

FY 2016 Budget Overview Presentation

Montana University System

September 2015

Office of the Commissioner of Higher Education

Budget Overview Presentation

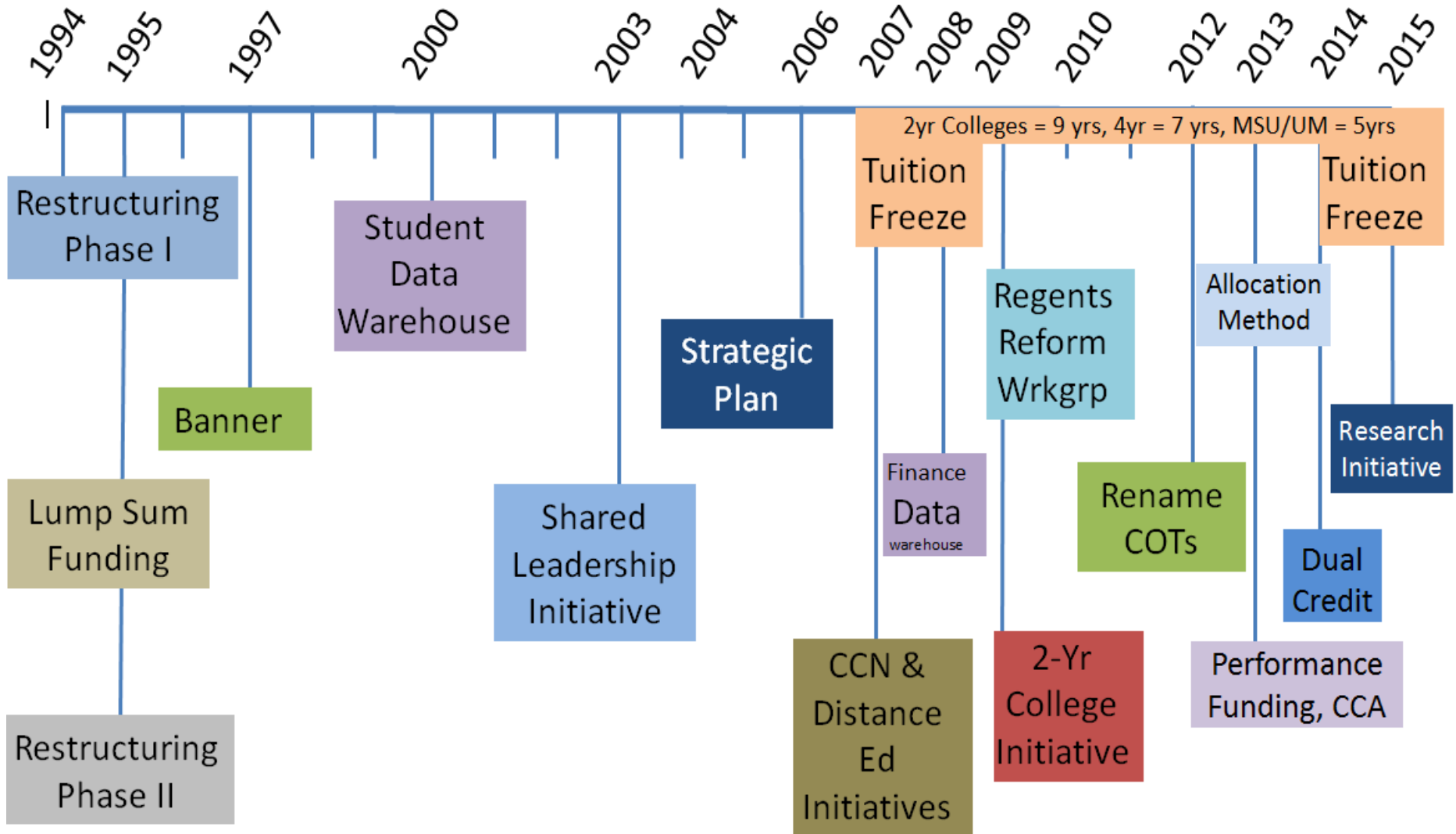
TOPICS

- ❖ MUS System Initiatives & Timeline
- ❖ Budget Profile
- ❖ Operating Budget Metrics
- ❖ Board Directives – (a.k.a. The Road Ahead)

Strategic Plan

- ❖ [BOR Strategic Plan](#) outlines three primary goals:
 1. **Access & Affordability:** Increase educational attainment by providing an accessible and affordable system of higher education
 - Improve college continuation, retention, and completion rates
 - Provide an effective system of financial aid
 - Work collaboratively with K-12
 2. **Workforce & Economic Development:** Assist in the expansion and improvement of the state's economy
 - Grow 2-year education and workforce responsiveness
 - Expand graduate education, as well as increase research and development activities
 3. **Efficiency & Effectiveness:** Improve institutional and system effectiveness
 - Operate as a “system” and find business efficiencies

