

# **FY25 Operating Budget Overview**

## **Montana University System**

September 2024

Office of the Commissioner of Higher Education

# Operating Budget Overview

## TOPICS

### ❖ System-level Summary

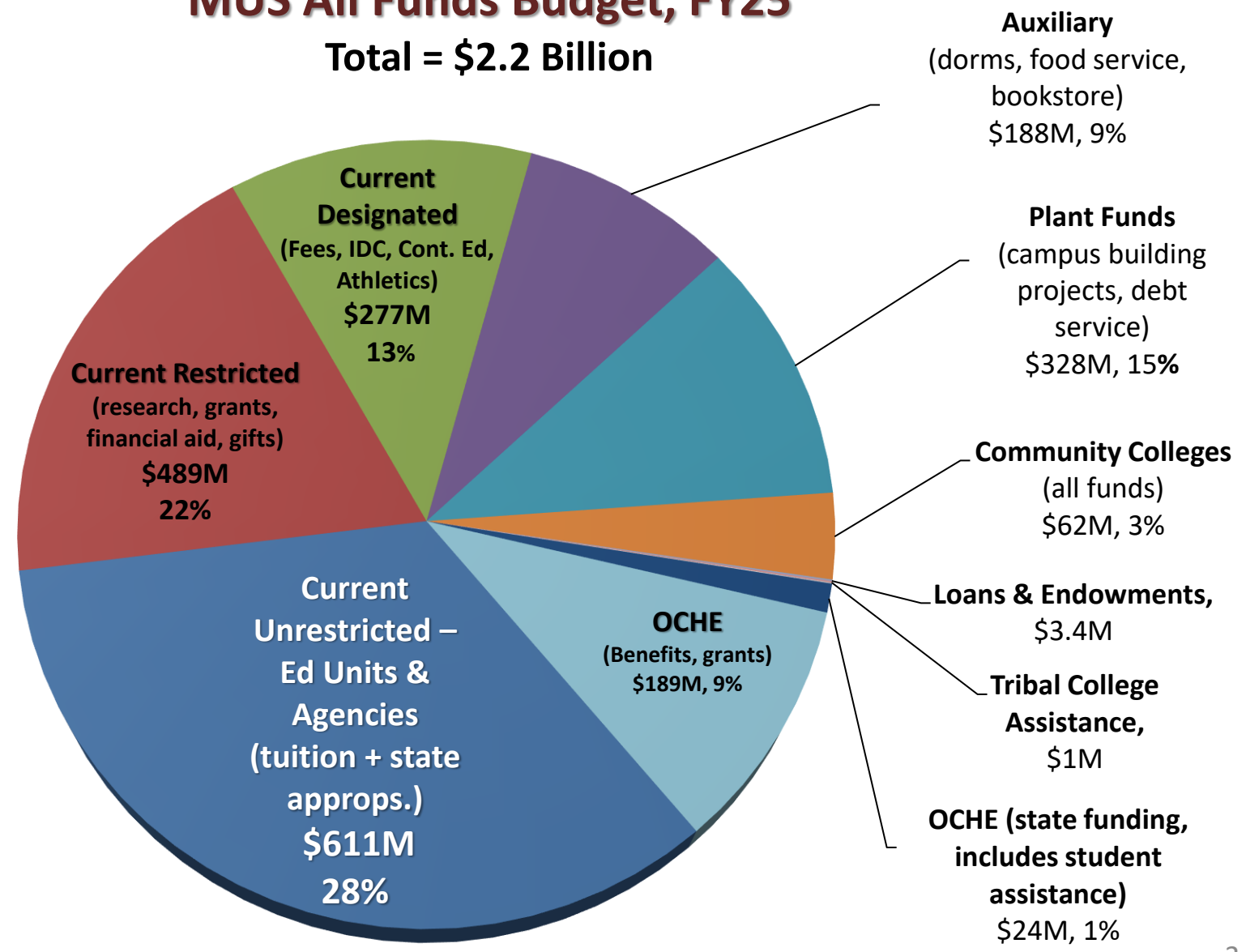
- All Funds Budget
- Budget Update / History / National Comparisons
- Operating Budget Metrics

### ❖ 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, FY25

Total = \$2.2 Billion

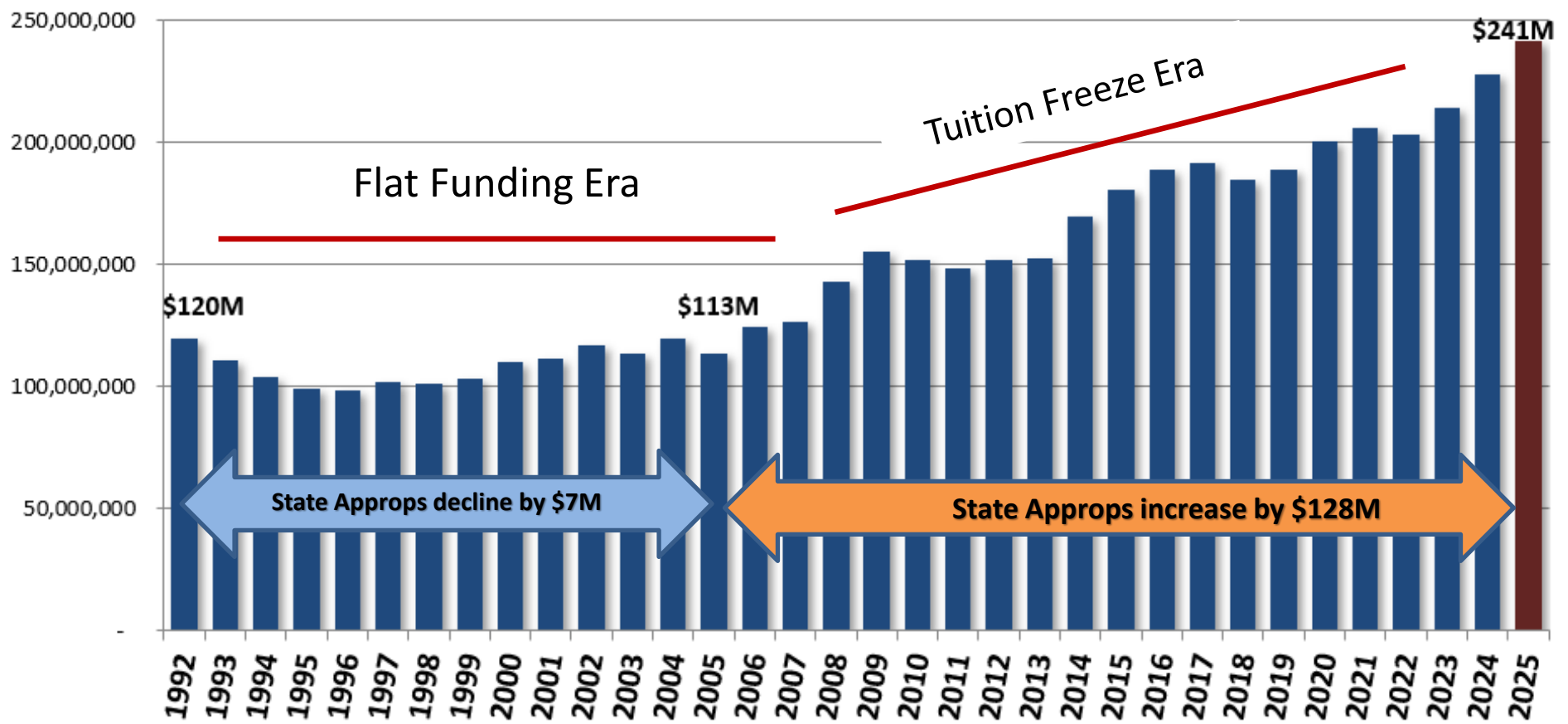


## MUS All Funds Budget

	FY 2024	FY 2025	Difference	
	Actual	Budgeted	\$\$	%CHG
<b>Ed. Units &amp; Agencies</b>				
Current Unrestricted	576,773,347	611,400,623	34,627,276	6%
Current Restricted	428,838,905	488,705,647	59,866,742	14%
Current Designated	261,793,763	276,688,580	14,894,817	6%
Auxiliary Enterprises	184,260,622	188,347,145	4,086,523	2%
Loan & Endowment Funds	3,698,729	3,390,456	-308,273	-8%
Plant Funds	261,815,333	328,210,592	66,395,259	25%
<b>Ed. Unit/Agency Total</b>	<b>1,717,180,699</b>	<b>1,896,743,043</b>	<b>179,562,344</b>	<b>10%</b>
<b>Community Colleges Total</b>	<b>57,028,639</b>	<b>61,912,484</b>	<b>4,883,845</b>	<b>9%</b>
<b>Tribal College Assistance</b>	<b>994,451</b>	<b>1,018,400</b>	<b>23,949</b>	<b>2%</b>
OCHE (general fund) <small>includes student assistance</small>	18,586,718	23,855,153	5,268,435	28%
OCHE (Federal, SS, Private, & Proprietary)	169,772,290	189,375,423	19,603,133	12%
<b>TOTAL ALL FUNDS</b>	<b>\$1,963,562,797</b>	<b>\$2,172,904,503</b>	<b>209,341,706</b>	<b>11%</b>

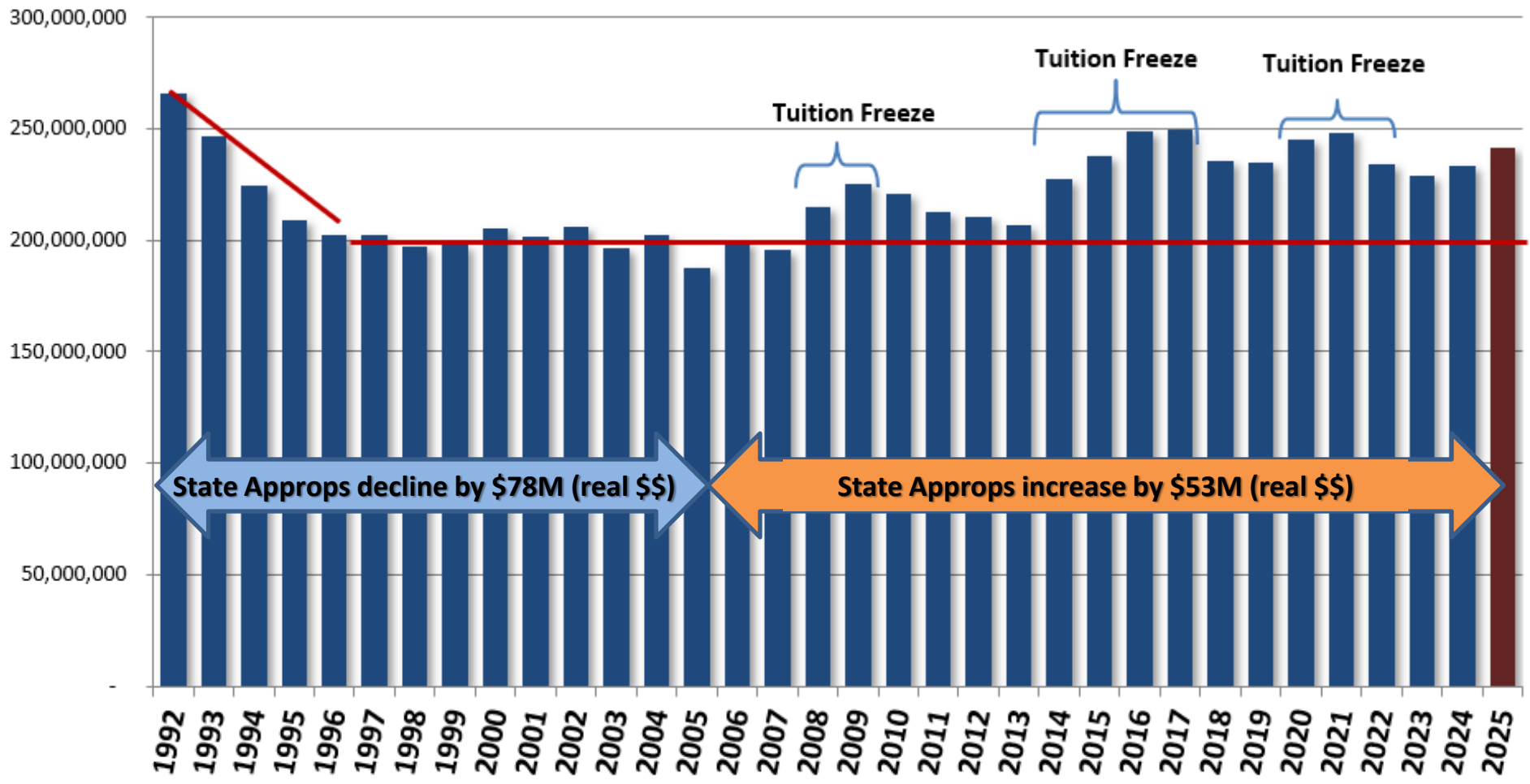
The expenditure of money appropriated in the general appropriations act to the Board of Regents...as defined in §17-7-102, MCA, is contingent upon approval of a comprehensive operating budget...

