

Expenditure and Revenue Detail

MONTANA STATE UNIVERSITY

	MONTANA STATE UNIVERSITY			
	FY03 Budgeted	FY04 Estimated	FY05 Estimated	Biennial Total
Enrollment				
Resident FTE	14,149	14,457	14,809	
WUE FTE	705	730	730	
Nonresident FTE	2,180	2,378	2,351	
Total FTE	17,035	17,564	17,890	
Revenue				
General Fund/Millage	67,211,922	62,603,412	63,418,051	126,021,463
Interest Earnings	933,681	471,000	471,000	942,000
Tuition (Current Rates without Surcharge-Projected Enrollments)	62,976,409	64,201,167	64,704,409	128,905,576
Other Revenue	1,591,951	3,109,218	2,746,362	5,855,580
Inter Campus Transfers	0	946,289	393,427	1,339,716
Total Revenue	132,713,963	131,331,086	131,733,248	263,064,334
Expenditures				
Personal Services (FY03 Before Special Session)	104,748,633	105,013,663	104,992,853	210,006,516
Operations (FY03 Before Special Session)	27,693,902	27,661,746	27,715,511	55,377,257
Fixed and Other Current Services Cost Increases (Pay Plan Annualization, New Pay Plan, Increased DoA Rates and Charges, Additional Enrollments, etc.)		7,752,510	12,129,576	19,882,086
Inter Campus Transfers	0	1,446,289	635,993	2,082,282
Total Expenditures	132,442,535	141,874,208	145,473,933	287,348,141
Projected Budget Excess/(Deficit)	271,428	(10,543,123)	(13,740,684)	(24,283,807)
Beginning Fund Balance		(737,873)	(11,280,996)	
Revenue/Expenditure Balance		(10,543,123)	(13,740,684)	
Ending Fund Balance		(11,280,996)	(25,021,680)	

Narrative:

The Base level of expenditures noted above reflect no more than the maintenance of each campus' current level of basic services. By far, the largest FY04/05 cost increases for the University are those associated with the fully annualized costs of the 2001 Legislature's Pay Plan, the 2003 Legislature's Health Insurance increases, increased liability and property insurance rates set by State Tort Claims, and significant increases in student enrollment.

Each campus of MSU is extremely proud of its high level of instructional quality, efficiency and effectiveness. We are providing every one of our students with a high quality education, for an extremely low overall cost of instruction. The figure on the following page provides a very clear picture of the Montana University System's cost effectiveness, in comparison to every other state in the region.

- > Montana's appropriated level of state funding, per student, is just 48% of the average and last in the region.
- > And yet, Montana's per capita income is only slightly less than the average (93%).
- > As to be expected, the low level in state funding results in higher than average (116%) tuition.
- > But overall, our effectiveness results in a total expenditures per student that is only 64% of the average.

**FY2000 STATE APPROPRIATIONS & TUITION REVENUES PER STUDENT FTE
FOR RESEARCH / DOCTORAL UNIVERSITIES IN NEIGHBORING STATES**

State	Appropriation	FTE	Approp \$ / FTE	FY2003 Tuition & Fees	Tuition Revenue	Total of Revenue	Total \$ / FTE	FY2000 Per Capita Income
Idaho	\$166,894,066	19,036	\$8,767.29	\$3,055.00	\$75,870,396	\$242,764,462	\$12,752.91	\$17,484.00
Nevada	\$202,915,318	23,817	\$8,519.77	\$2,490.00	\$88,432,578	\$291,347,896	\$12,232.77	\$21,580.00
New Mexico	\$343,373,375	32,604	\$10,531.63	\$3,192.00	\$100,756,507	\$444,129,882	\$13,621.94	\$17,067.00
North Dakota	\$115,574,856	17,862	\$6,470.43	\$3,584.00	\$72,164,138	\$187,738,994	\$10,510.52	\$18,072.00
Oregon	\$258,207,318	42,664	\$6,052.11	\$4,086.00	\$238,232,549	\$496,439,867	\$11,636.04	\$20,794.00
South Dakota	\$87,435,153	12,866	\$6,795.83	\$3,853.00	\$47,663,517	\$135,098,670	\$10,500.44	\$18,650.00
Utah	\$301,500,736	34,768	\$8,671.79	\$3,112.00	\$128,380,532	\$429,881,268	\$12,364.28	\$17,701.00
Washington	\$486,696,061	49,799	\$9,773.21	\$4,543.00	\$334,834,698	\$821,530,759	\$16,496.93	\$23,879.00
Wyoming	\$92,196,493	9,243	\$9,974.74	\$2,997.00	\$35,657,775	\$127,854,268	\$13,832.55	\$19,336.00
Totals and Average	\$2,054,793,376	242,659	\$8,467.82	\$3,434.67	\$1,121,992,690	\$3,176,786,066	\$13,091.56	\$19,395.89

Montana (MSU & UM) **\$85,784,504** **20,912** **\$4,102.17** **\$3,996.00** **\$90,838,842** **\$176,623,346** **\$8,446.03** **\$18,115.00**

Montana Percent of Average **48.44%** **116.34%** **64.52%** **93.40%**

\$177,079,107 Calculated value of Montana appropriation, and total revenue, if funded at average of neighboring states. **\$273,770,807**

Source: National Center for Educational Statistics - IPEDS

Inter Campus Transfers

Beginning in the summer of 2002, the CEOs of the Montana State University campuses began to define a set of conditions for each campus that would allow it to grow its enrollments and its bottom line and be otherwise successful. During the Fall of 2002, the first drafts of those were circulated. In January, the CEOs developed the concept of establishing a pool of funds from the Bozeman campus that would be available for projects that would address each campus' set of conditions. Prior to the March BOR meeting a pool amount of \$500,000 was settled on and an RFP document was revised and finalized.

