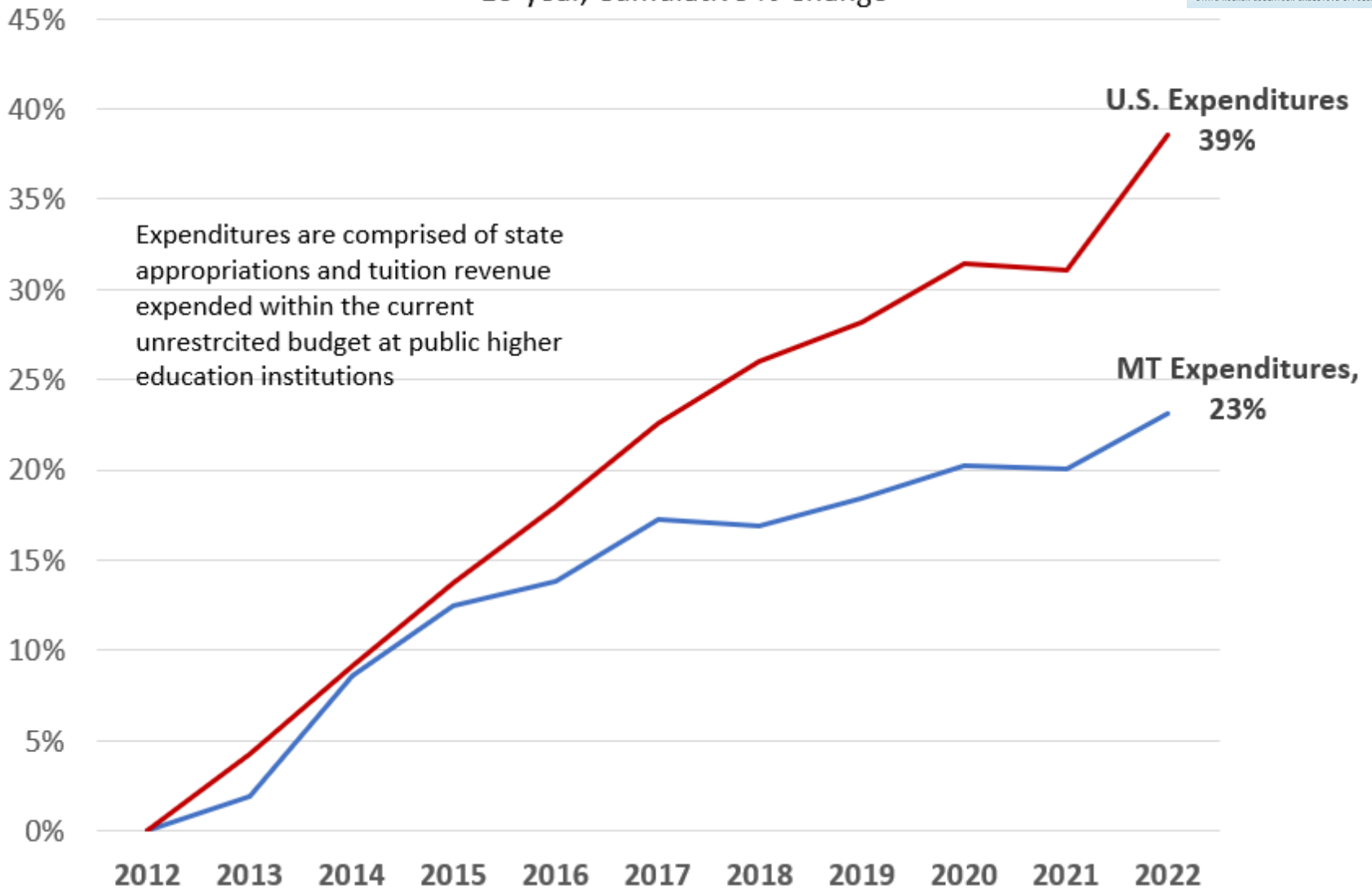
(2023 Constant Dollars)



In real/constant dollars, MUS total expenditures drop by -1.6% over the past 10 years.