# State Appropriations – MUS Ed. Units



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

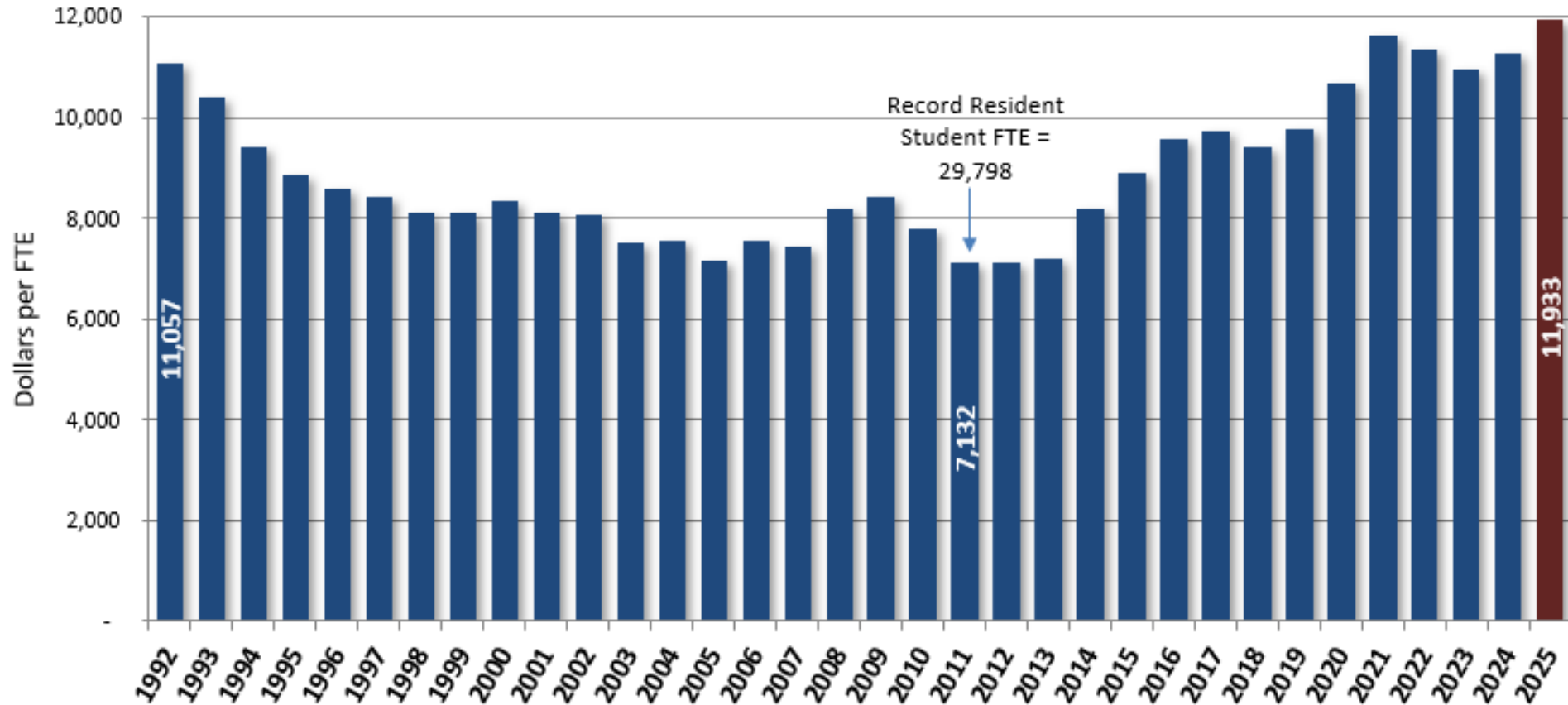
# State Appropriations -- MUS Ed. Units (2024 constant dollars)



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

## State Appropriations per Resident Student FTE – Ed Units Only (2024 constant dollars)

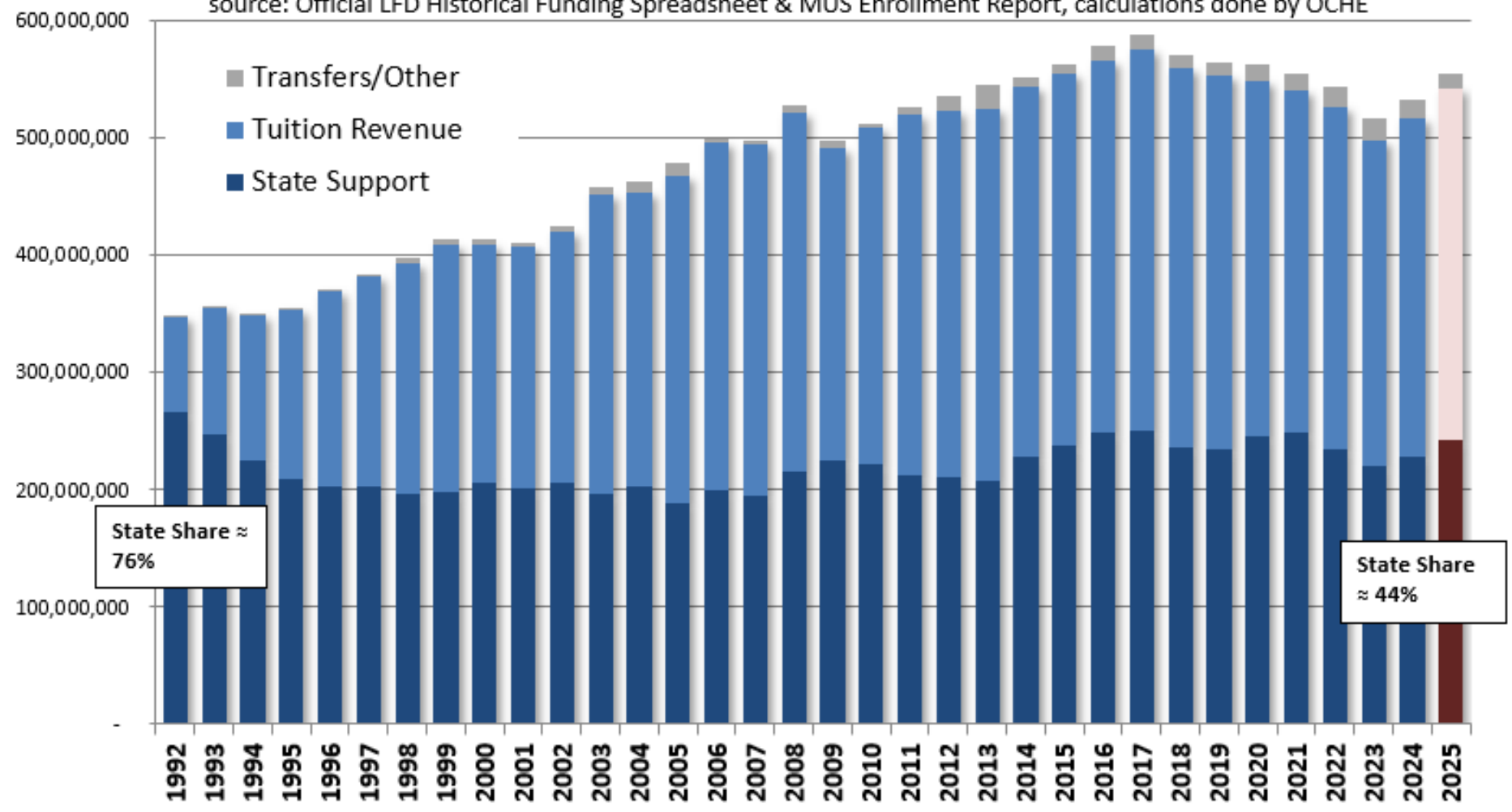
source: Official LFD Historical Funding Spreadsheet & MUS Enrollment Report, calculations done by OCHE