20 Year History of System Initiatives



System Initiatives

❖ Tuition Freeze

- Current freeze on all resident tuition on all MUS campuses (2015-16 & 2016-17 academic years)...second biennium in a row
- At the conclusion of this biennium it will be, tenth year in row for 2-year colleges, 8 out of 10 years for smaller 4-year campuses, 6 out of 10 for flagship campuses
- Over the past ten years the MUS has increased tuition at slower pace than any other state in the nation

❖ Complete College Montana

- Performance Funding
- Developmental Education Reform - EdReady
- Dual Enrollment Expansion
- Math Pathways, Guided Pathways, Advising
- Progress & Outcome Metrics

System Initiatives (cont.)

❖ Research Initiative

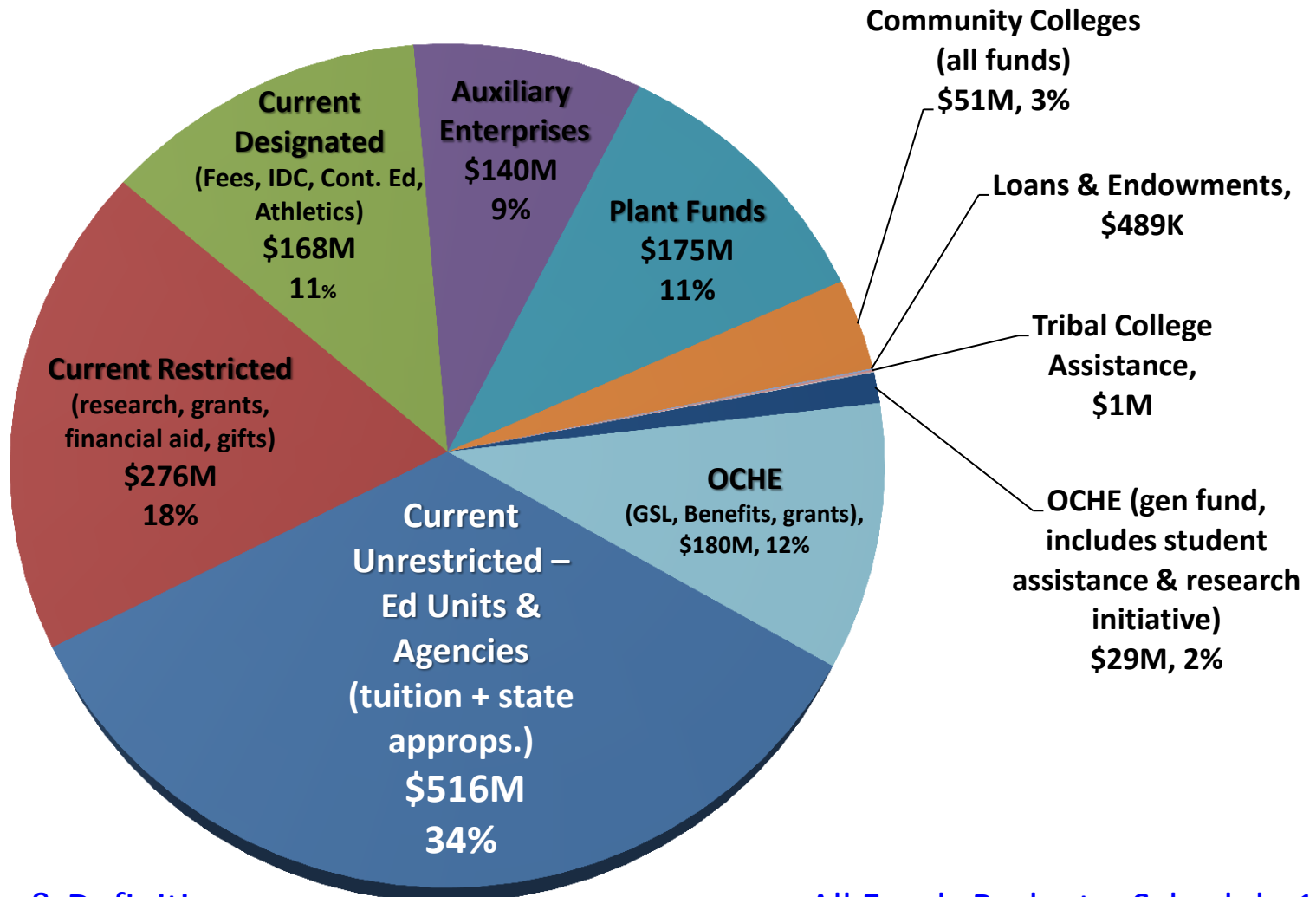
- \$15M appropriation to leverage university-based research into strategic advancements for Montana's economy
- MUS is poised to accelerate research growth into Montana jobs
- Other states have successfully ramped up research to boost their economies