In addition, the CEOs endorsed full funding of mandatory fee waivers in the Cost of Education model. The action of the Board to move part of the way to full funding in FY 04 prompted the MSU campuses to add an additional 25% toward full funding of Native American fee waivers, an amount of \$295,000.

Pending action by the Board, perhaps in July, the MSU-Bozeman College of Nursing will move its Great Falls operation out of the College of Technology (see May, 2003 Information item to the Board). They have been paying \$54,000 per year in rent to the COT. It was decided that a \$54,000 bridge funding would be provided to the COT for FY 04 only.

Finally, it was decided that Billings, Northern and Great Falls could be relieved of the costs for some shared central services that now move money to the Bozeman campus. The target here was ~\$100,000.

This four-pronged approach of capacity building, contribution to structural change, one-time funding and centralization of shared services costs will move about \$900,000 from Bozeman to the Billings, Northern and Great Falls campuses. The following page provides some detail on the transfers.

Potential MSU Revenue Sharing Plan for FY04

	Billings	CoT	Northern	Great Falls	TOTAL Transfer from Bozeman
Revenue Sharing Support for Mandatory Fee Waiver Costs (Additional 25% Funding of Native American FW Cost)	119,103	0	150,609	25,716	295,428
Absorption of Campus Cost Shares for Central Services					
MSU System Coordinator Expenses	14,156	0	6,658	2,415	23,229
Banner Leadership & Services Team	44,347	0	21,033	8,252	73,632
					96,861
Short-Term Assistance with Lost O&M Rental Revenue	0	0	0	54,000	54,000
Actual FY03 Resident Enrollment FTE	2,867	552	1,356	1,042	
Percentage of Total	49.28%	9.49%	23.31%	17.91%	
Potential Sustainability Grant Distributions	246,416	47,450	116,563	89,571	500,000
TOTAL	424,022	47,450	294,863	179,954	946,289
April 18 COE Allocation Amount	12,832,216	1,480,213	6,766,287	3,399,308	24,478,024
Potential Percent Increase	3.30%	3.21%	4.36%	5.29%	3.87%

Tentative Revenue Sharing Target Amount	
OLP Funds	500,000
NR Tuition Revenue	393,427
TOTAL	893,427

POTENTIAL FY05 FUND TRANSFER DISTRIBUTION					
Continuance of Biennial Central Services Support	58,503	0	27,691	64,667	150,861
Potential Sustainability Grant Distributions	119,544	23,020	56,548	43,454	242,566
<i>This potential distribution reflects the assumption that Mandatory Fee Waivers will be fully funded in FY05. Also, total amount is subject to modification, depending upon the volume and quality of proposed investment proposals.</i>					393,427

Transfer/Tuition/Budget Recommendations

Budget Reduction Recommendations

	MONTANA STATE UNIVERSITY			
	FY03	FY04	FY05	Biennial
Budget Reduction Recommendations		(2,249,507)	(1,196,113)	(3,445,620)

Narrative:

Budget reductions will be achieved through costs savings from increased efficiencies in academic and student services areas; delayed hiring of faculty, administrators, and staff; elimination of positions; reduced operational expenditures; and deferral of maintenance issues.

Tuition Increase Recommendations (Above FY03 without Surcharges)

	MONTANA STATE UNIVERSITY			
	FY03	FY04	FY05	Biennial
Resident Tuition \$/Academic Year (FY03 without Surcharges)				
MSU-Bozeman	2,900.40	3,255.70	3,654.52	
MSU-Billings	2,827.20	3,166.46	3,546.44	
MSU-Billings COT	1,867.20	2,068.86	2,329.54	
MSU-Northern LD	2,192.00	2,455.04	2,749.64	
MSU-Northern UD	2,752.00	3,082.24	3,452.11	
MSU-Great Falls COT	1,873.36	2,098.16	2,349.94	
Nonresident Tuition \$/Academic Year (FY03 without Surcharges)				
MSU-Bozeman	10,450.80	11,731.02	13,168.07	
MSU-Billings	9,321.60	10,440.20	11,693.02	
MSU-Billings COT	4,195.20	4,648.28	5,233.96	
MSU-Northern LD	9,308.00	10,424.96	11,675.96	
MSU-Northern UD	9,522.00	10,664.64	11,944.40	
MSU-Great Falls COT	4,098.96	4,590.84	5,141.74	
Percent Increase Resident Tuition				
MSU-Bozeman		12.25%	12.25%	
MSU-Billings		12.00%	12.00%	
MSU-Billings COT		10.80%	12.60%	
MSU-Northern		12.00%	12.00%	
MSU-Great Falls COT		12.00%	12.00%	
Percent Increase Nonresident Tuition				
MSU-Bozeman		12.25%	12.25%	
MSU-Billings		12.00%	12.00%	
MSU-Billings COT		10.80%	12.60%	
MSU-Northern		12.00%	12.00%	
MSU-Great Falls COT		12.00%	12.00%	
Increased Revenue-Resident Tuition		4,434,055.00	9,941,035.00	14,375,090
Increased Revenue-Nonresident Tuition		2,961,728.00	6,465,511.00	9,427,239
Increased Revenue-Super Tuition		0.00	0.00	0
Increased Revenue-Program Fees		0.00	0.00	0
Total Increased Revenue		7,395,783	16,406,546	23,802,329

Narrative:

Based upon the Regents' recent decision that the current range of differential tuition rates between the various campuses of the System will not be expanded at this time, MSU has maintained the existing differentials over the course of the next two years.

In all cases, the proposed tuition rate increases essentially generate just that revenue necessary to maintain each campus' current level of basic services -- and most importantly, to sustain our high level of instructional quality.

It is important to note that the proposed percentage increases for tuition are measured from the original base levels of tuition that were originally set last Spring, before the budget reductions of the Governor's mandate and the subsequent Special Session. Since that time, all tuition rates were increased through the application of surcharges.

