




TO: Dr. Sheila Stearns
Commissioner for Higher Education

FROM: Waded Cruzado 
President

DATE: June 6, 2011

RE: FY12-13 Budget Allocations for MSU's Four Campuses

Due to the short time period between the May 20th Board of Regents meeting and the need to create budgets prior to the July 1st fiscal year start date, campus allocations of state funds for FY12 are being based on the current budgetary status of each campus. However, it is our intent to use a more strategic approach in future years. Our proposal for FY12 funding allocations considers the overall revenue sources and projected expenditures for each campus. The projected expenditures include elements of the present law adjustments for state fixed costs (audit, insurance, warrant writing), new space, utilities, IT software and hardware maintenance contract costs, and library acquisitions. A modest investment in human resources was also identified and factored into the overall budget for each campus.

On the revenue side, the allocation discussions started with the biennial amount available to MSU (4 campuses) after the HB2 reduction of approximately \$2.7M (1.6%). We distributed these funds to each campus based on their current campus percent share of state funds, so each campus took a 1.6% reduction compared to the current biennium due to the HB2 allocation.

Discussions regarding the enrollment adjustments (to UM) were more challenging as three of the four campuses have experienced enrollment growth since the FY07 Enrollment CAP. We considered the tuition generated by each campus, as well as the potential investments in human resources, to ensure the distribution of state funding to each campus provided a sufficient overall budget. The end result has the agreement of each campus chancellor, dean and fiscal officer. A summary of the allocations to each campus is attached.

As mentioned previously, we intend to explore ways to incorporate more strategy into the allocation process in the future. Examples of this will include performance (outcome) based elements such as graduation rates or course completion, along with incentives for priority services, such as accommodating underrepresented students and/or constituencies. Programmatic costs and campus infrastructure costs will also be considered as we develop our allocation process. We will discuss these issues over the coming months and begin utilizing an improved allocation model as early as next year (FY13).

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MSU State Funding Allocation

FY12 - 13 Biennium

* All figures include base and OTO funds

	FY10 - 11 Allocation	HB 2 Reduction	Current HB2 (net) Alloc.	Enrollment Adjustment	FY12 - 13 Allocation	% Chg from FY10 - 11
MSU- Bozeman	98,037,800	(1,540,476)	96,497,324	(5,161,386)	91,335,938	-6.84%
MSU-Billings	40,417,747	(630,488)	39,787,259	(902,135)	38,885,124	-3.79%
MSU- Northern	17,962,316	(292,916)	17,669,400	(300,712)	17,368,688	-3.30%
MSU-GF CoT	12,005,926	(184,848)	11,821,078	350,000	12,171,078	1.38%
TOTAL MSU	168,423,789	(2,648,728)	165,775,061	(6,014,233)	159,760,828	-5.14%

Please note that FY12 allocations will be very close to 50% of the biennial figures listed above.