❖ Student Success Initiatives

- Alcohol & Sexual Assault Training
- Financial Literacy
- Prior Learning Assessment
- Veterans Success
- RevUP – Workforce Development

MUS All Funds Budget, FY16

Total = \$1.54 Billion



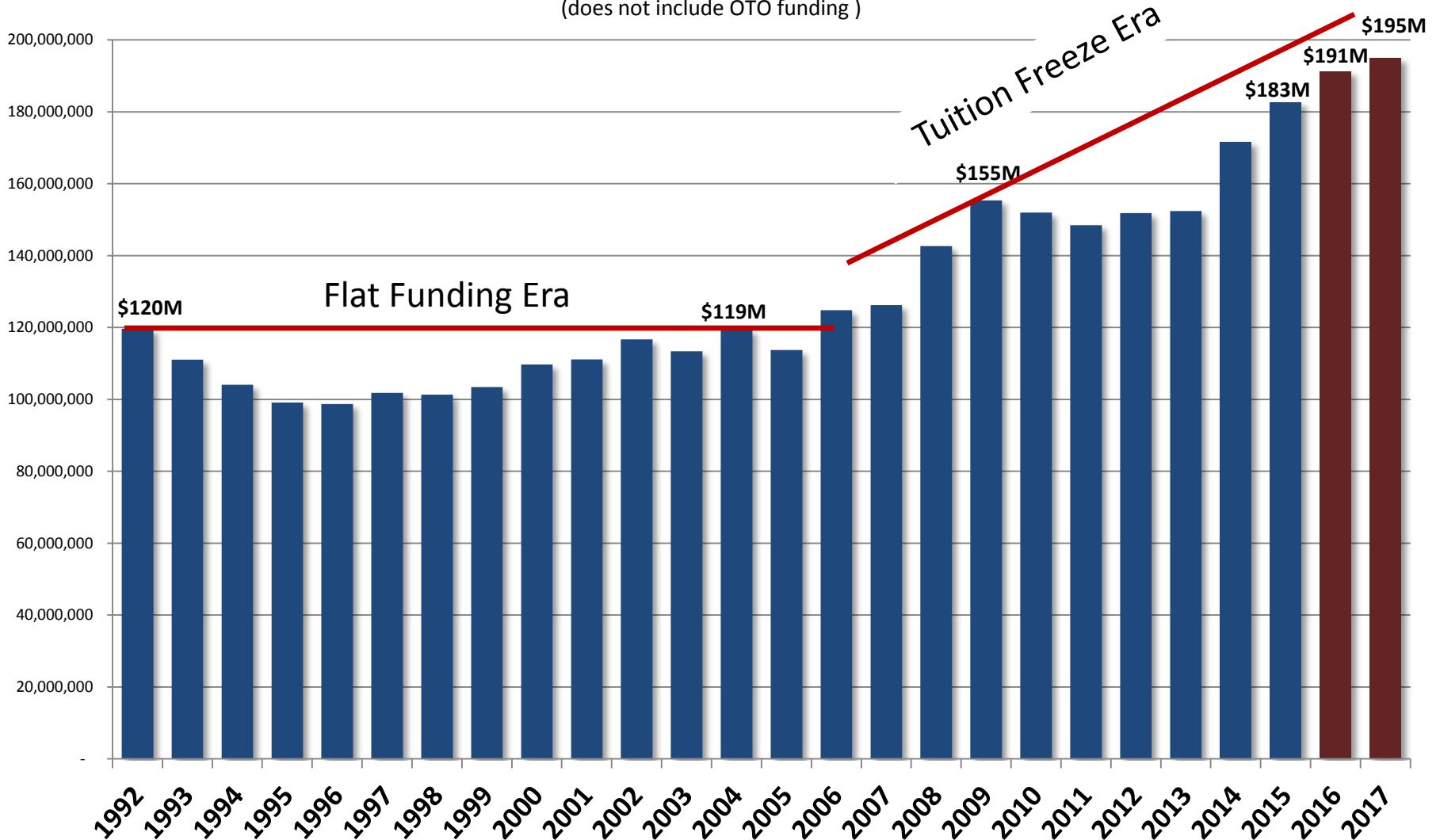
MUS All Funds Budget

FY15 Actual vs. FY16 Budgeted

	FY 2015 Actual	FY 2016 Budgeted	Difference	
			\$\$	%CHG
MUS Ed Units & Agencies				
Current Unrestricted	504,757,198	516,256,906	11,499,708	2%
Current Restricted	245,591,637	276,199,489	30,607,852	12%
Current Designated	164,169,753	168,544,667	4,374,914	3%
Auxiliary Enterprises	137,011,561	140,122,447	3,110,886	2%