Because students have been paying a tuition surcharge for the past year, the actual dollar amount of tuition increase for Montana students, from the FY03 Spring Semester to the FY04 Fall Semester, is very minimal -- and actually substantially less than the dollar amount of increases that most other students in the nation will be paying next year.

The chart below provides an illustration of this point. Only the Montana institutions have announced the amount of their tuition increases for the next two years, so the total biennial increase in tuition costs is understated for all entities except for MSU.

As shown in this chart, the average FY04 tuition increase for those states that have announced is nearly \$600 -- while the increase for MSU is merely \$40.

Comparison of Announced Tuition Increases for FY04/05			
	FY04 Annual Increase	FY05 Cumulative Increase	Total Biennial Increases
Arizona Universities	1,000	1,000	2,000
University of California	795	795	1,590
California State	394	394	788
Connecticut Colleges	892	892	1,784
Connecticut Universities	1,080	1,080	2,160
Idaho Colleges	267	267	534
Idaho Universities	312	312	624
University of Kentucky	572	572	1,144
Maryland Colleges	152	152	304
Maryland Universities	230	230	460
University of Massachusetts	1,000	1,000	2,000
SUNY	1,400	1,400	2,800
UNLV	240	240	480
Oregon State University	424	424	848
University of Oregon	663	663	1,326
Utah State University	227	227	454
University of Utah	315	315	630
University of Washington	419	419	838
Average	576.78	576.78	1153.56
Montana State University	40	438.00	478.00
Difference	(\$536.78)	(\$138.78)	(\$675.56)
Percent of Average	6.94%	75.94%	41.44%

Notes:
 1. Data obtained from American Association of State Colleges and Universities, and from individual University web pages.
 2. MSU campuses are the only ones in this group to project FY05 tuition increases. This chart shows no FY05 tuition increase for all other institutions.

During the final two weeks of the Spring Semester, the Student Senate at each MSU campus endorsed the proposed tuition rate increases for FY04/05. The following pages provide written verification of those actions.

Student Government Letters

MSU-Bozeman

03-R-08

Sponsors: Lindsay Jones
Ryan Dunn

Yes 10 No 3 Abs 0

Vote Necessary: Majority

Intent: To express support for a twelve and a quarter (12.25) percent tuition increase for both Fiscal Year 2004 (FY04) and Fiscal Year 2005 (FY05).

Whereas: In 1992, Montana State University (MSU) received over \$42 million from the State of Montana for budgeting and now receives about \$37.5 million;

Whereas: Without this tuition increase, MSU will be approximately \$16 million over budget in FY05;

Whereas: With this tuition increase, MSU will be approximately \$196,000 under budget in FY05;

Whereas: The MSU General Fund Adjustment between FY04 and FY05 is \$2.5 million with the tuition increase proposed;

Therefore let it be resolved: That the Associated Students of Montana State University express support for a twelve and a quarter (12.25) tuition increase for both Fiscal Year 2004 (FY04) and for Fiscal Year 2005 (FY05).

Therefore let it further be resolved: That a copy of this resolution be sent to President Geoff Gamble, Dave Dooley, Craig Roloff, The Exponent, and the Bozeman Chronicle.

MSU-Billings

May 8, 2003

TO: Terrie Iverson, Administrative Vice Chancellor

FROM: Ray Champ, ASMSU-B President

RE: Recommendations for Tuition and Fee Increases

After two open forum sessions on April 7th and April 14th regarding recommended increases in student fees and tuition rates for the next year, the ASMSU-B Student Government approved the following:

At the Senate meeting on April 22, 2003, the ASMSU-Billings Senate approved the recommendations for tuition and fee increases for next year with 13 for, 0 against and 2 abstentions.

Also, at this meeting the administration was available to answer questions and provide any information regarding the recommended tuition and fee increases for next year. Dr. Sexton and his Cabinet have been very informative and helpful in providing detailed information regarding the recommendations for tuition and fee increases.

MSU-Northern

May 7, 2003

Chuck Jensen
Vice Chancellor for Finance, Administration/Student Affairs
MSU-Northern
P.O. Box 7751
Havre, MT 59501

Dear Vice Chancellor Jensen:

At your request, I met with Dan Hartmann, the incoming ASMSUN President on May 7, 2003 to discuss the possibility of calling a special ASMSUN Student Senate meeting to pass a resolution regarding student position on the possible upcoming tuition increases for the biennium.

Due to the length of the Legislative session, tuition discussions here at Northern between students and MSU-Northern administration could not have taken place earlier than late last week. No future Senate meetings are scheduled this year. In addition, since students are in finals week, it would not be feasible to call a special Senate meeting.

It is with this situation that both Dan and I are writing this letter.

As you recall, Dan and I met with you on Friday May 2, 2003 to discuss MSU-Northern budgeting and the possible tuition increases. It was at this meeting that you gave students an overview of the next biennium budget projections regarding revenue and expenditures. Dan and I both fully understand where student dollars are being utilized. We also fully understand the fiscal difficulties Northern faces with the continued decline in state support and the need for tuition increases to compensate along with inflation. We ran different tuition increases ranging from 11.5% to 13% and found that a 12% tuition increase is needed to maintain a mere \$67,000 fund balance at the end of the biennium. This model was run with fairly conservative estimates for inflation.

Realistically, Northern students are already paying a 12% surcharge and will not notice a significant tuition increase on their Fall 2003 bills (\$6.50 decrease on lower division courses and \$27.16 increase on upper division courses). However, there will be a 12% increase \$147.29 for lower division courses and \$184.98 for upper division courses on the Fall 2004 bills. This is not taking into account the very real possibility of a special session of the Legislature.

On behalf of the students, Dan and I feel it is in the best interest of the students to maintain the quality of our education and endorse a 12% per year tuition increase along with the abolishment of the tuition surcharge.

