



ITEM 120-110-R0903

DATE: September 9, 2003
TO: Board of Regents
FROM: Sheila M. Stearns
 Commissioner
RE: Executive Summary of Montana University System Operating Budgets

The operating budgets for the Montana University System, as required by 17-7-138 (2) M.C.A., have been submitted for your review. I have included some definitions specific to colleges and universities that may be a helpful reference. Each of the campus CEO's has provided you an executive summary that describes FY2004 budget priorities and how their BY2003 expenditures met Regents and campus priorities. We also include information about bonded indebtedness and the campus negative fund balance reports as a part of this process. We recommend that you approve these budgets at the September 24th meeting in Billings. Although we focus primarily on the current unrestricted portion of the Montana University System's budgets, you are asked to consider each unit's total budget, including all sources of funds as well as the Community College budgets. The following table reflects the general fund and six-mill levy revenue for Montana's public higher education enterprise:

	FY02 Actual Expenditures	FY03 Actual Expenditures	FY04 Op Budgets	FY05 Budgeted	Biennial \$ Change	Biennial % Change
State Support (General Fund and Millage)						
Educational Units	116,716,557	113,384,240	119,421,837	112,998,223	2,319,263	1.01%
Family Practice Residency	341,200	319,367	319,367	319,366	-21,834	-3.31%
Distant Learning/Regents Priorities	100,000		201,000	350,000	451,000	451.00%
Ag Exper Station	10,302,324	10,058,274	10,279,958	10,451,174	370,534	1.82%
Extension Serv	4,332,336	4,323,864	4,481,715	4,573,827	399,342	4.61%
Fire Services Training School	507,637	454,180	560,535	518,233	116,951	12.16%
Bureau	1,570,646	1,536,284	1,581,899	1,601,231	76,200	2.45%
Forestry	919,661	902,778	925,839	936,454	39,854	2.19%
Community Colleges	5,843,089	5,724,430	6,302,234	6,359,773	1,094,488	9.46%
Regents and OCHE	1,679,002	2,042,958	1,727,882	1,575,248	-418,830	-11.25%
Student Assistance	8,242,605	8,113,828	8,638,079	8,892,619	1,174,265	7.18%
Tribal Colleges	96,500		96,500			
Total Higher Ed State Support	150,651,557	146,860,203	154,536,845	148,576,148	5,601,233	1.88%

The following table reflects the resident enrollments (and projections) for the same time period:

	FY02 Actuals	FY03 Actuals	FY04 Proj	FY05 Proj	Biennial # Change	Biennial % Change
MUS Resident FTE Students	25,567	26,226	26,764	27,392	2,363	4.56%
CC Resident FTE Students	2,243	2,302	2,322	2,369	146	3.21%
Total Resident FTE Students	27,810	28,528	29,086	29,761	2,509	4.45%

Although the University System requested a present law adjustment to fund additional resident students, that was not a component of what the Legislature finally approved. However, the requirement to revert general fund for not meeting our resident enrollment targets was stripped from HB2.

In addition to the State's contributions, the following table is a summary of all funds subject to Regents approval:

Funds	FY03 Actuals	FY04 Budget
State Funds Identified Above	\$146,860,203	\$154,536,645
Other Current Unrestricted Funds – MUS	156,155,901	170,848,642
Other Current Unrestricted Funds – CC	7,220,990	8,157,974
Restricted Funds – MUS	218,288,530	243,113,509
Restricted Funds – CC	6,606,588	6,583,028
Designated Funds	120,404,603	152,489,335
Auxiliary Enterprise Funds	71,909,657	76,997,606
Loan and Endowment Funds	887,627	947,916
Plant Funds	52,791,104	53,157,518
Total Funds	\$781,125,203	\$866,832,173

We have added a report this year in response to questions you have had about the revenue side of the total enterprise. This report, creatively entitled XX2, is included for each of our MUS campuses and summarized for the system. In summary the XX2 report shows the following:

	FY03 \$	FY03 %	FY04 \$	FY04 %
State Funding	164,201,470	19.6%	170,928,121	20.0%
Student Funding	230,869,956	27.6%	246,939,299	28.9%
Federal Funding	235,830,864	28.2%	221,438,986	25.9%
Other	205,630,944	24.6%	215,216,073	25.2%
Total	836,533,234	100.0%	854,522,479	100.0%

Although as a Montana University System the split is fairly even, the split among our campuses is quite diverse. For example, the FY2003 actual funding for the MUS shows an average of around 20% in State funding, and 28% in Federal and student contributions. Montana State University Bozeman shows just under 14% in State funding and over 36% from the Feds. The University of Montana Missoula received 17% in State funding and over 38% from students. Some of our research and public service agencies receive over 70% of their funding from the State.

Wednesday afternoon (September 24) you will hear from each of the Campus CEO's regarding their budgets. I hope you have the opportunity to review the operating budgets that have been submitted for your review and subsequent approval prior to that date. Campus fiscal officers will also be available to respond to questions you have at that meeting. If you need further information or have questions prior to that time please contact Rod or Laurie.