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

## Current Unrestricted Funds - Ed Units Only (2024 constant dollars)

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

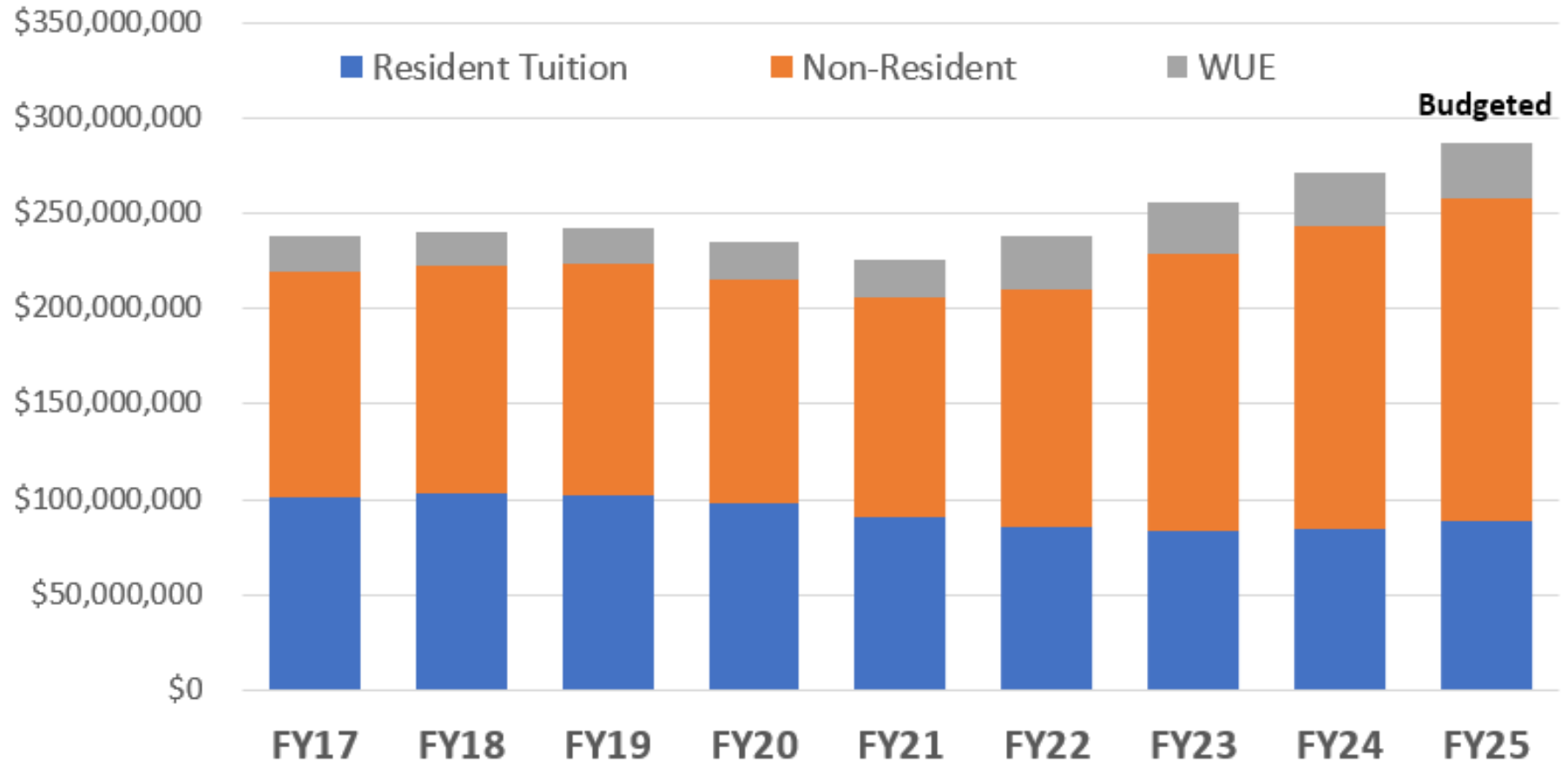


**State % Share has dropped from 76% to 44% over past 30 years**



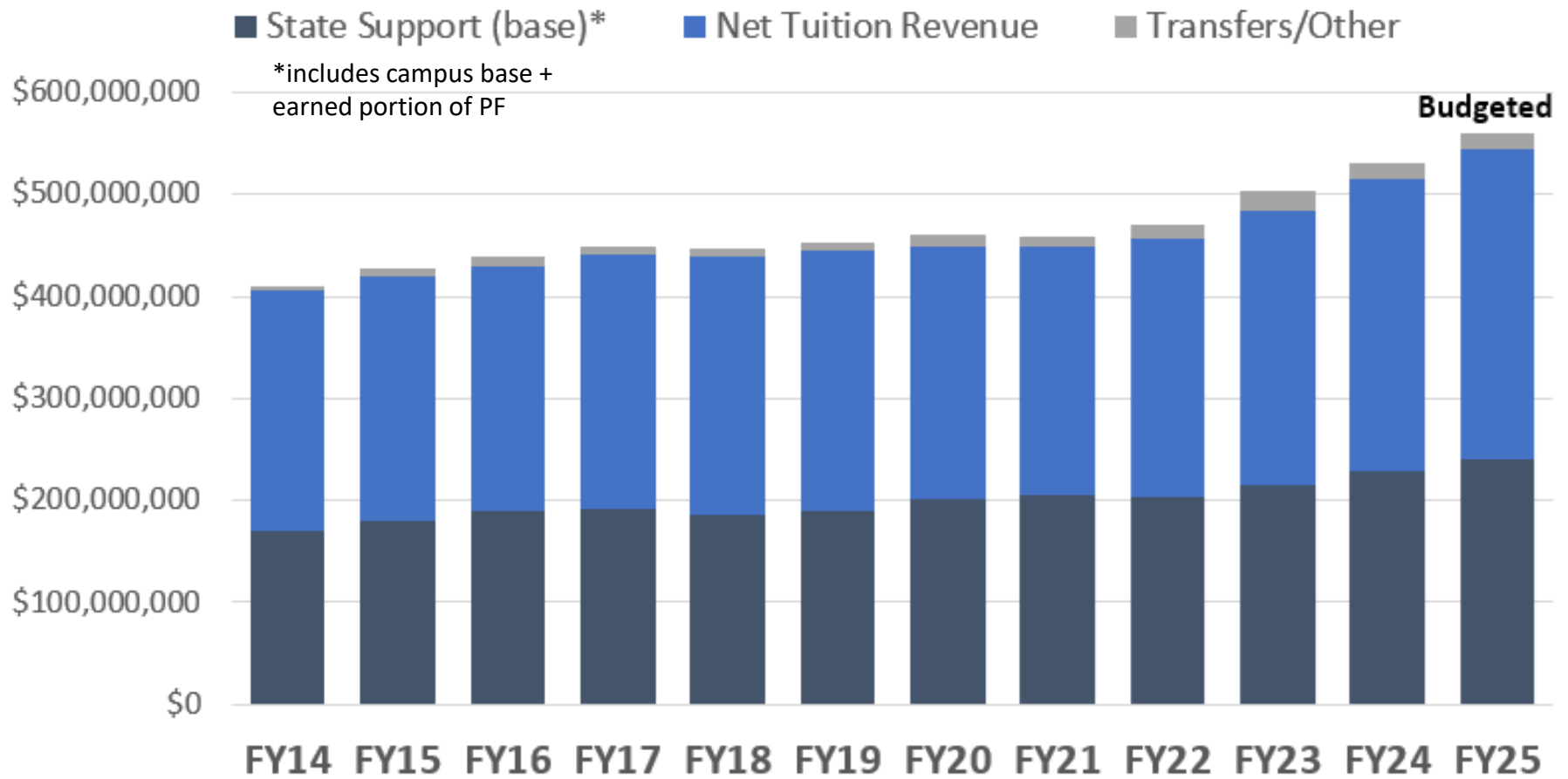
## Net Tuition Revenue

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



**Tuition revenue projected to be up 6%:**  
 Resident Tuition = +5%, Non-resident = 6%, WUE = 3.3%

## MUS Current Unrestricted Revenue - Operating Budget

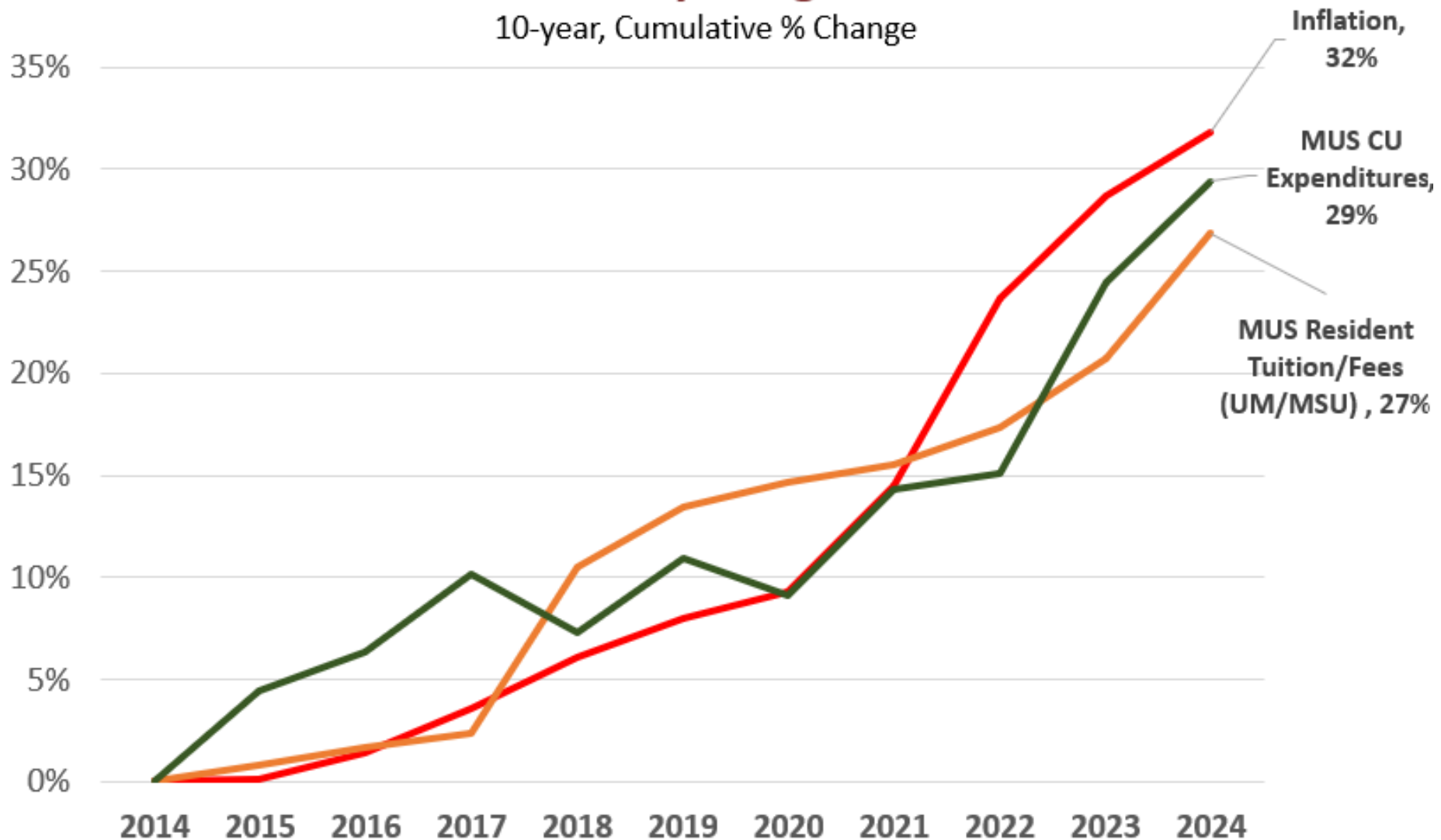


**Current Unrestricted Revenue budgeted to increase by \$28M (5%)**

- 1) State Support up \$10M (5%) \*\*present law/pay plan\*\*
- 2) Tuition Revenue up \$16M (6%) \*\*tuition increases + enrollment growth\*\*
- 3) Transfers/Other up \$1.5M \*\*carryover from FY24\*\*