Growth of Key Budget Drivers

10-year, Cumulative % Change

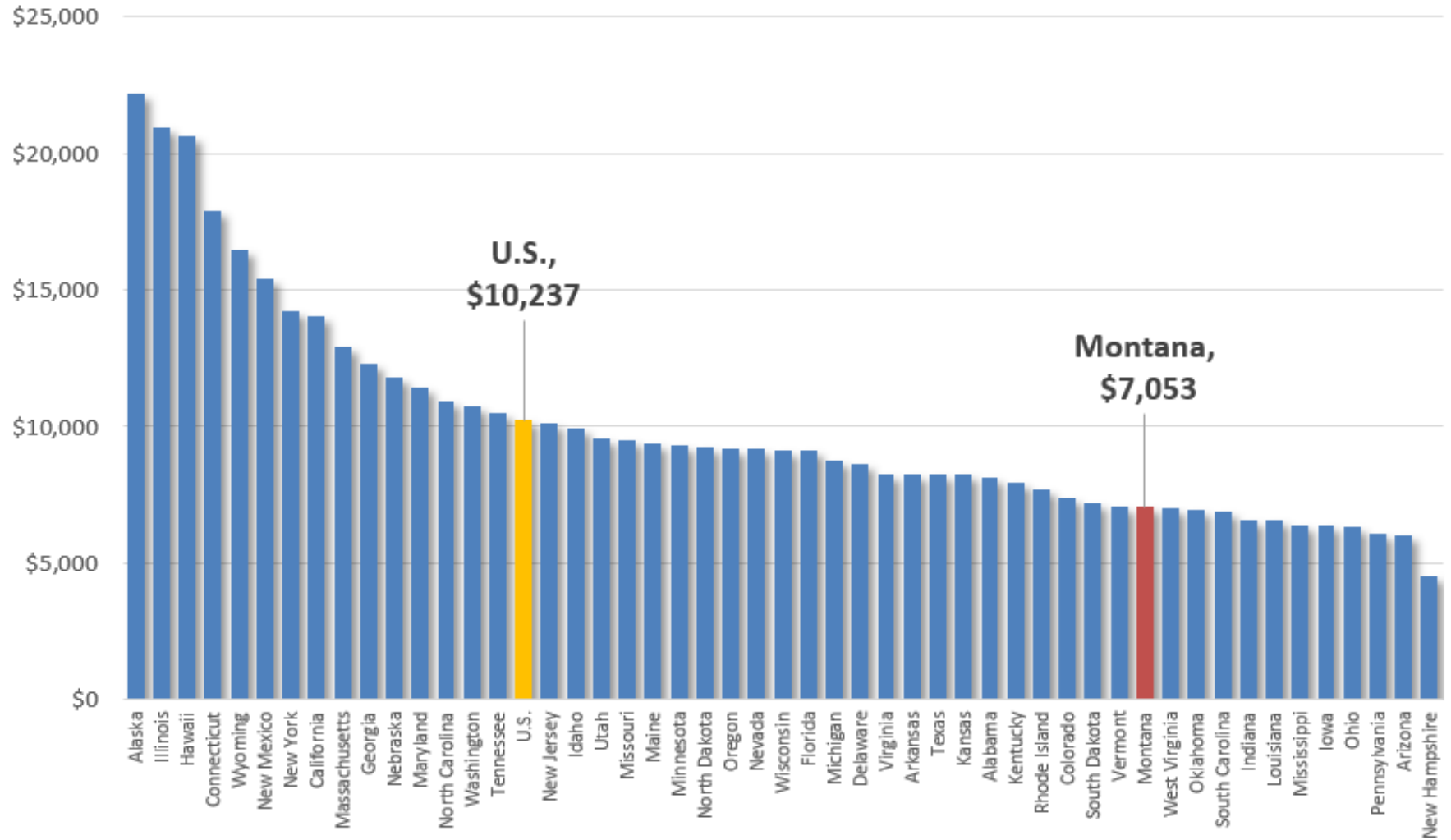


Higher Education expenditures nationwide increased at almost twice the pace as the MUS

State Support per Student FTE, FY22



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



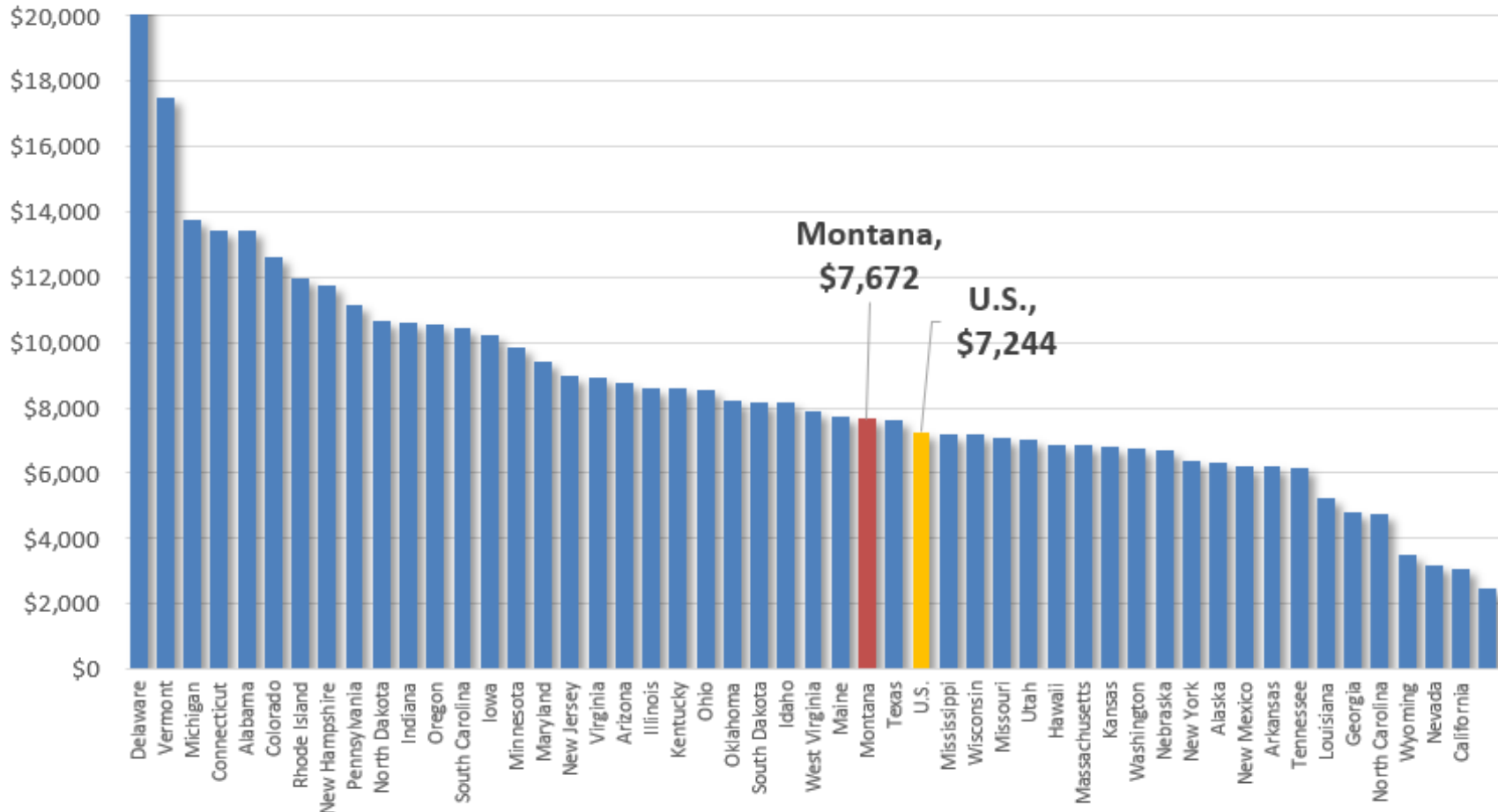
State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2021.