Sincerely,

Dan Geelan
President
ASMSUN 2002-03

Dan Hartmann
President
ASMSUN 2003-04

MSU-COT Great Falls



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College of Technology
Associated Students

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May 1, 2003

To: Mary Ellen Baukol
Assistant Dean for Administration and Finance

Fr: Sara Anderson /s/ *Sara Anderson*
ASMSUGF, President

Re: **Proposed Tuition Increases**

After the presentation of the proposed 12% increase on tuition for FY 04 and FY 05, the senate consensus decision was to support the increases as stated. Our understanding of the State's allocation of funds to higher education and our desire to have small classes and a quality education prompts us to agree the increase is necessary.

Thank you.

Budget/Tuition Summary

	MONTANA STATE UNIVERSITY			
	FY03	FY04	FY05	Biennial
Beginning Budget Excess/(Deficit)		(10,043,123)	(13,498,118)	(23,541,241)
Inter Campus Transfers		(500,000)	(242,566)	(742,566)
Budget Reductions		2,249,507	1,196,113	3,445,620
Increased Revenue-Tuition Increases		7,395,783	16,406,546	23,802,329
Ending Budget Excess/(Deficit)		(897,833)	3,861,975	2,964,142
Beginning Fund Balance		(737,873)	(1,635,706)	
Revenue/Expenditure Balance		(897,833)	3,861,975	
Ending Fund Balance		(1,635,706)	2,226,269	

Recommended Quality Enhancements/New Initiatives

	MONTANA STATE UNIVERSITY			
	FY03	FY04	FY05	Biennial
Enhancement 1		503,282	534,657	1,037,939
Enhancement 2		110,000	110,000	220,000
Enhancement 3		510,000	510,000	1,020,000
Total Enhancements/New Initiatives		1,123,282	1,154,657	2,277,939

Narrative:

As noted earlier, the proposed expenditure levels for the MSU campuses essentially include just those commitments necessary to sustain current levels of operations and quality.

The cost of all enhancements proposed for the coming biennium totals just slightly more than one half of one percent of the proposed biennial budget.

No Tuition Increase Options

	FY03	FY04	FY05	Biennial
Projected Budget Excess/(Deficit)		(7,395,783)	(16,406,546)	(23,802,329)

Narrative:

If the Regents do not approve an increase to MSU's current Base levels of tuition, the revenue gap will be nearly 8.5 percent.

As shown in previous pages, MSU is already delivering quality programs, to Montana residents across the State, for a total cost that is less than 65% of the average cost of education in the region.

MSU is committed to student success, both in the classroom, and in each graduate's chosen career when they leave our campuses. The basic foundation for career success is a quality education. Our students know that, and they rely upon us to provide that.

It would be extremely difficult for each MSU campus to eliminate an average of 8.5% of its budget, and certainly that action would, in various ways, change the nature of each campus.

Expenditure and Revenue Detail

MSU-Bozeman

	MSU-Bozeman			
	FY03 Budgeted	FY04 Estimated	FY05 Estimated	Biennial Total
Enrollment				
Resident FTE	8,091	8,140	8,233	
WUE FTE	469	467	467	
Nonresident FTE	2,000	2,180	2,140	
Total FTE	10,561	10,786	10,841	

Revenue				
General Fund/Millage	41,160,176	37,899,419	38,443,951	76,343,370
Interest Earnings	719,226	325,000	325,000	650,000
Tuition (Current Rates without Surcharge-Projected Enrollments)	45,940,235	46,203,660	46,061,040	92,264,700
Other Revenue	993,351	2,383,629	2,008,776	4,392,405
Inter Campus Transfers				0
Total Revenue	88,812,988	86,811,708	86,838,767	173,650,475

Expenditures				
Personal Services (FY03 Before Special Session)	73,127,690	73,127,690	73,127,690	146,255,380
Operations (FY03 Before Special Session)	15,413,870	15,413,870	15,413,870	30,827,740
Fixed and Other Current Services Cost Increases (Pay Plan Annualization, New Pay Plan, Increased DoA Rates and Charges, Additional Enrollments, etc.)		4,514,396	6,952,443	11,466,839
Inter Campus Transfers		946,289	393,427	1,339,716
Total Expenditures	88,541,560	94,002,245	95,887,430	189,889,675

Projected Budget Excess/(Deficit)	271,428	(7,190,537)	(9,048,663)	(16,239,200)
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Beginning Fund Balance		(651,524)	(7,842,061)	
Revenue/Expenditure Balance		(7,190,537)	(9,048,663)	
Ending Fund Balance		(7,842,061)	(16,890,724)	

Narrative:

The Base level of expenditures shown above essentially provide for no more than the maintenance of our current level of educational programs and services.

The following is a summary of the projected Base Budget cost increases in FY04.

- > \$1,597,074 for Pay Plan annualization costs and increased Health Insurance contributions.
- > \$ 887,131 for increased Montana Dept of Administration rate increases
- > \$ 517,954 for the marginal cost increase from enrollment growth.
- > \$ 347,000 for commitments to Promotion/Tenure salary adjustments.
- > \$ 642,566 for inflation in the costs of basic infrastructure services.

The preliminary FY04 budget also includes \$946,289 earmarked for Inter Campus transfers.

As stated previously, MSU-Bozeman is extremely proud of its high level of instructional quality, efficiency and effectiveness. We are providing every one of our students with a high quality education, and a solid foundation for long-term career success, for an extremely low overall cost of instruction -- in comparison to every other state in the region.

Transfer/Tuition/Budget Recommendations

Budget Reduction Recommendations

	MSU-Bozeman			
	FY03	FY04	FY05	Biennial
Budget Reduction Recommendations		(746,540)	(749,500)	(1,496,040)

Narrative:

Budget reductions will be achieved through costs savings from increased efficiencies in academic and student services areas; reduced operational expenditures; and deferral of maintenance issues.