## Growth of Key Budget Drivers

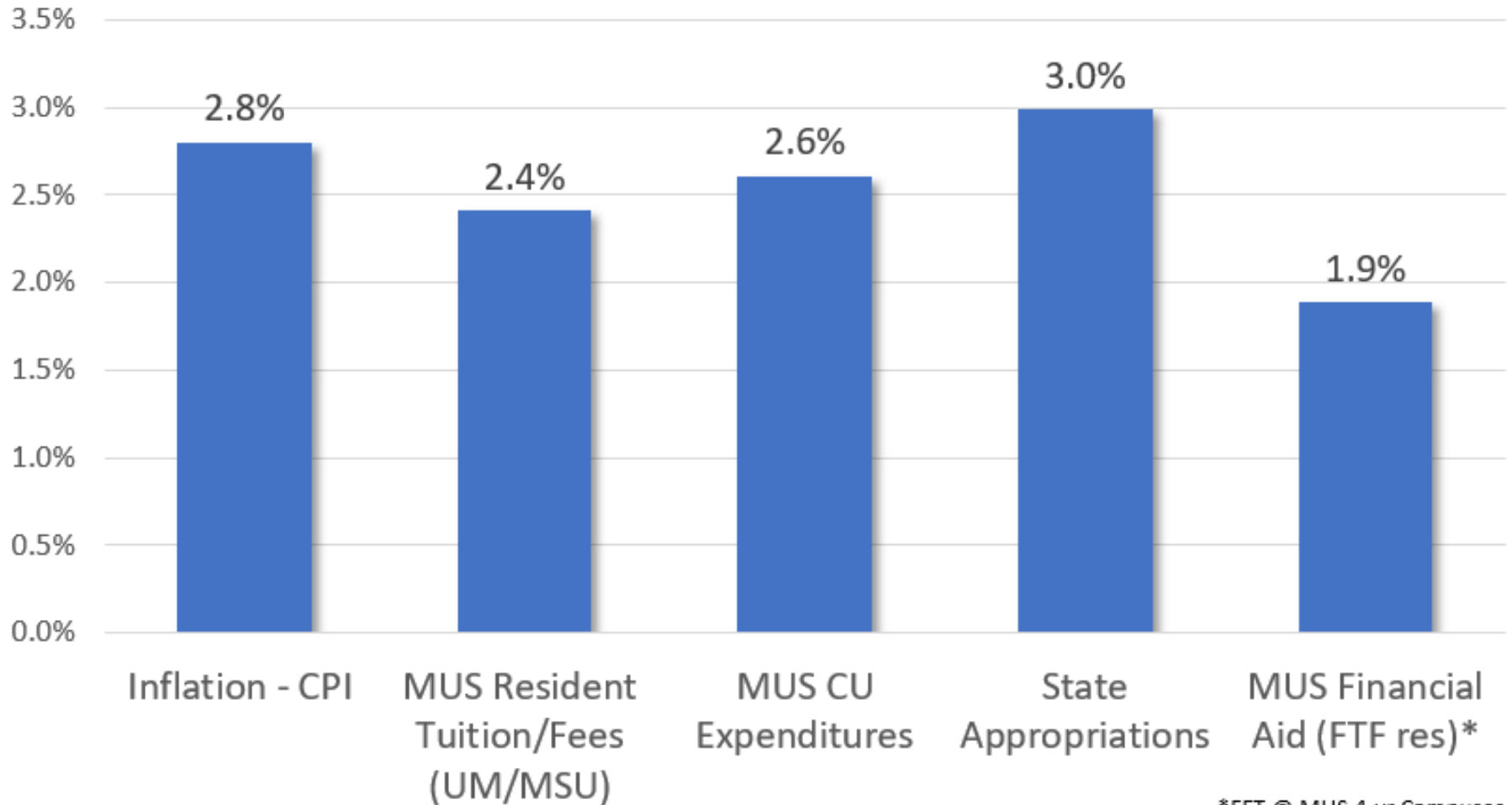
10-year, Cumulative % Change



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

## Growth of Key Budget Drivers

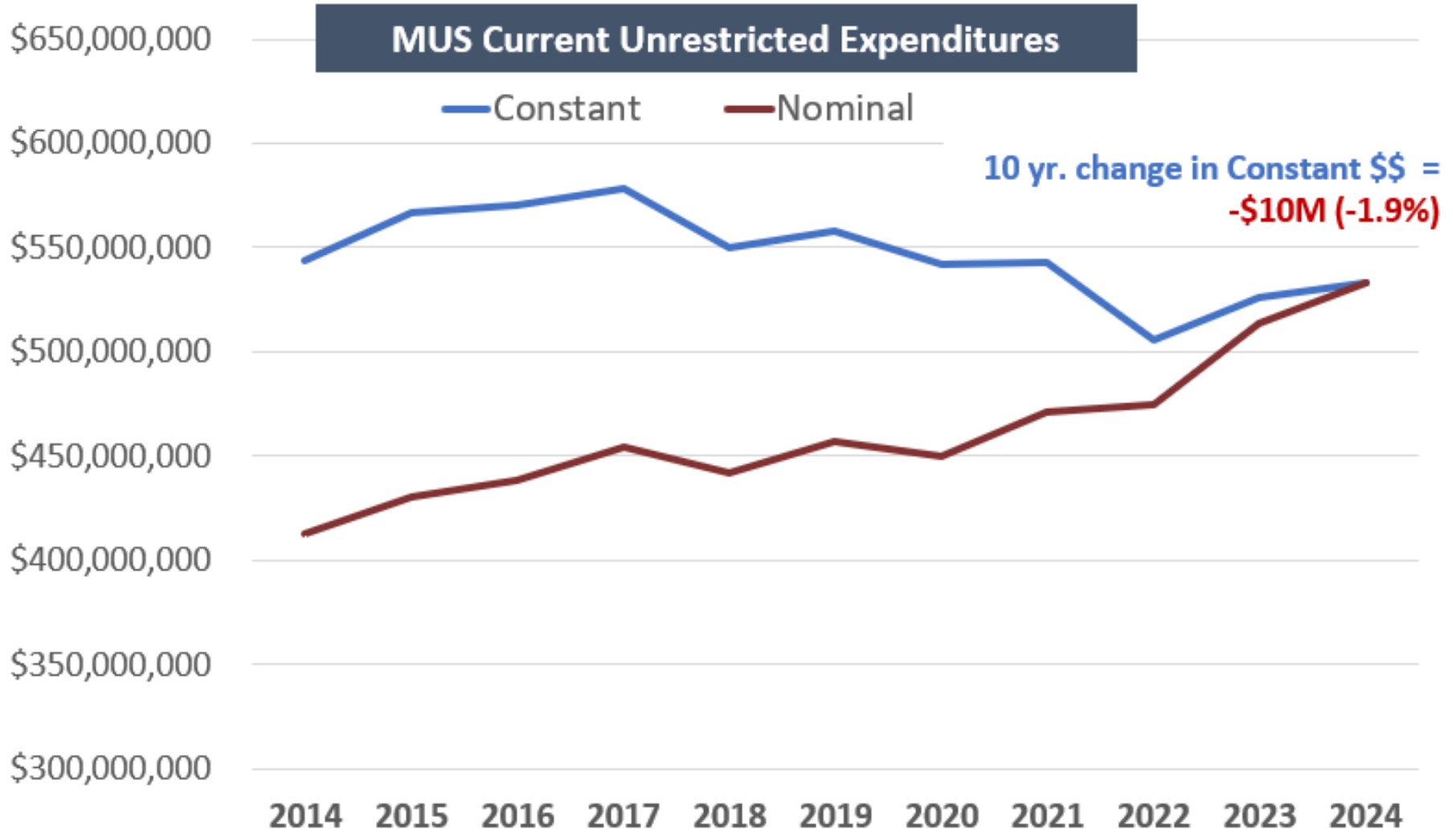
Compounded Annual Growth Rate, FY14 - FY24



\*FFT @ MUS 4-yr Campuses

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

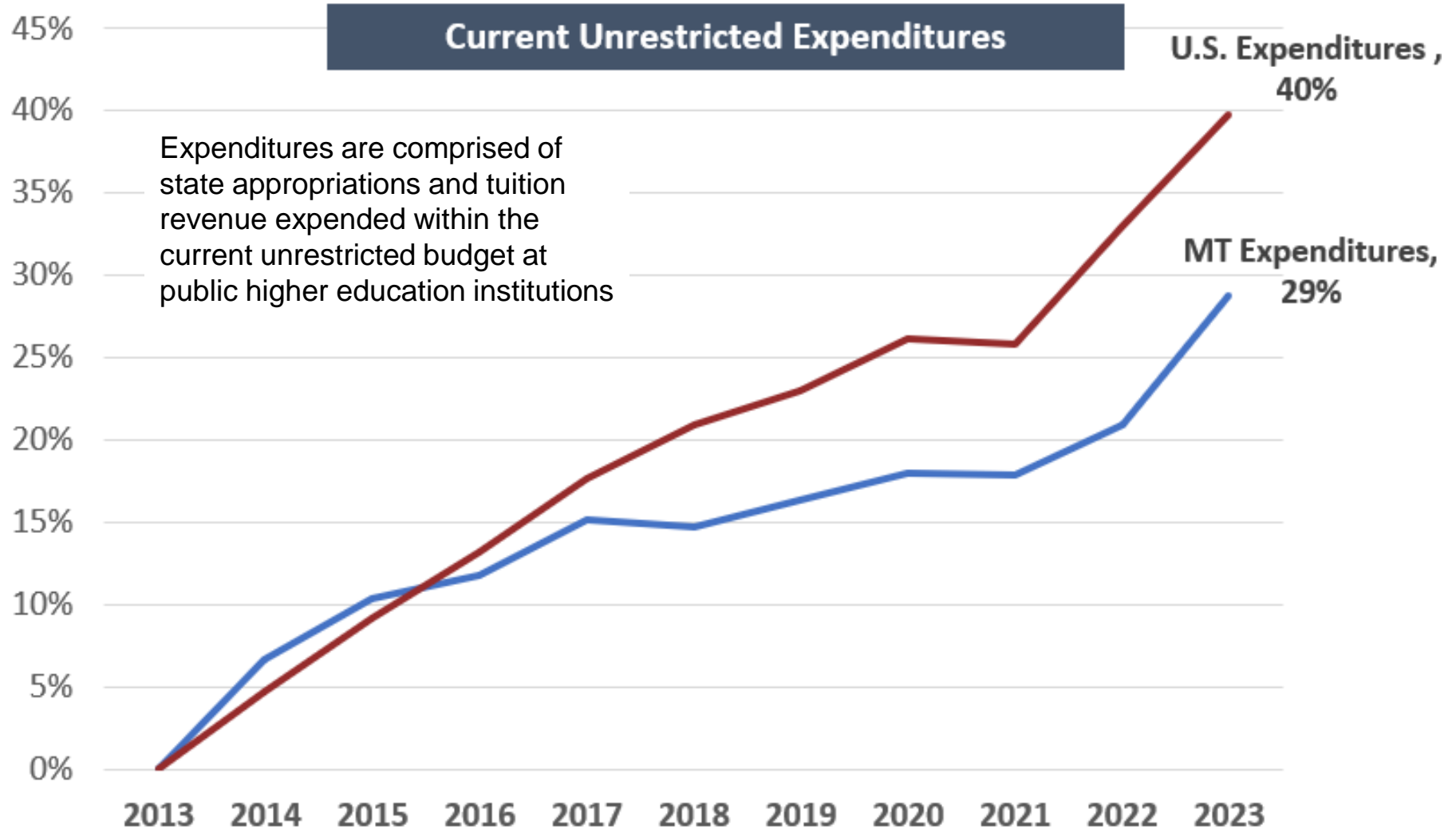
## Growth of Key Budget Drivers (2024 Constant Dollars)