MT is below the national average and among of the lower third of states

Net Tuition Revenue per Student FTE, FY22



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



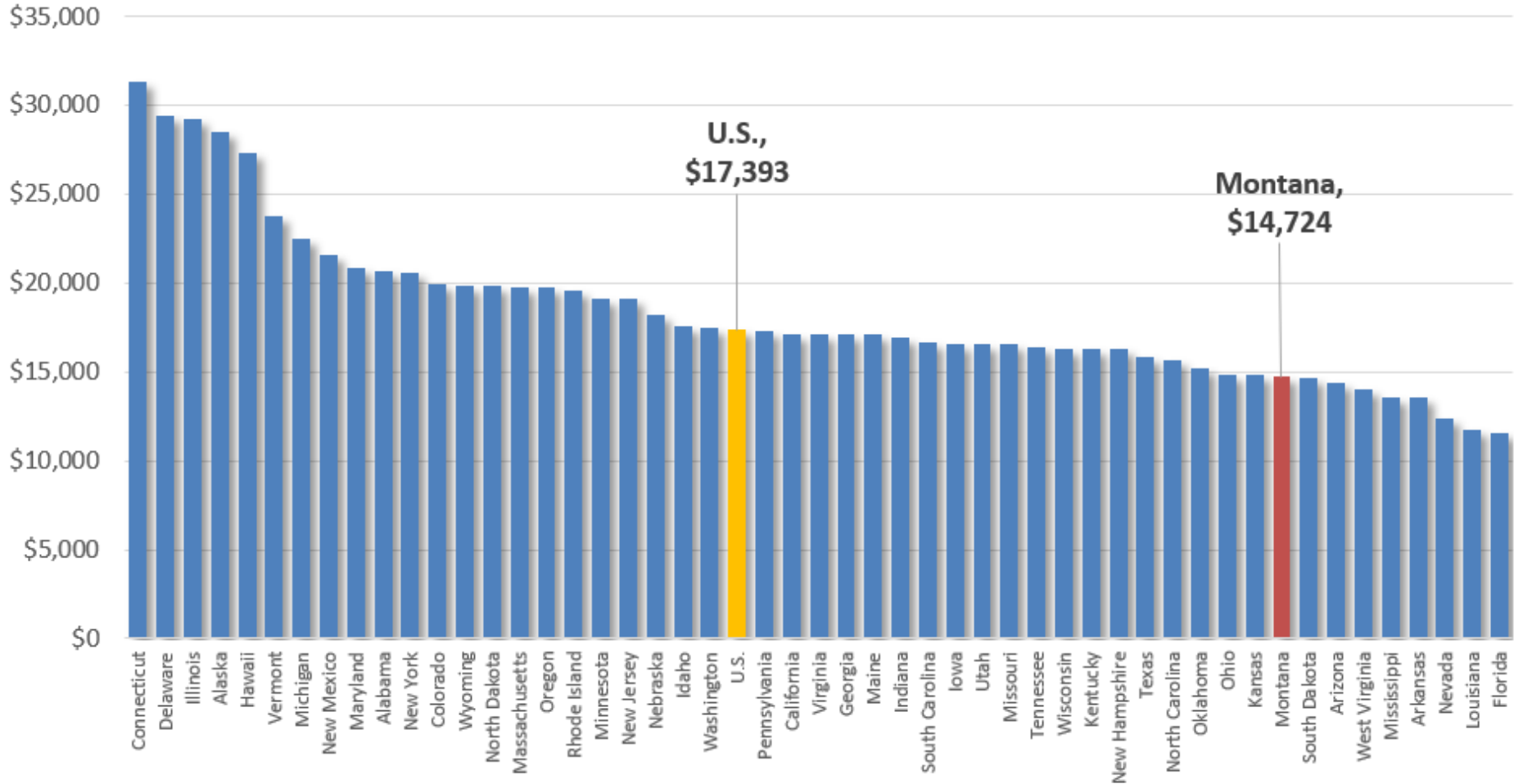
State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2021.