Tuition Increase Recommendations (Above FY03 without Surcharges)

	MSU-Bozeman			
	FY03	FY04	FY05	Biennial
Resident Tuition \$/Academic Year (FY03 without Surcharges)	2,900.40	3,255.70	3,654.52	
Nonresident Tuition \$/Academic Year (FY03 without Surcharges)	10,450.80	11,731.02	13,168.07	
Percent Increase Resident Tuition		12.25%	12.25%	
Percent Increase Nonresident Tuition		12.25%	12.25%	
Increased Revenue-Resident Tuition		2,638,265	5,782,582	8,420,847
Increased Revenue-Nonresident Tuition		2,749,774	5,999,063	8,748,837
Increased Revenue-Super Tuition				
Increased Revenue-Program Fees				
Total Increased Revenue		5,388,039	11,781,645	17,169,684

Narrative:

MSU-Bozeman's proposed increase to the Base level of tuition represents a total, \$20/semester, increase in the rate that fulltime Montana students paid this Spring, and will pay this Summer.

On April 30th the ASMSU Senate overwhelmingly endorsed MSU-Bozeman's proposed tuition increases for FY04 and FY05.

This proposed increase essentially generates just that revenue necessary to maintain our current level of basic services -- and most importantly, to sustain our high level of instructional quality.

MSU-Bozeman is known for the rigor, and high level of quality in our educational program, as well as the career successes of our graduates. That is the reason students choose to attend MSU. Because of that, the University's highest priority commitment is to ensure that our students continue to receive an exceptional level of education, and career preparation.

It is unfortunate that the State cannot fund a greater portion of the cost of educating Montana's young adults. However, that circumstance is one we must accept. As a result, the cost of tuition for each student will continue to rise -- so that we can continue to provide our students with the level of quality education that they expect from us.

Since tuition costs will continue to rise, so that we may maintain the level of quality in our programs, we will also do all that we can to provide a larger pool of funding for those students who require financial assistance in order to pursue their education. To that end, MSU-Bozeman is currently engaged in a campaign to increase our scholarships endowment by \$18 million, over the next three years.

Budget/Tuition Summary

	MSU-Bozeman			
	FY03	FY04	FY05	Biennial
Beginning Budget Excess/(Deficit)		(6,244,248)	(8,655,236)	(14,899,484)
Inter Campus Transfers		(946,289)	(393,427)	(1,339,716)
Budget Reductions		746,540	749,500	1,496,040
Increased Revenue-Tuition Increases		5,388,039	11,781,645	17,169,684
Ending Budget Excess/(Deficit)		(1,055,958)	3,482,482	2,426,524
Beginning Fund Balance		(651,524)	(1,707,482)	
Revenue/Expenditure Balance		(1,055,958)	3,482,482	
Ending Fund Balance		(1,707,482)	1,775,000	

Recommended Quality Enhancements/New Initiatives

	MSU-Bozeman			
	FY03	FY04	FY05	Biennial
Enhancement 1 - Academic Program Enhancement		287,500	287,500	575,000
Enhancement 2 - Targeted Fee Waivers		100,000	100,000	200,000
Enhancement 3 - Restore PY AR Write Off		500,000	500,000	1,000,000
Total Enhancements/New Initiatives		887,500	887,500	1,775,000

Narrative:

As noted earlier, the proposed expenditure level for MSU-Bozeman essentially includes just those commitments necessary to sustain current levels of operations and quality. The cost of all enhancements proposed for the coming biennium is equivalent to about one percent of the overall budget.

The Academic Program Enhancements provides for 4 new faculty lines in high-demand disciplines, so that current levels of access, class size, and quality can be maintained.

Additional funding for targeted Fee Waivers will allow the University to expand its focus on the recruitment and retention of students. Specific purposes of these waivers will be to invest in the recruitment of non-residents from targeted areas, and high performing Montana high school graduates.

The restoration to our budget, of those revenues which in recent years have been dedicated to the retirement of an A/R deficit, will allow the University Budget Committee to make several investments, in such areas as long overdue inflation adjustments in academic department operations budgets, the enhancement of administrative information system technologies, and the continuation of ultra-high speed internet access for students and faculty.

No Tuition Increase Options

	MSU-Bozeman			
	FY03	FY04	FY05	Biennial
Projected Budget Excess/(Deficit)		(5,388,039)	(11,781,645)	(17,169,684)

Narrative:

If the Regents do not approve an increase to our current Base level of tuition, the annual revenue gap for MSU-Bozeman (by FY05) will be nearly \$12 million -- or over 12 percent.

As shown in previous pages, MSU is already delivering quality programs to Montana residents, for a total cost that is less than 65% of the average cost of education in the region. MSU is committed to student success, both in the classroom, and in each graduate's chosen career when they leave our campuses. The basic foundation for career success is a quality education. Our students know that, and they rely upon us to provide that.

It would be extremely difficult for the University to eliminate 12.0% of its budget, and certainly that action would, in various ways, change the nature of our campus. This amount of money is roughly equivalent to:

- > 30% of the University's faculty lines.
- > 100% of the University's Operating budget.
- > 110% of the University's Physical Plant budget.
- > 100% of the total budgets for the Colleges of Agriculture, Business, Education, and Nursing.

The University has a very open, shared governance, budget development process -- and is committed to maintaining that type of process. Therefore, if the Regents directed MSU-Bozeman to reduce its annual budget by \$12 million, the Budget Committee would be asked for its recommendations. Given that many commitments have already been made for FY04, it is likely that reduction recommendations for FY04 would be one-time in nature, and that most permanent changes would not be initiated until FY05 at the earliest.