**In constant dollars, MUS expenditures drop by \$10M over the past 10 years.**

## Growth of Key Budget Drivers

10-year, Cumulative % Change

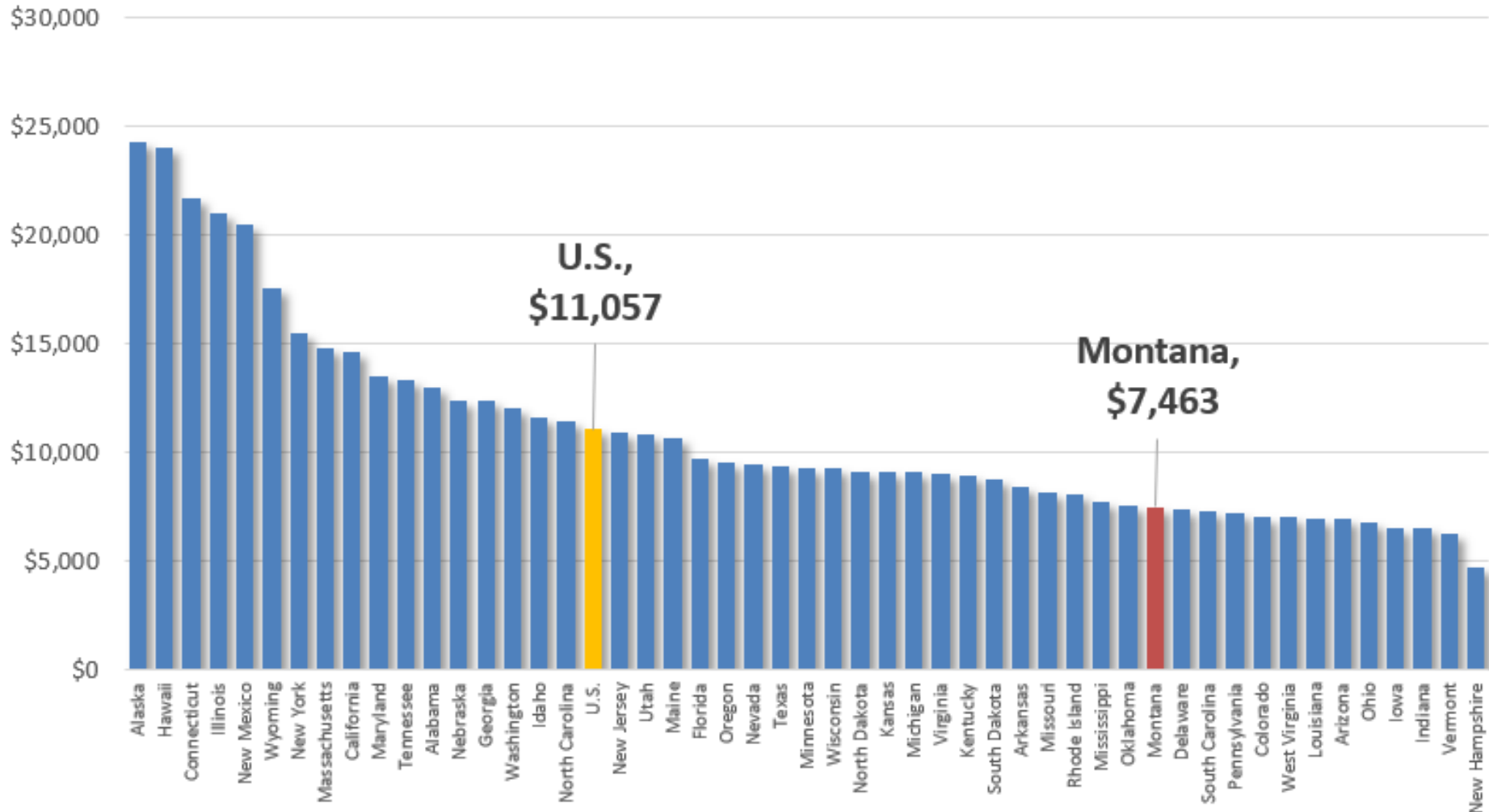


**Growth in Higher Ed. expenditures nationwide outpaced increases in the MUS**

## Education Appropriations per Student FTE, FY23



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



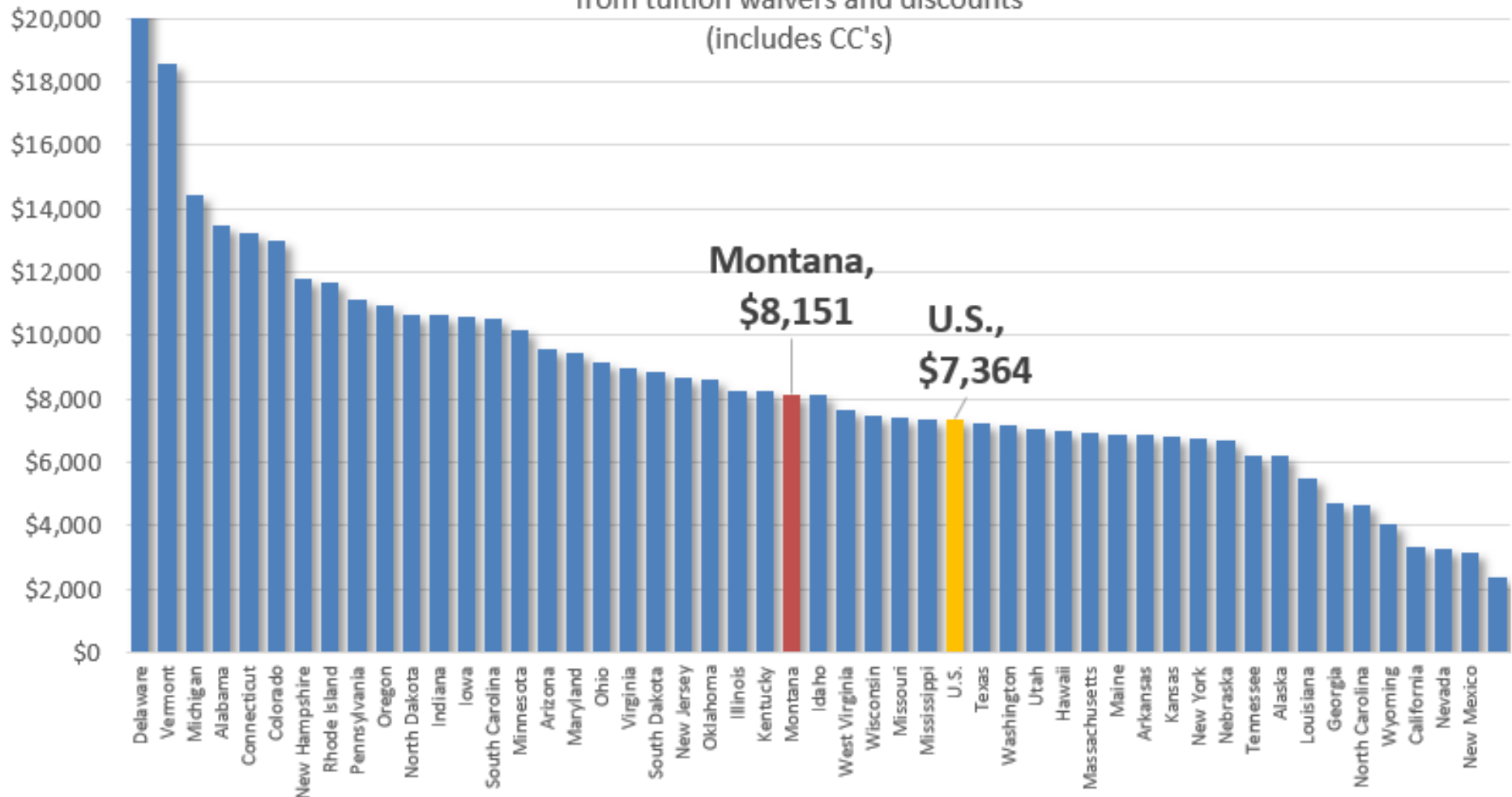
State Higher Education Executive Officers Association. State Higher Education Finance: FY 2023.

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

## Net Tuition Revenue per Student FTE, FY23



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, State Higher Education Finance

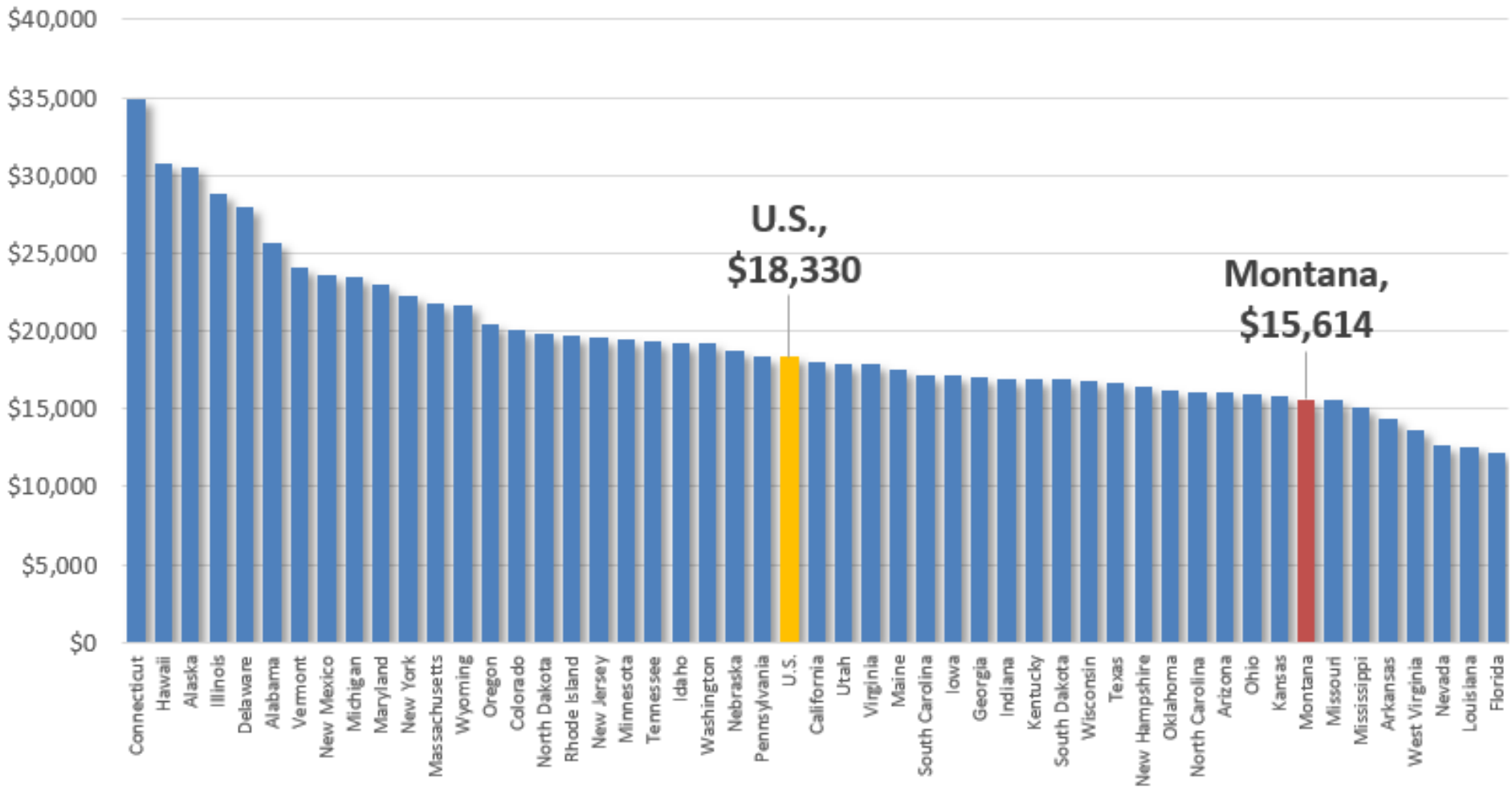
**MT is slightly above the national average in the amount of net tuition received per student**



## Educational Revenue per Student FTE, FY23



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)