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

Educational Revenue per Student FTE, FY22



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)



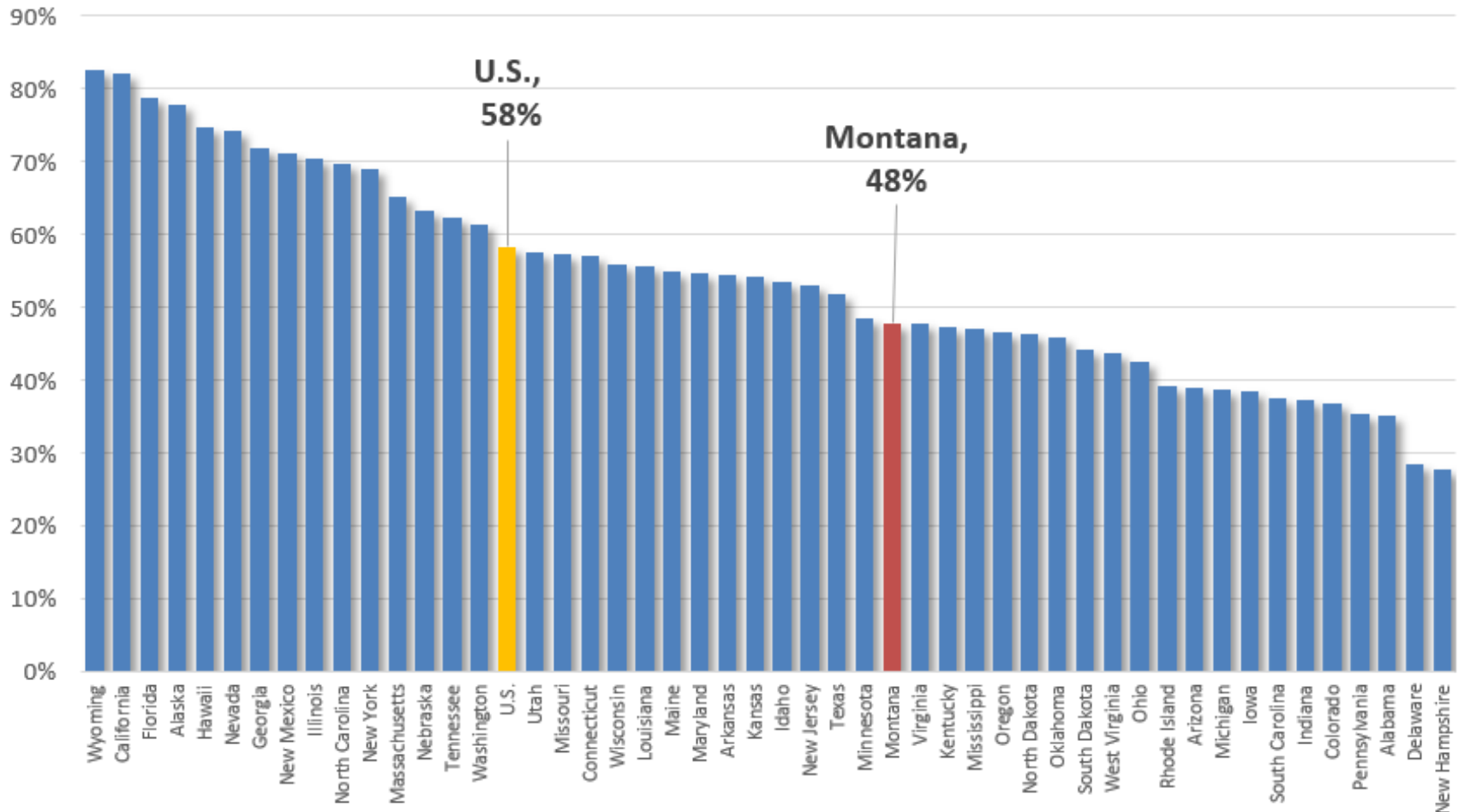
State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2022.