Expenditure and Revenue Detail

MSU-Billings

	MSU-Billings			
	FY03 Budgeted	FY04 Estimated	FY05 Estimated	Biennial Total
Enrollment				
Resident FTE	3,625	3,802	3,931	
WUE FTE	190	216	216	
Nonresident FTE	120	140	152	
Total FTE	3935	4158	4299	
Revenue				
General Fund/Millage	15,323,601	14,306,971	14,472,731	28,779,702
Interest Earnings	172,306	120,000	120,000	240,000
Tuition (Current Rates without Surcharge-Projected Enrollments)	11,243,366	12,011,912	12,377,816	24,389,728
Other Revenue	432,032	444,532	444,532	889,064
Inter Campus Transfers		471,472	201,067	672,539
Total Revenue	27,171,305	27,354,887	27,616,146	54,971,033
Expenditures				
Personal Services (FY03 Before Special Session)	19,510,794	19,510,794	19,510,794	39,021,588
Operations (FY03 Before Special Session)	7,660,511	7,660,511	7,660,511	15,321,022
Fixed and Other Current Services Cost Increases (Pay Plan Annualization, New Pay Plan, Increased DoA Rates and Charges, Additional Enrollments, etc.)		2,103,701	3,190,229	5,293,930
Inter Campus Transfers		293,866	142,564	436,430
Total Expenditures	27,171,305	29,568,872	30,504,098	60,072,970
Projected Budget Excess/(Deficit)	0	(2,213,985)	(2,887,952)	(5,101,937)
Beginning Fund Balance			(2,213,985)	
Revenue/Expenditure Balance		(2,213,985)	(2,887,952)	
Ending Fund Balance		(2,213,985)	(5,101,937)	

Narrative:

The FY04 and FY05 deficits are largely caused by an increase in fixed and current services costs without a corresponding increase in revenue.

FY04 and FY05 tuition revenue includes estimated collections associated with projected enrollment growth.

Included with the increased fixed and other current services costs detailed in the list above, are promotions, inflation, and College of Business rental cost.

Transfer/Tuition/Budget Recommendations

Budget Reduction Recommendations

	MSU-Billings			
	FY03	FY04	FY05	Biennial
Budget Reduction Recommendations		(1,047,079)	(7,842)	(1,054,921)

Narrative:

Budget reductions will be implemented on temporary basis in FY04. The reductions include delayed hiring of faculty, administrative and staff positions, elimination of staff positions, reductions in instructional supplies, communications, travel, and a deferral of maintenance issues. Reductions include partial avoidance of increased costs for enrollment growth through increased efficiency in the academic and student services areas.

Tuition Increase Recommendations (Above FY03 without Surcharges)

	MSU-Billings			
	FY03	FY04	FY05	Biennial
Resident Tuition \$/Academic Year (FY03 without Surcharges)	2,827.20	3,166.46	3,546.44	
Resident COT Tuition \$/Academic Year (FY03 without Surcharges)	1,867.20	2,068.86	2,329.54	
Nonresident Tuition \$/Academic Year (FY03 without Surcharges)	9,321.60	10,440.20	11,693.02	
Nonresident COT Tuition \$/Academic Year (FY03 without Surcharges)	4,195.20	4,648.28	5,233.96	
Percent Increase Resident Tuition		12.0%	12.0%	
Percent Increase Resident COT Tuition		10.8%	12.6%	
Percent Increase Nonresident Tuition		12.0%	12.0%	
Percent Increase Nonresident COT Tuition		10.8%	12.6%	

Increased Revenue-Resident Tuition		1,121,232	2,632,663	3,753,895
Increased Revenue-Nonresident Tuition		192,896	426,044	618,940
Increased Revenue-Super Tuition				
Increased Revenue-Program Fees				
Total Increased Revenue		1,314,128	3,058,707	4,372,835

Narrative:

The ASMSU-B student leadership has endorsed a tuition increase of 12% each year. Consideration was given to the sensitive balance between providing affordable access to educational services in the region we serve and preserving high quality programs and services. The rate increases for the College of Technology retain the current tuition differential between rates at MSU-Bozeman and the MSU-Billings COT.

Budget/Tuition Summary

	MSU-Billings			
	FY03	FY04	FY05	Biennial
Beginning Budget Excess/(Deficit)		(2,391,591)	(2,946,455)	(5,338,046)
Inter Campus Transfers		177,606	58,503	236,109
Budget Reductions		1,047,079	7,842	1,054,921
Increased Revenue-Tuition Increases		1,314,128	3,058,707	4,372,835
Ending Budget Excess/(Deficit)		147,222	178,597	325,819
Beginning Fund Balance		0	147,222	
Revenue/Expenditure Balance		147,222	178,597	
Ending Fund Balance		147,222	325,819	

Recommended Quality Enhancements/New Initiatives

	MSU-Billings			
	FY03	FY04	FY05	Biennial
Enhancement 1		147,222	178,597	325,819
Enhancement 2				
Enhancement 3				
Total Enhancements/New Initiatives		147,222	178,597	325,819

Narrative:

WICHE fee waivers continue to increase each year.
 Other fee waivers increases will be used to recruit from specific student populations.

No Tuition Increase Options

	MSU-Billings			
	FY03	FY04	FY05	Biennial
Projected Budget Excess/(Deficit)		(1,314,128)	(3,058,707)	(4,372,835)

Narrative:

With no tuition increase, the magnitude of the total FY04 deficit can be expressed in the following equivalencies:

- 9% of the FY03 Approved Budget
- 17% of the FY03 Instruction Budget
- 84% of the FY03 Institutional Support Budget
- 77% of the Operation and Maintenance of Plant Budget
- 243% of the FY03 Enrollment Reserve (2.4 times larger)