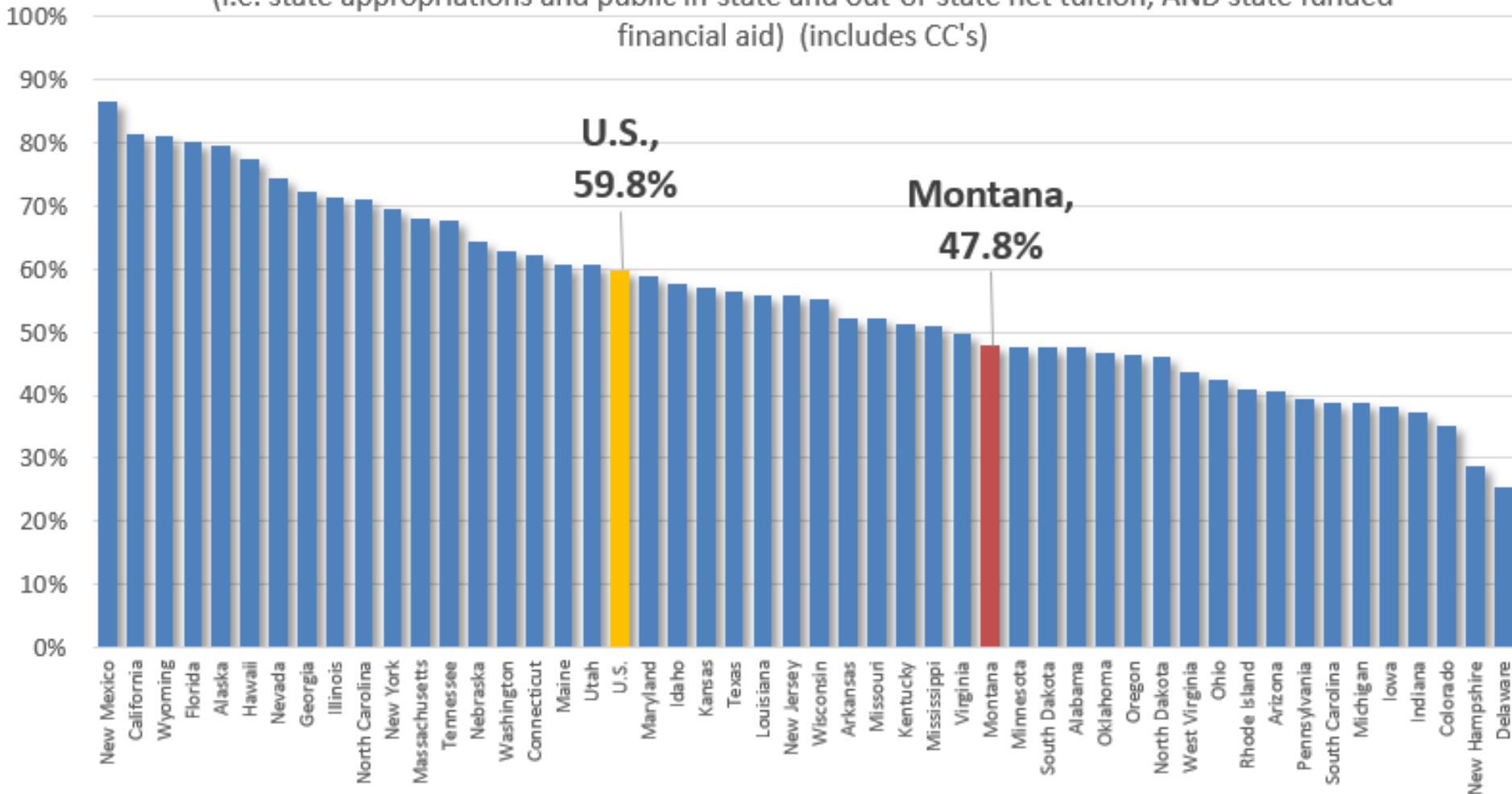


State Higher Education Executive Officers Association. State Higher Education Finance:

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

## State % Share, FY23

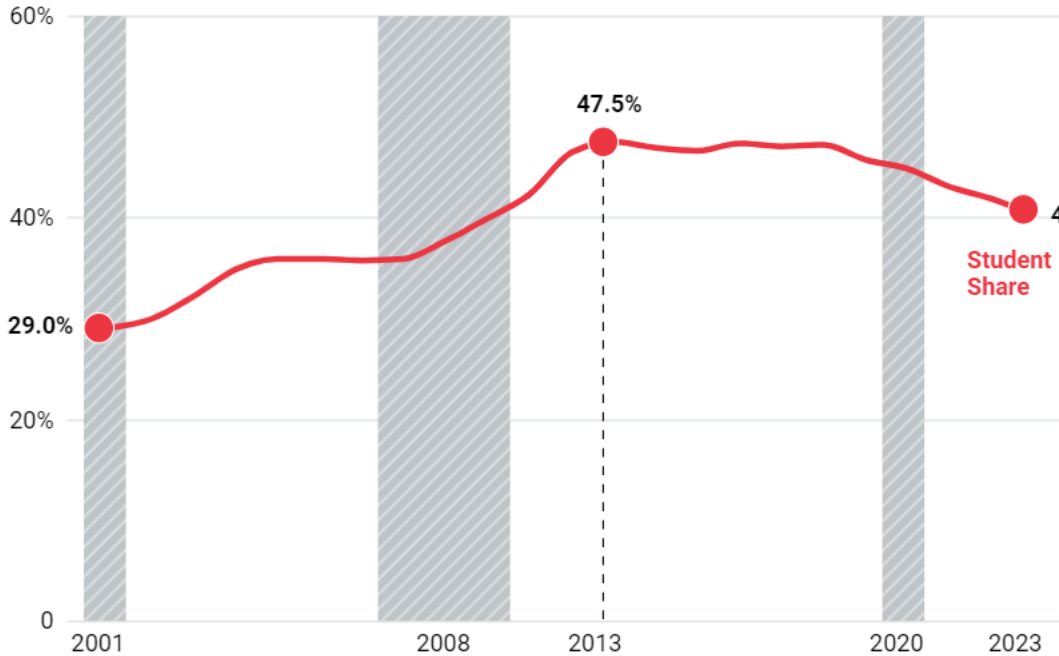
State appropriations as a percent of public higher education total educational revenue (i.e. state appropriations and public in-state and out-of-state net tuition, AND state funded financial aid) (includes CC's)



State Higher Education Executive Officers Association. State Higher Education Finance.

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

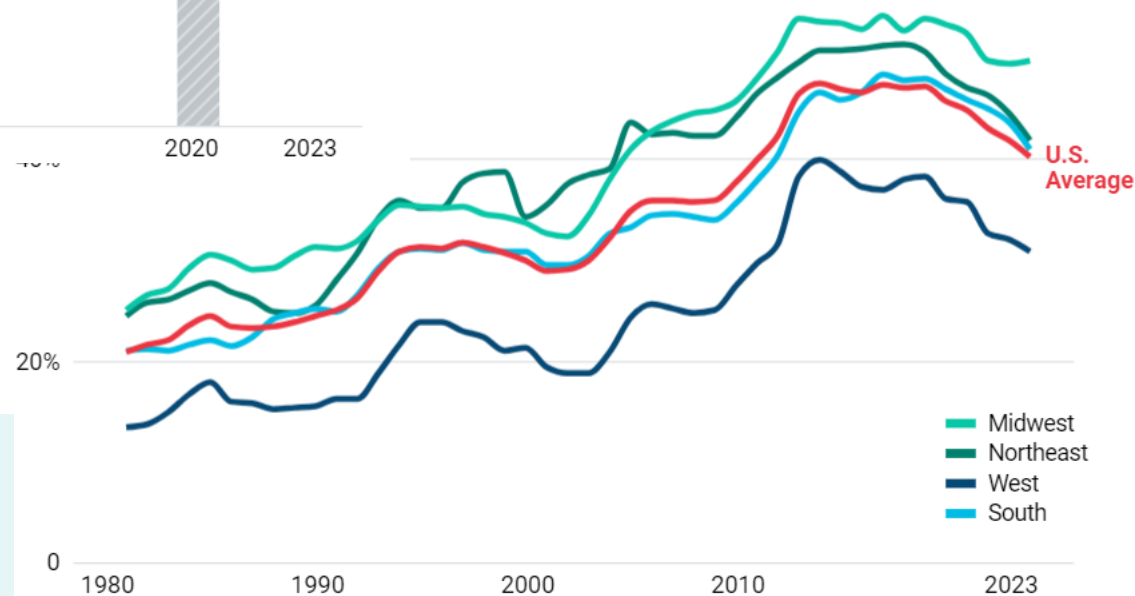
# Student Share Comparisons



Although every state has different levels of state support and tuition revenue over time, the student share has increased in all but two states since 1980. In four states, the four-year student share is greater than 75%.

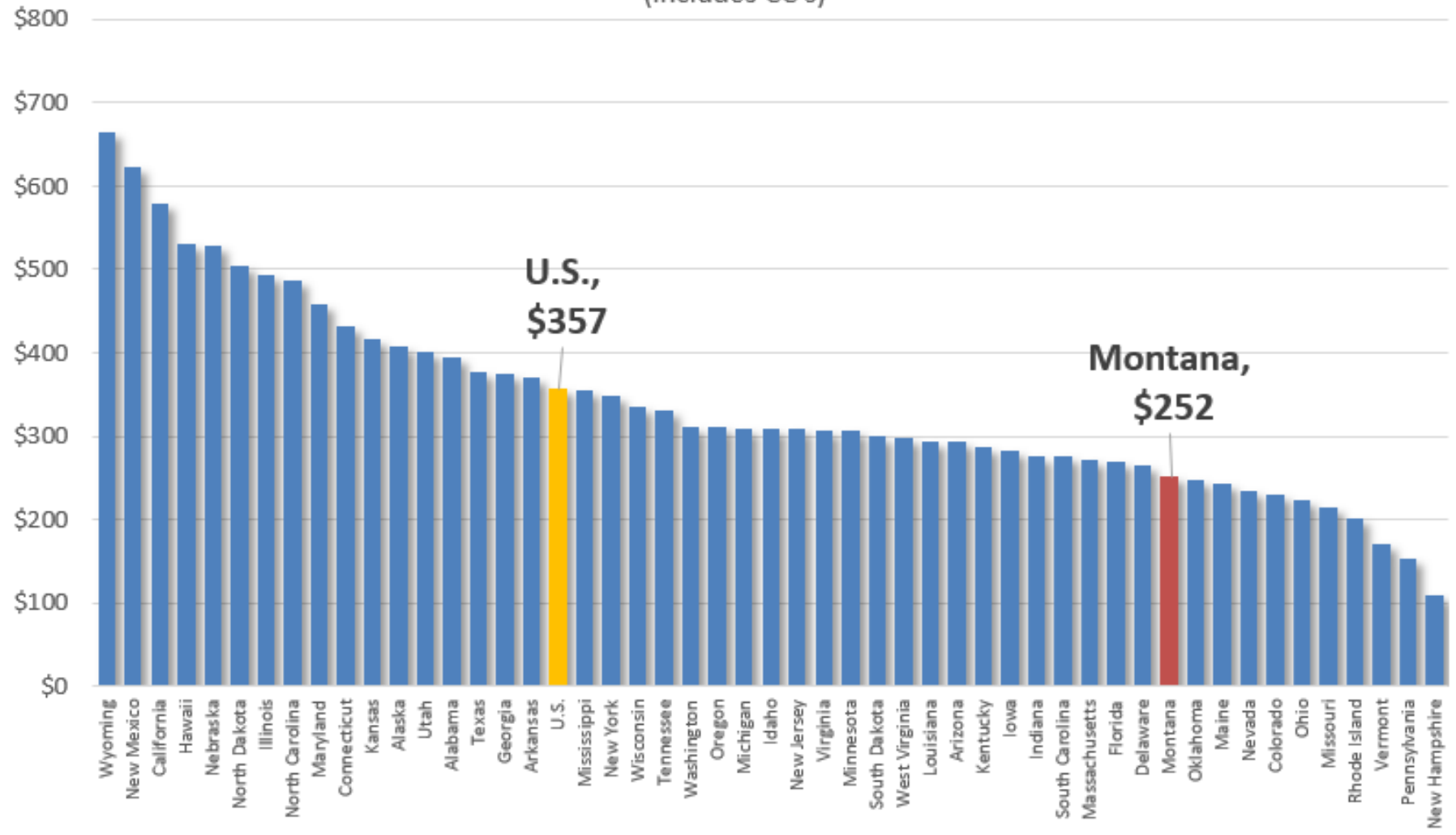
Over the last two decades, state funding declines and tuition revenue increases placed a growing burden on students to fund public higher education. In recent years, this trend has reversed, and the student share has declined. In 2023, **40.2%** of total education revenue came from tuition.

The share of total revenue coming from students is highest in the Midwest and lowest in the West. At two-year institutions, the average student share was less than a quarter (**19.9%**). At four-year institutions, the average student share was over half (**50.4%**).