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

State % Share, FY22



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)



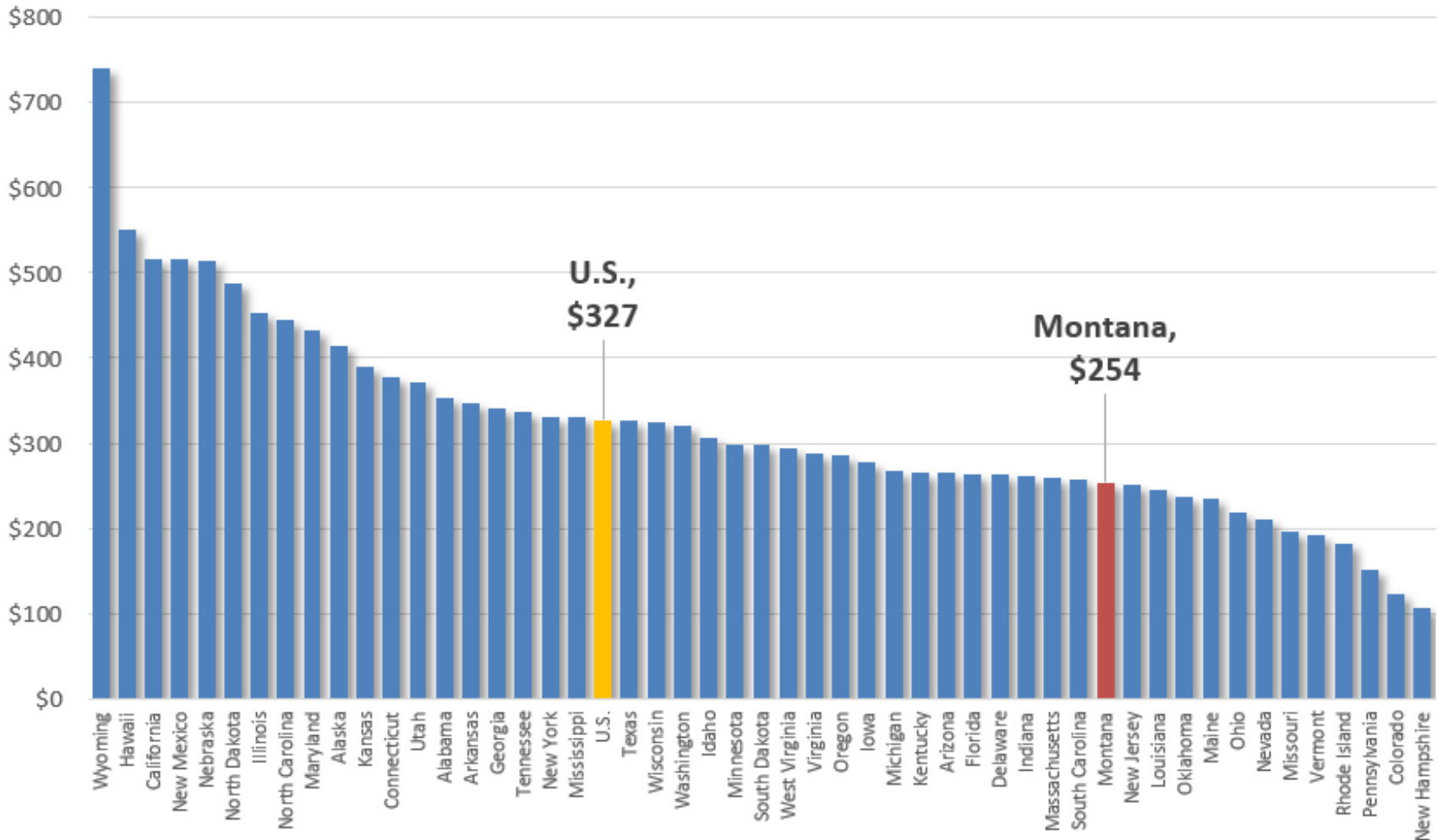
State Higher Education Executive Officers Association. (2022). State Higher Education Finance: FY 2021.

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

State & Local Support per Capita, FY21



(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

Student Enrollment (national perspective)

Historically, FTE enrollment ⁱ has increased in each decade. Starting in 2009, enrollment increased rapidly during and immediately following the Great Recession, having peaked at 11.65 million students in 2011. Now, the most recent decade has seen a reverse in the trend:

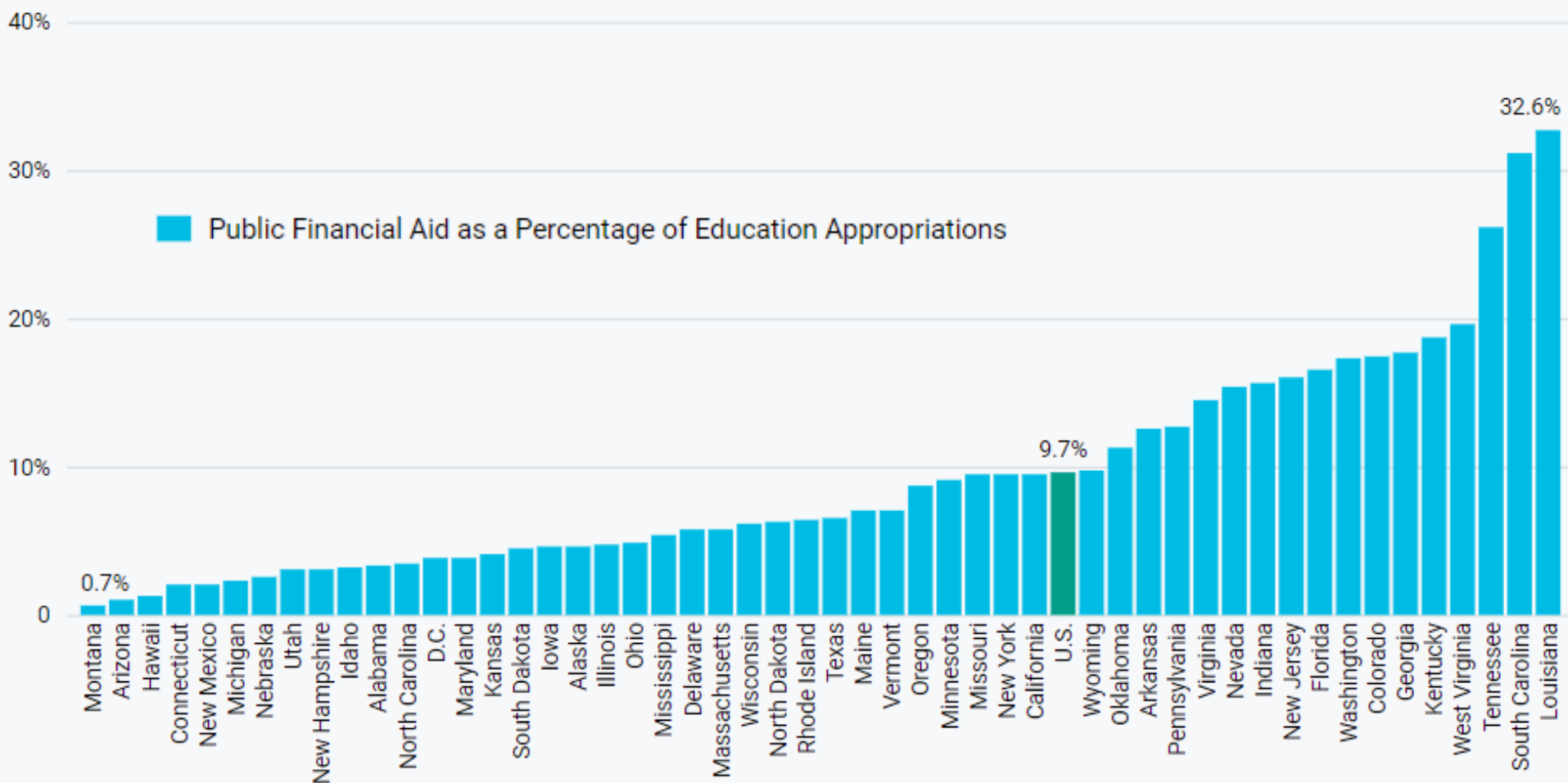
- 6.85 million in 1980.
- 7.77 million in 1990.
- 8.38 million in 2000.
- 11.38 million in 2010.
- 10.91 million in 2020.
- 10.31 million in 2022.

- There were 10.3 million FTE enrolled students in 2022. Net FTE enrollment declined 2.5% in 2022, a loss of 266,338 FTE students, **the second largest FTE decline on record after last year.**
- 2022 marks the 11th straight year of enrollment declines following substantial enrollment increases during the Great Recession.
- Altogether, FTE enrollment has declined 11.6% from its peak in 2011, and remains just 0.4% above 2008 levels.
- Enrollment declined in 41 states between 2021 and 2022

Enrollment in the MUS has increased slightly each year since 2021

State Financial Aid

Public Higher Education State Financial Aid as a Percentage of Education Appropriations by State, FY 2022 (Adjusted)



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

System-level Summary & Metrics

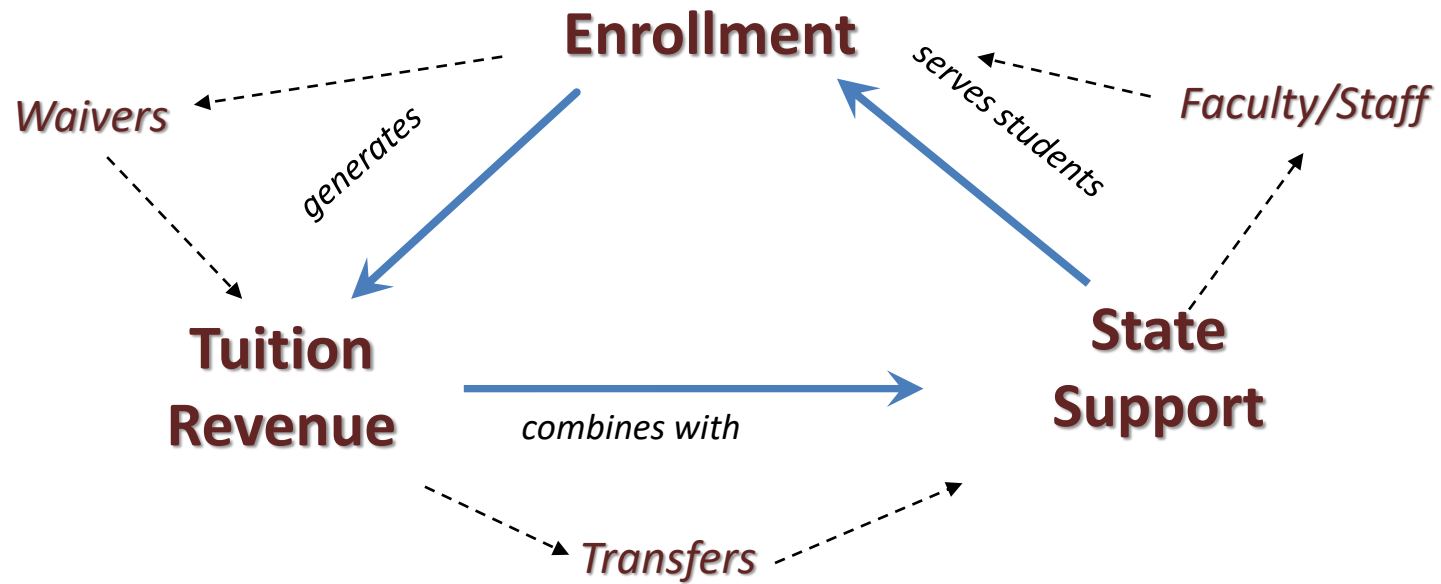
Revenue
Expenditures
Staffing
Waivers
Enrollment