Expenditure and Revenue Detail

MSU-Northern

	MSU-Northern			
	FY03 Budgeted	FY04 Estimated	FY05 Estimated	Biennial Total
Enrollment				
Resident FTE	1,398	1,377	1,393	
WUE FTE	46	47	47	
Nonresident FTE	48	45	45	
Total FTE	1492	1468	1484	
Revenue				
General Fund/Millage	7,212,499	6,763,838	6,840,601	13,604,439
Interest Earnings	36,149	20,000	20,000	40,000
Tuition (Current Rates without Surcharge-Projected Enrollments)	3,509,046	3,424,918	3,464,271	6,889,189
Other Revenue	37,568	48,450	48,450	96,900
Inter Campus Transfers		294,863	84,239	379,102
Total Revenue	10,795,262	10,552,069	10,457,561	21,009,630
Expenditures				
Personal Services (FY03 Before Special Session)	7,809,922	7,809,922	7,809,922	15,619,844
Operations (FY03 Before Special Session)	2,985,340	2,985,340	2,985,340	5,970,680
Fixed and Other Current Services Cost Increases (Pay Plan Annualization, New Pay Plan, Increased DoA Rates and Charges, Additional Enrollments, etc.)		368,750	579,859	948,609
Inter Campus Transfers		116,563	56,548	173,111
Total Expenditures	10,795,262	11,280,575	11,431,669	22,712,244
Projected Budget Excess/(Deficit)	0	(728,506)	(974,108)	(1,702,614)
Beginning Fund Balance		(86,349)	(814,855)	
Revenue/Expenditure Balance		(728,506)	(974,108)	
Ending Fund Balance		(814,855)	(1,788,963)	

Narrative:

The Base level of expenditures shown above essentially provide for no more than the maintenance of our current level of educational programs and services.

The following is a summary of the projected Base Budget cost increases in FY04.

- > \$ 181,122 for Pay Plan annualization costs and increased Health Insurance contributions.
- > \$ 128,475 for increased Montana Dept of Administration rate increases
- > \$ 24,424 for commitments to Promotion/Tenure salary adjustments.
- > \$ 33,729 for inflation in the costs of basic infrastructure services.

Transfer/Tuition/Budget Recommendations

Budget Reduction Recommendations

	MSU-Northern			
	FY03	FY04	FY05	Biennial
Budget Reduction Recommendations		(309,260)	(299,771)	(609,031)

Narrative:

The reductions include delayed hiring of faculty, administrative and staff positions, elimination of staff positions, reductions in instructional supplies, communications, travel, and a deferral of maintenance issues.

Tuition Increase Recommendations (Above FY03 without Surcharges)

	MSU-Northern			
	FY03	FY04	FY05	Biennial
Resident Tuition \$/Academic Year (FY03 without Surcharges) LD	2,192	2,455	2,750	
Resident Tuition \$/Academic Year (FY03 without Surcharges) UD	2,752	3,082	3,452	
Non-Res Tuition \$/Academic Year (FY03 without Surcharges) LD	9,308	10,425	11,676	
Non-Res Tuition \$/Academic Year (FY03 without Surcharges) UD	9,522	10,665	11,944	
Percent Increase Resident Tuition		12%	12%	
Percent Increase Nonresident Tuition		12%	12%	
Increased Revenue-Resident Tuition		378,977	813,144	1,192,121
Increased Revenue-Nonresident Tuition		19,058	40,404	59,462
Increased Revenue-Super Tuition				
Increased Revenue-Program Fees				
Total Increased Revenue		398,035	853,548	1,251,583

Narrative:

Narrative: The student leadership has endorsed a tuition increase of 12% each year to preserve access and maintain high quality programs and services.

Budget/Tuition Summary

	MSU-Northern			
	FY03	FY04	FY05	Biennial
Beginning Budget Excess/(Deficit)		(906,806)	(1,001,799)	(1,908,605)
Inter Campus Transfers		178,300	27,691	205,991
Budget Reductions		309,260	299,771	609,031
Increased Revenue-Tuition Increases		398,035	853,548	1,251,583
Ending Budget Excess/(Deficit)		(21,211)	179,211	158,000
Beginning Fund Balance		(86,349)	(107,560)	
Revenue/Expenditure Balance		(21,211)	179,211	
Ending Fund Balance		(107,560)	71,651	

Recommended Quality Enhancements/New Initiatives

	MSU-Northern			
	FY03	FY04	FY05	Biennial
Enhancement 1 - Academic Program Enhancement		50,000	50,000	100,000
Enhancement 2				
Enhancement 3				
Total Enhancements/New Initiatives				

Narrative:

The Academic Program Enhancement provides for 1 new faculty line.

No Tuition Increase Options

	MSU-Northern			
	FY03	FY04	FY05	Biennial
Projected Budget Excess/(Deficit)		(398,035)	(853,548)	(1,251,583)

Narrative:

With no tuition increase, the magnitude of the FY04 deficit can be expressed in the following equivalencies:

- 3.8% of the FY03 Approved Budget
- 8.3% of the FY03 Instruction Budget
- 32.7% of the FY03 Institutional Support Budget
- 26.2% of the Operation and Maintenance of Plant Budget
- 400% of the FY03 Enrollment Reserve (4 times larger)

Expenditure and Revenue Detail

MSU-COT Great Falls

	MSU-COT Great Falls			
	FY03 Budgeted	FY04 Estimated	FY05 Estimated	Biennial Total
Enrollment				
Resident FTE	1,035	1,139	1,252	
WUE FTE				
Nonresident FTE	12	13	14	
Total FTE	1,047	1152	1266	
Revenue				
General Fund/Millage	3,515,646	3,633,184	3,660,768	7,293,952
Interest Earnings	6,000	6,000	6,000	12,000
Tuition (Current Rates without Surcharge-Projected Enrollments)	2,283,762	2,560,677	2,801,282	5,361,959
Other Revenue	129,000	232,607	244,604	477,211
Inter Campus Transfers		179,954	108,121	288,075
Total Revenue	5,934,408	6,612,422	6,820,775	13,433,196
Expenditures				
Personal Services (FY03 Before Special Session)	4,300,227	4,565,257	4,544,447	9,109,704
Operations (FY03 Before Special Session)	1,634,181	1,602,025	1,655,790	3,257,815
Fixed and Other Current Services Cost Increases (Pay Plan Annualization, New Pay Plan, Increased DoA Rates and Charges, Additional Enrollments, etc.)		765,663	1,407,045	2,172,708
Inter Campus Transfers		89,571	43,454	133,025
Total Expenditures	5,934,408	7,022,516	7,650,736	14,673,252
Projected Budget Excess/(Deficit)	0	(410,095)	(829,961)	(1,240,056)
Beginning Fund Balance			(410,095)	
Revenue/Expenditure Balance		(410,095)	(829,961)	
Ending Fund Balance		(410,095)	(1,240,056)	