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

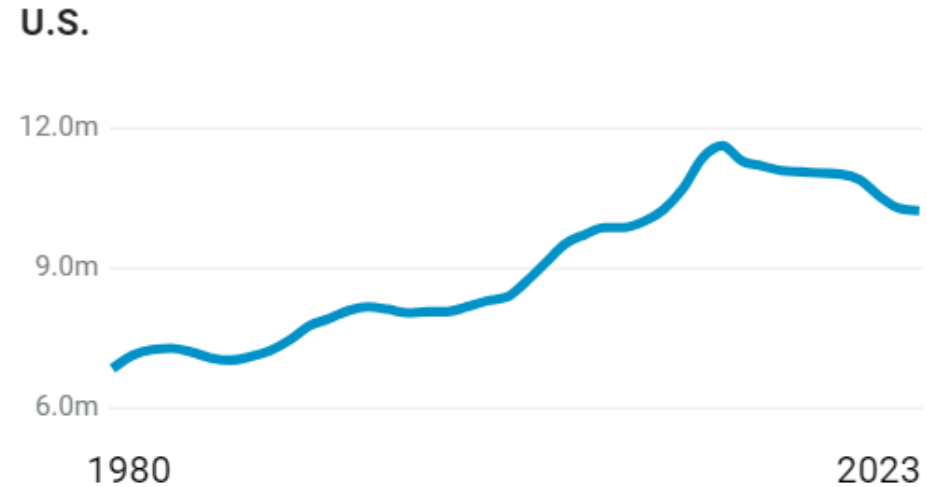
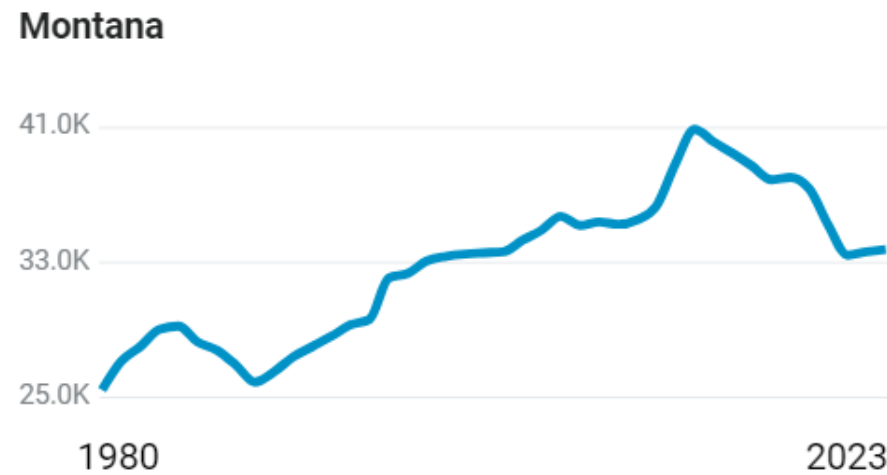
## State & Local Support per Capita, FY22 (includes CC's)



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



**MUS enrollment in FY24 increased by 2% (+800 FTE)**

### National Trends

- Nationally, enrollment declined for the 12th straight year.
- Enrollment declined in 25 states between 2022 and 2023.
- Cumulatively, FTE enrollment at public institutions has declined by 6.1% since the start of the COVID-19 pandemic in 2020 and 0.5% in the last year.
- Altogether, FTE enrollment has declined 12% from its peak in 2011.

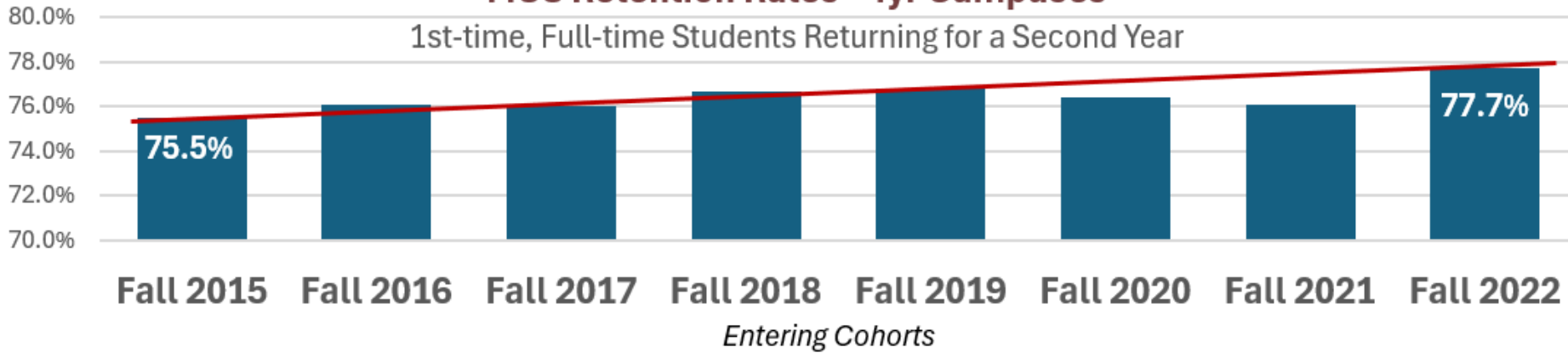
**Enrollment in the MUS has increased each year since 2021**