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

Major Budget Drivers

- Pay Plan = \$17.5M and Present Law = \$8M
- Enrollment (Res/Non-res/WUE); projected increase
- Resident/Non-Res tuition increases; increasing tuition revenue
- Enrollment management and financial aid
- Staffing demands

Keep it Simple!



Present Law Increases & Pay Plan

- Pay Plan (4% or \$1.50 per hour, whichever is greater)
= \$8.7M state, \$8.7M tuition, total = \$17.5M

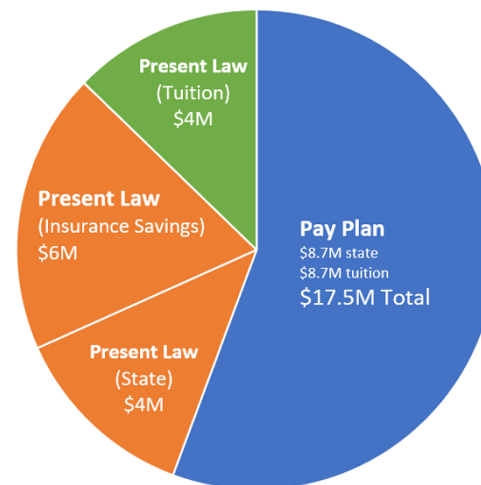
- Present Law Adjustment –
 - Higher Ed Specific Costs (IT, library, safety, compliance, rent, contracts, maintenance)
 - Other Costs (utilities, compliance/safety)
 - Other Personnel Costs (faculty merit/market, leave payout, retention)
 = \$4M state, \$4M tuition, total = \$8M

- Insurance Holiday –
= \$6M

TOTAL = \$31.5M

does not include LAD Audit = \$630K or New Space O&M = \$800K

Budget parameters adopted in May proposed a 5% CU increase; system operating budget projecting 6%



Total Increase to Current Unrestricted:
= \$25.5M increase (+5.0%)

Total Available Funds
= \$31.5M (+6.2%)

Distribution of the % increase		
Pay Plan	17,517,178	3.5%
PLA (state)	3,975,819	0.8%
PLA (tuition)	4,018,020	0.8%
Total Inc.	25,511,017	5.0%
PLA (savings)	5,957,657	1.2%
Total \$\$	31,468,674	6.2%

Montana University System - Ed. Units Only

Current Unrestricted Revenue & Metrics

REVENUE	FY19	FY22	FY23	%Change		FY24	%Change
				1yr	5yr	Budgeted	1yr
State Support (base)*	\$188,922,029	\$203,067,258	\$214,368,845	6%	13%	\$228,006,157	6%
State Support (OTO)		\$3,213,299	\$8,336,727	159%	-	\$1,348,702	-84%
Net Tuition Revenue	\$255,242,571	\$252,723,254	\$270,147,873	7%	6%	\$287,810,084	7%
Transfers/Other	\$8,794,093	\$15,338,521	\$19,340,276	26%	120%	\$16,261,528	-16%
Total Operating Revenue	\$452,958,693	\$474,342,331	\$512,193,721	8%	13%	\$533,426,472	4%
<small>*includes campus base + earned portion of PF</small>							
Current Unrestricted (not including transfers for OTO)	\$444,164,600	\$455,790,512	\$484,516,718	6%	9%	\$515,816,241	6%
Student FTE	34,153	31,684	31,860	1%	-7%	32,113	1%
Resident Students	24,070	20,626	20,063	-3%	-17%	19,955	-1%
Non-resident Students	10,083	11,058	11,797	7%	17%	12,158	3%
Key Metrics							
State % Share	42.5%	44.9%	45.2%	0%	3%	44.3%	-1%
State Support per Res FTE	\$7,849	\$9,845	\$10,685	9%	36%	\$11,426	7%

- **State % Share – drops to 44%, MT ranks 29th, Nat'l Avg. = 58% (FY22)**
- **State Funds per Resident are budgeted to increase**
MT ranks 39th (state support per total FTE), 69% of national average