Narrative:

Removing the tuition surcharge causes a larger deficit than one can bear. In FY04 we need to annualize the salary increase, insurance increase, sustain Dept of Admin increases to insurance, SABHRS, inflation on items such as utilities and library and summitnet II.

Transfer/Tuition/Budget Recommendations

Budget Reduction Recommendations

	MSU-COT Great Falls			
	FY03	FY04	FY05	Biennial
Budget Reduction Recommendations		(146,628.00)	(139,000.00)	(285,628)

Narrative:

The College, in consultation with the Associated Students of MSU—Great Falls College of Technology, recommends the following budget reductions for the next biennium:

- Elimination of one .5 FTE permanent professional position in student services and two temporary professional positions in administration;
- Delayed hiring and possible discontinuation of one faculty position;
- Elimination of two part-time classified positions in partnership with City of Great Falls;
- Increase in building use fees for partners to offset associated personnel costs.

Tuition Increase Recommendations (Above FY03 without Surcharges)

	MSU-COT Great Falls			
	FY03	FY04	FY05	Biennial
Resident Tuition \$/Academic Year (FY03 without Surcharges)	1,873.36	2,098.16	2,349.94	
Nonresident Tuition \$/Academic Year (FY03 without Surcharges)	4,098.96	4,590.84	5,141.74	
Percent Increase Resident Tuition		12.00%	12.00%	
Percent Increase Nonresident Tuition		12.00%	12.00%	
Increased Revenue-Resident Tuition		295,581	712,646	1,008,227
Increased Revenue-Nonresident Tuition				
Increased Revenue-Super Tuition				
Increased Revenue-Program Fees				
Total Increased Revenue		295,581	712,646	1,008,227

Narrative:

The proposed budget, with its reliance on an additional 3.15% in tuition beyond the surcharge level, aligns well with the policy of the Board of Regents. It preserves an acceptable level of program diversity, quality of instruction and availability of services at a reasonable increase in cost--\$ 9.65 beyond the surcharge level for the full-time student. It also preserves the differential in tuition between the two-year and four-year sectors that makes the two-year option more affordable and attractive.

Budget/Tuition Summary

	MSU-COT Great Falls			
	FY03	FY04	FY05	Biennial
Beginning Budget Excess/(Deficit)		(500,478)	(894,628)	(1,395,106)
Inter Campus Transfers		90,383	64,667	155,050
Budget Reductions		146,628	139,000	285,628
Increased Revenue-Tuition Increases		295,581	712,646	1,008,227
Ending Budget Excess/(Deficit)		32,114	21,685	53,799
Beginning Fund Balance		0	32,114	
Revenue/Expenditure Balance		32,114	21,685	
Ending Fund Balance		32,114	53,799	

Recommended Quality Enhancements/New Initiatives

	MSU-COT Great Falls			
	FY03	FY04	FY05	Biennial
Enhancement 1		18,560	18,560	37,120
Enhancement 2		10,000	10,000	20,000
Enhancement 3		10,000	10,000	20,000
Total Enhancements/New Initiatives		38,560	38,560	77,120

Narrative:

1. Career Placement/Transfer Officer .5 FTE
2. Institutional assessment of proficiencies in mathematics, compositions and science
3. Mentors for Adjunct faculty and evaluation of them

No Tuition Increase Options

	MSU-COT Great Falls			
	FY03	FY04	FY05	Biennial
Projected Budget Excess/(Deficit)		(295,581)	(712,646)	(1,008,227)

Narrative:

With the revenues from the tuition surcharge removed and the increases necessitated by fixed costs and the rising costs of current services, this deficit represents an 8.85% reduction in the College's total budget. To implement this budget in FY04, major reductions in personnel, programs and services would be required: 35.20% reduction in academic support, seriously hampering faculty evaluation; program development and review; and student responsiveness, or 33.89% reduction in professional contracts, with consequent limitations or elimination of current outreach, marketing, revenue development, and career placement/transfer services, or 39.37% reduction in classified staff, affecting maintenance, operations, and clerical support in all areas, or 13.75% reduction in instruction, eliminating or slowing progress toward degree in programs. Quality of service, instruction, and programs would be unacceptably low with these reductions.

Tuition Recommendations to the Board of Regents

Executive Summary

The Montana State University System faces very difficult challenges in the next biennium. Significant fixed cost increases associated with the 2001 Legislative Pay Plan, Health Insurance, liability and property insurance, and enrollment growth will be absorbed into each campus' current level of basic services. The MSU proposed tuition rates will essentially generate the revenue necessary to maintain these levels of basic services. Each campus has received Student Senate endorsement for the following tuition rate increases, which are proposed in order to maintain a high quality education.

We recommend the Board of Regents approve the following tuition rate increases:

Tuition Increases:	FY04		FY05	
Bozeman:	\$40.00	12.25%	\$438.00	12.25%
Billings:	\$165.00	12.00%	\$380.00	12.00%
Billings COT:	\$90.00	10.80%	\$260.68	12.60%
Northern LD:	(\$13.00)	12.00%	\$295.00	12.00%
Northern UD:	\$54.00	12.00%	\$370.00	12.00%
Great Falls COT:	\$19.30	12.00%	\$250.00	12.00%