# Retention



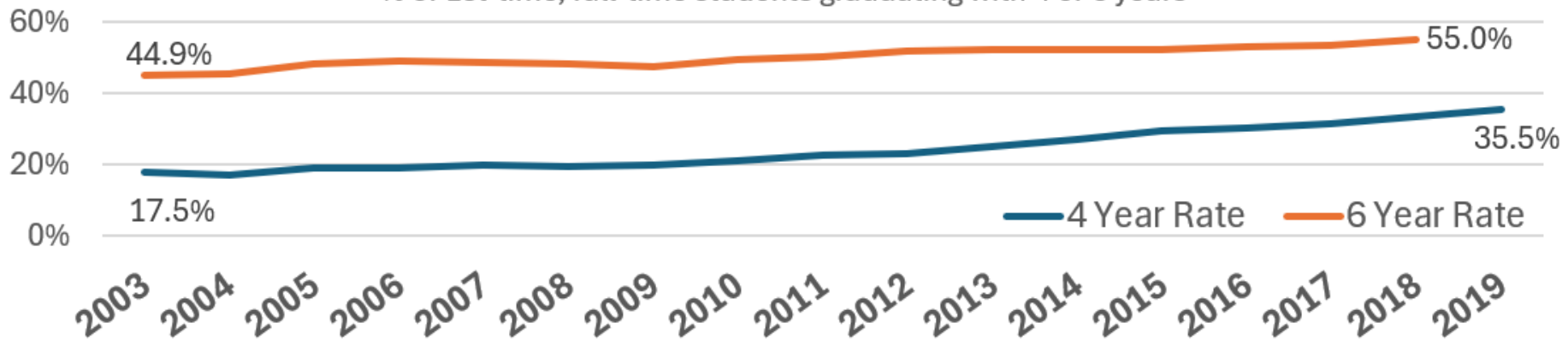
## MUS Retention Rates - 4yr Campuses

1st-time, Full-time Students Returning for a Second Year



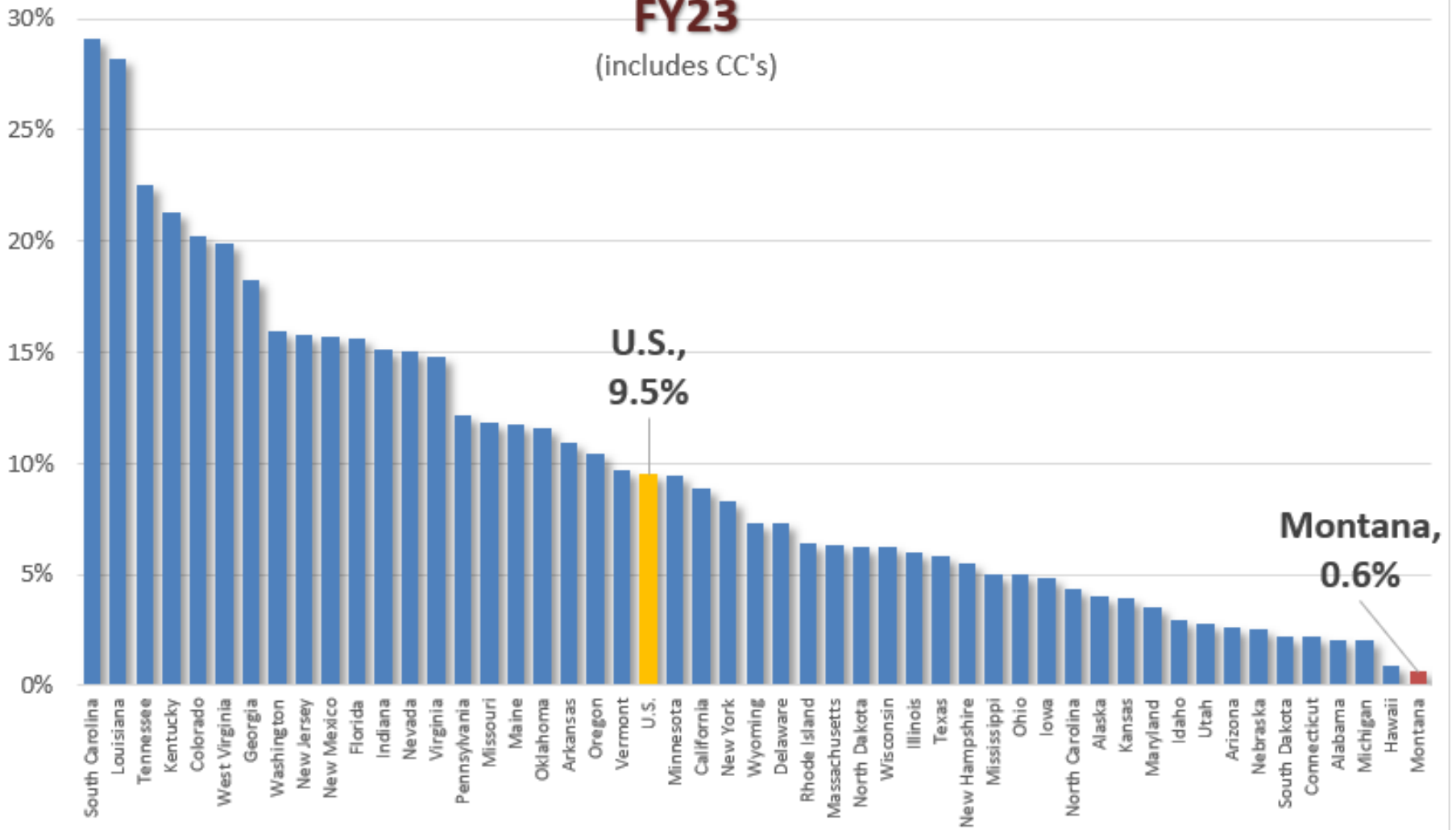
## Graduation Rates

% of 1st-time, full-time students graduating with 4 or 6 years



**Improved retention has contributed to stable enrollment AND student success!**

## State Support Financial Aid as a % of Ed Approps, SHEEO FY23 (includes CC's)



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

**MUS would need more than 10 times current level of funding to reach Nat'l average**

# System-level Summary & Metrics

Revenue  
Expenditures  
Staffing  
Waivers  
Enrollment

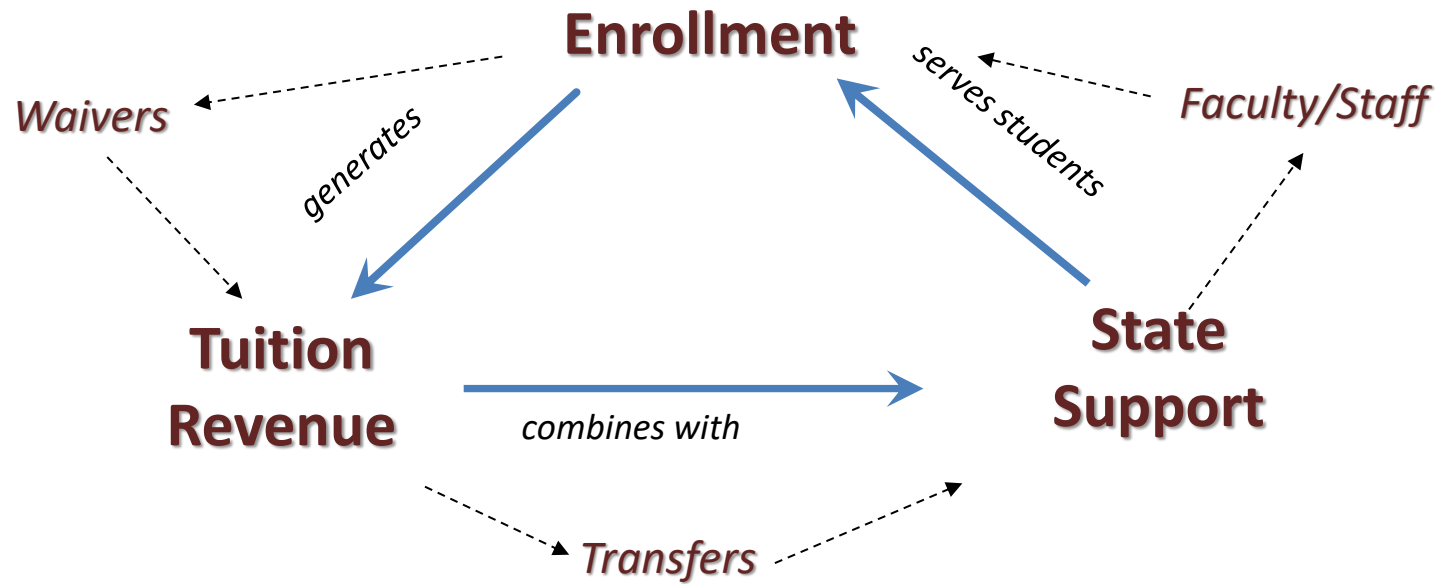
Dashboards: [System](#) | [Institutional](#)

## Major Budget Drivers

- Pay Plan = \$18M and Present Law = \$5M (\$23M budgeted increase)
- Enrollment (Res/Non-res/WUE); projected increase
- Resident/Non-Res tuition increases; increasing tuition revenue
- Enrollment management and financial aid
- Staffing demands



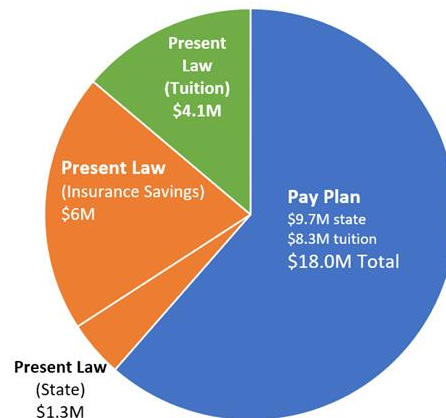
Keep it Simple!



## Present Law Increases & Pay Plan, FY25

- Pay Plan (4% or \$1.50 per hour, whichever is greater)
  - = \$9.7M state, \$8.3M tuition, total = \$18.0M
- 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)
  - = \$1.3M state, \$4M tuition, total = \$5.3M
- Insurance Holiday –
  - = \$6M

**TOTAL = \$29M**



### Year over Year Increase

**Total Increase to Current Unrestricted:**  
= \$23M increase (+4.4%)

**Total Available Funds**  
= \$29M (+5.5%)

### Distribution of the % increase

Category	Amount	% Increase
Pay Plan	18,010,458	3.4%
PLA (state)	1,297,882	0.2%
PLA (tuition)	4,054,986	0.8%
<b>Total</b>	<b>23,363,327</b>	<b>4.4%</b>
PLA (savings)	5,957,657	1.1%
<b>Total \$\$</b>	<b>29,320,984</b>	<b>5.5%</b>

## Montana University System - Ed. Units Only

### Current Unrestricted Revenue & Metrics

REVENUE	FY20	FY23	FY24	%Change		FY25 Budgeted	%Change 1yr
				1yr	5yr		
State Support (base)*	\$200,574,977	\$214,368,845	\$227,925,776	6%	14%	\$239,439,048	5%
State Support (OTO)	\$1,284,252	\$8,336,727	\$3,821,124	-54%	198%	\$2,363,741	-38%
Net Tuition Revenue	\$248,654,669	\$270,147,873	\$288,203,417	7%	16%	\$304,696,667	6%
Transfers/Other	\$11,238,000	\$19,340,276	\$13,708,415	-29%	22%	\$15,187,988	11%
<b>Total Operating Revenue</b>	<b>\$461,751,899</b>	<b>\$512,193,721</b>	<b>\$533,658,731</b>	4%	16%	<b>\$561,687,444</b>	5%
<small>*includes campus base + earned portion of PF</small>							
Current Unrestricted (not including transfers or	\$449,229,646	\$484,516,718	\$516,129,193	7%	15%	\$544,135,715	5%
<b>Student FTE</b>	33,013	31,860	32,525	2%	-1%	32,564	0%
Resident Students	22,930	20,063	20,234	1%	-12%	20,259	0%
Non-resident Students	10,083	11,797	12,291	4%	22%	12,306	0%
<b>Key Metrics</b>							
State % Share	44.8%	45.2%	44.6%	-1%	0%	44.2%	0%
State Support per Res FTE	\$8,747	\$10,685	\$11,264	5%	29%	\$11,819	5%

- **State % Share – remains at 44%, MT ranks 31st, Nat'l Avg. = 60% (FY23)**
- **State Funds per Resident are budgeted to increase slightly**  
**MT ranks 38th (state support per total FTE), 67% of national average**

## Montana University System - Ed. Units Only

### Current Unrestricted Expenditures & Metrics

EXPENDITURES	FY20	FY23	FY24	%Change		FY25	%Change
				1yr	5yr	Budgeted	1yr
Instruction	\$238,885,801	\$253,710,790	\$260,434,293	3%	9%	\$276,630,369	6%
Academic Support	\$56,220,738	\$69,163,816	\$75,240,012	9%	34%	\$79,601,923	6%
Student Services	\$47,193,089	\$56,309,343	\$58,294,221	4%	24%	\$63,915,088	10%
Institutional Support	\$41,598,804	\$58,597,845	\$62,171,421	6%	49%	\$62,106,362	0%
Operation & Maintenance	\$57,103,682	\$63,179,266	\$64,765,226	3%	13%	\$66,817,631	3%
Research	\$2,448,904	\$4,726,802	\$3,140,963	-34%	28%	\$2,964,860	-6%
Public Service	\$3,997,056	\$4,280,116	\$4,208,814	-2%	5%	\$4,259,663	1%
Scholarships	\$2,794,953	\$3,235,253	\$4,345,253	34%	55%	\$5,391,546	24%
<b>Total CU Exp</b> (net of waivers) →	<b>\$450,243,027</b>	<b>\$513,203,230</b>	<b>\$532,600,203</b>	4%	18%	<b>\$561,687,443</b>	5%
<b>Student FTE</b>	33,013	31,860	32,525	2%	-1%	32,564	0%
<b>Key Metrics</b>							
% Instruction Exp	53.1%	49.4%	48.9%	-1%	-4%	49.2%	0%
% Instruct/Acad/Stud Ser	76.0%	73.9%	74.0%	0%	-2%	74.8%	1%
Expenditures per Student	\$13,638	\$16,108	\$16,375	2%	20%	\$17,249	5%

- **Instruction – comprises 49% of total expenditures** BOR target = 50%
- **% Instruction + Aca Support + Stud Service is consistently over 75%** BOR target = 70%
- **Expenditures per Student – budgeted to increase** MT ranks 43rd 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	FY20	FY23	FY24	%Change		FY25	%Change
				1yr	5yr	Budgeted	1yr
Contract Faculty (all)	1,955	1,762	1,791	2%	-8%	1,930	8%
Contract Administrators	98	92	91	-1%	-8%	94	4%
Contract Professionals	579	580	575	-1%	-1%	631	10%
Classified FTE	1,472	1,324	1,366	3%	-7%	1,564	14%
<b>Total Faculty/Staff</b>	<b>4,104</b>	<b>3,758</b>	<b>3,823</b>	<b>2%</b>	<b>-7%</b>	<b>4,220</b>	<b>10%</b>
<b>EXPENDITURES</b>							
Personnel Services	371,777,850	399,975,166	421,421,292	5%	13%	458,758,525	9%
Total Expenditures (net of waivers)	450,243,027	513,203,230	532,600,203	4%	18%	561,687,443	5%
<b>Student FTE</b>	<b>33,013</b>	<b>31,860</b>	<b>32,525</b>	<b>2%</b>	<b>-1%</b>	<b>32,564</b>	<b>0%</b>
<b>Key Metrics</b>							
Student to Faculty Ratio	16.9	18.1	18.2	0%	8%	16.9	-7%
%Personnel Services of Total	83%	78%	79%	1%	-3%	82%	3%

- **Student to Faculty Ratio – budgeted for 17 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	FY20	FY23	FY24	%Change		FY25 Budgeted	%Change 1yr
				1yr	5yr		
BOR Designated	\$8,765,968	\$8,654,861	\$9,352,976	8%	7%	\$9,383,391	0%
Resident Discretionary	\$7,891,265	\$8,697,882	\$10,290,127	18%	30%	\$11,073,748	8%
Non-resident Discretionary	\$38,272,343	\$55,176,414	\$63,347,130	15%	66%	\$67,835,413	7%
Scholarships	\$2,794,365	\$5,141,840	\$6,545,957	27%	134%	\$8,093,380	24%
<b>Total Discounts/Waivers/Sch</b>	<b>\$57,723,940</b>	<b>\$77,670,998</b>	<b>\$89,536,190</b>	15%	55%	<b>\$96,385,931</b>	8%
<b>Student FTE</b>	33,013	31,860	32,525	2%	-1%	32,564	0%
<b>Key Metrics</b>							
<b>Waivers per Student FTE</b>	\$1,749	\$2,438	\$2,753	13%	57%	\$2,960	8%
<b>Net Tuition Revenue per FTE</b>	\$7,532	\$8,479	\$8,861	5%	18%	\$9,357	6%
<b>Average Net Revenue per FTE</b>							
Non-resident (net tuition)	\$15,674	\$17,318	\$17,981	4%	15%	\$19,000	6%
Resident (net tuition + state approps)	\$12,951	\$14,858	\$15,438	4%	19%	\$16,196	5%
Difference	\$2,723	\$2,460	\$2,543	3%	-7%	\$2,804	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: 8% budgeted increase, growth of \$200 per student FTE**
- **Net tuition revenue per student continues to increase, +5% increase FY24 over FY23**
- **Average Net Revenue per FTE Benchmark: Yes, meets required levels**

## Montana University System - Ed. Units Only

Fiscal Year Student FTE - Average Annual Enrollment

ENROLLMENT	FY21	FY22	FY23	FY24	FY25 Budgeted	% Change	
						24 vs 25 Projected	Fall 2024 YTD
Resident Undergrad	18,942	18,237	17,809	18,057	18,102	0.2%	3.0%
Resident Graduate	2,438	2,389	2,254	2,177	2,157	-0.9%	-1.0%
Non-resident Undergrad	6,047	6,074	7,001	7,455	7,516	0.8%	2.0%
WUE	2,703	3,627	3,440	3,469	3,430	-1.1%	-1.0%
Non-resident Graduate	1,208	1,357	1,356	1,367	1,360	-0.5%	0.0%
<b>Student FTE Total</b>	<b>31,338</b>	<b>31,684</b>	<b>31,860</b>	<b>32,525</b>	<b>32,564</b>	<b>0.1%</b>	<b>2.0%</b>

\*Fall 24 YOY comparison with  
Fall 23 as of 9/13

**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: 0% increase**
- **Fall 2024: 2% increase over Fall 2023 (YOY)**

# 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**