Montana University System - Ed. Units Only

Current Unrestricted Expenditures & Metrics

EXPENDITURES	FY19	FY22	FY23	%Change		FY24	%Change
				1yr	5yr	Budgeted	1yr
Instruction	\$242,261,734	\$237,613,475	\$253,710,790	7%	5%	\$264,609,260	4%
Academic Support	\$55,887,083	\$60,907,916	\$69,163,816	14%	24%	\$74,030,945	7%
Student Services	\$45,367,302	\$51,982,362	\$56,309,343	8%	24%	\$58,852,848	5%
Institutional Support	\$44,118,141	\$52,241,203	\$58,597,845	12%	33%	\$60,975,812	4%
Operation & Maintenance	\$56,180,591	\$59,844,064	\$63,179,266	6%	12%	\$63,350,869	0%
Research	\$23,590,321	\$4,251,679	\$4,726,802	11%	-80%	\$2,944,638	-38%
Public Service	\$5,228,114	\$4,033,869	\$4,280,116	6%	-18%	\$4,263,389	0%
Scholarships	\$4,052,837	\$2,555,423	\$3,235,253	27%	-20%	\$4,398,711	36%
Total CU Exp (net of waivers) →	\$455,532,050	\$473,429,992	\$513,203,230	8%	13%	\$533,426,472	4%
Student FTE	34,153	31,684	31,860	1%	-7%	32,113	1%
Key Metrics							
% Instruction Exp	53.2%	50.2%	49.4%	-1%	-4%	49.6%	0%
% Instruct/Acad/Stud Ser	75.4%	74.0%	73.9%	0%	-2%	74.5%	1%
Expenditures per Student	\$13,338	\$14,942	\$16,108	8%	21%	\$16,611	3%

- **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 slightly MT ranks 39th 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	FY19	FY22	FY23	%Change		FY24	%Change
				1yr	5yr	Budgeted	1yr
Contract Faculty (all)	2,018	1,788	1,762	-1%	-13%	1,899	8%
Contract Administrators	100	87	92	5%	-8%	96	5%
Contract Professionals	599	611	580	-5%	-3%	628	8%
Classified FTE	1,421	1,301	1,324	2%	-7%	1,521	15%
Total Faculty/Staff	4,138	3,787	3,758	-1%	-9%	4,144	10%
EXPENDITURES							
Personnel Services	364,967,192	373,323,088	399,905,469	7%	10%	432,836,866	8%
Total Expenditures <small>(net of waivers)</small>	455,532,050	473,429,992	513,203,230	8%	13%	533,426,472	4%
Student FTE	34,153	31,684	31,860	1%	-7%	32,113	1%
Key Metrics							
Student to Faculty Ratio	16.9	17.7	18.1	2%	7%	16.9	-6%
%Personnel Services of Total	80%	79%	78%	-1%	-2%	81%	3%

- **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	FY19	FY22	FY23	%Change		FY24	%Change
				1yr	5yr	Budgeted	1yr
BOR Designated	\$8,385,241	\$8,093,850	\$8,654,861	7%	3%	\$9,237,276	7%
Resident Discretionary	\$8,197,808	\$8,774,880	\$8,697,882	-1%	6%	\$10,659,931	23%
Non-resident Discretionary	\$34,274,684	\$44,482,817	\$55,176,414	24%	61%	\$60,284,762	9%
Scholarships	\$4,318,086	\$4,286,553	\$5,141,840	20%	19%	\$6,492,277	26%
Total Discounts/Waivers/Sch	\$55,175,819	\$65,638,101	\$77,670,998	18%	41%	\$86,674,246	12%
Student FTE	34,153	31,684	31,860	1%	-7%	32,113	1%
Key Metrics							
Waivers per Student FTE	\$1,616	\$2,072	\$2,438	18%	51%	\$2,699	11%
Net Tuition Revenue per FTE	\$7,474	\$7,976	\$8,479	6%	13%	\$8,962	6%
Average Net Revenue per FTE							
Non-resident (net tuition)	\$15,910	\$16,809	\$17,318	3%	9%	\$18,799	9%
Resident (net tuition + state approps)	\$12,152	\$13,982	\$14,858	6%	22%	\$15,535	5%
Difference	\$3,758	\$2,827	\$2,460	-13%	-35%	\$3,264	33%

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: 12% budgeted increase, growth of \$260 per student FTE**
- **Net tuition revenue per student continues to increase, +6% increase FY23 over FY22**
- **Average Net Revenue per FTE Benchmark: Yes, meets required levels**

Montana University System - Ed. Units Only

Fiscal Year Student FTE - Average Annual Enrollment

ENROLLMENT	FY20	FY21	FY22	FY23	FY24	% Change	
						23 vs 24	Fall 2023
					Budgeted	Projected	YTD
Resident Undergrad	20,556	18,942	18,237	17,809	17,732	-0.4%	1.6%
Resident Graduate	2,374	2,438	2,389	2,254	2,223	-1.4%	-2.9%
Non-resident Undergrad	6,392	6,047	6,074	7,001	7,138	2.0%	5.0%
WUE	2,539	2,703	3,627	3,440	3,667	6.6%	0.0%
Non-resident Graduate	1,152	1,208	1,357	1,356	1,353	-0.2%	2.0%
Student FTE Total	33,013	31,338	31,684	31,860	32,113	0.8%	2.0%

*Fall 23 YTD comparison with Fall 22 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: 1% increase**
- **Fall 2023: 2% increase over Fall 2022 census (YTD)**

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