Loan & Endowment Funds	466,926	489,041	22,115	5%
Plant Funds	155,120,384	175,401,041	20,280,657	13%
Total	1,207,117,459	1,277,013,591	69,896,132	6%
Community Colleges Total	51,304,120	50,862,356	-441,764	-1%
Tribal College Assistance	835,742	1,003,463	167,721	20%
OCHE (general fund) <small>includes \$15M Research Initiative</small>	17,284,089	28,845,740	11,561,651	67%
OCHE (GSL, Benefits, grants)	154,120,330	180,495,729	26,375,399	17%
TOTAL ALL FUNDS	\$1,430,661,740	\$1,538,220,879	\$107,559,139	8%

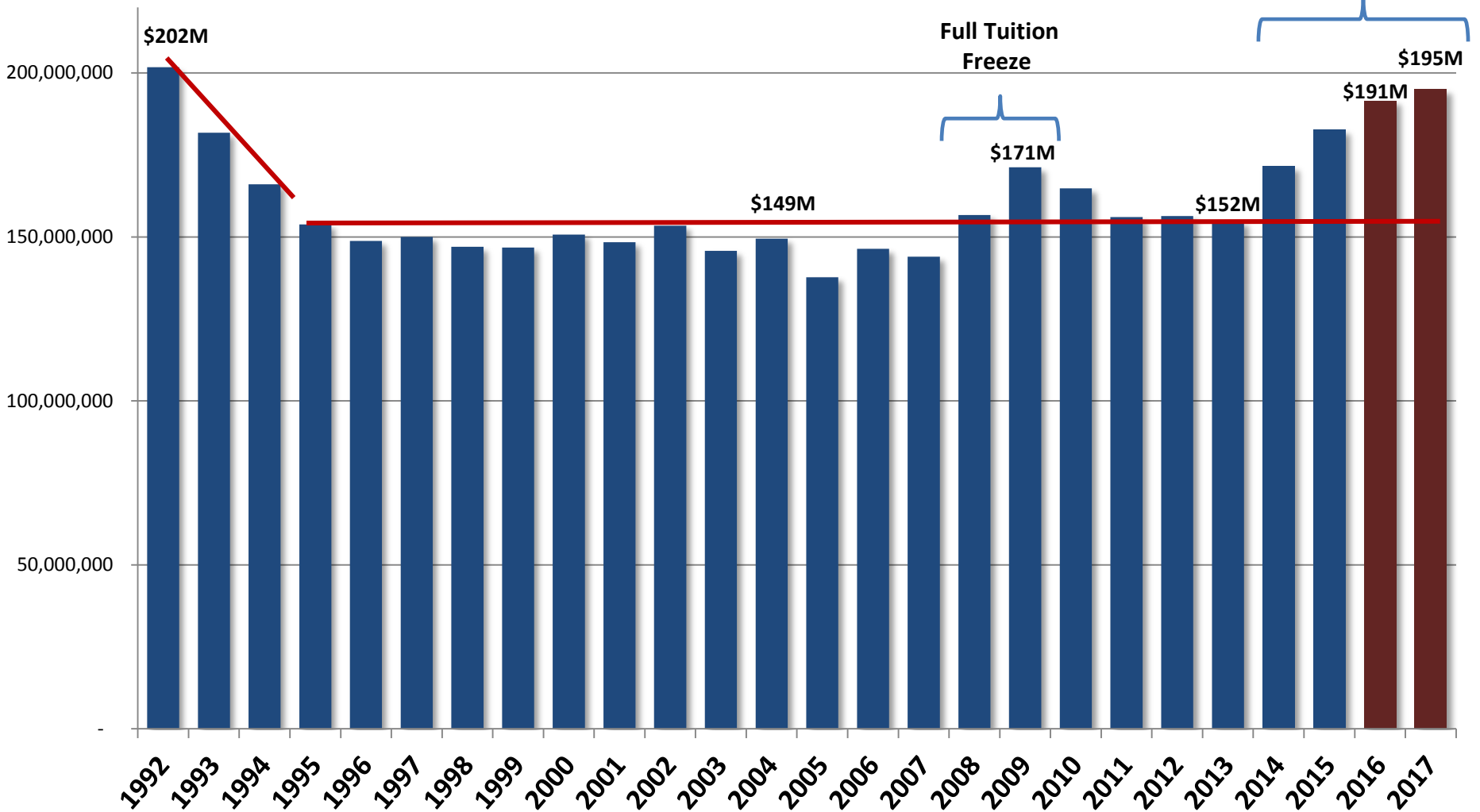
Total State Appropriations -- Ed Units Only

source: Official LFD Historical Funding Spreadsheet
 (does not include OTO funding)



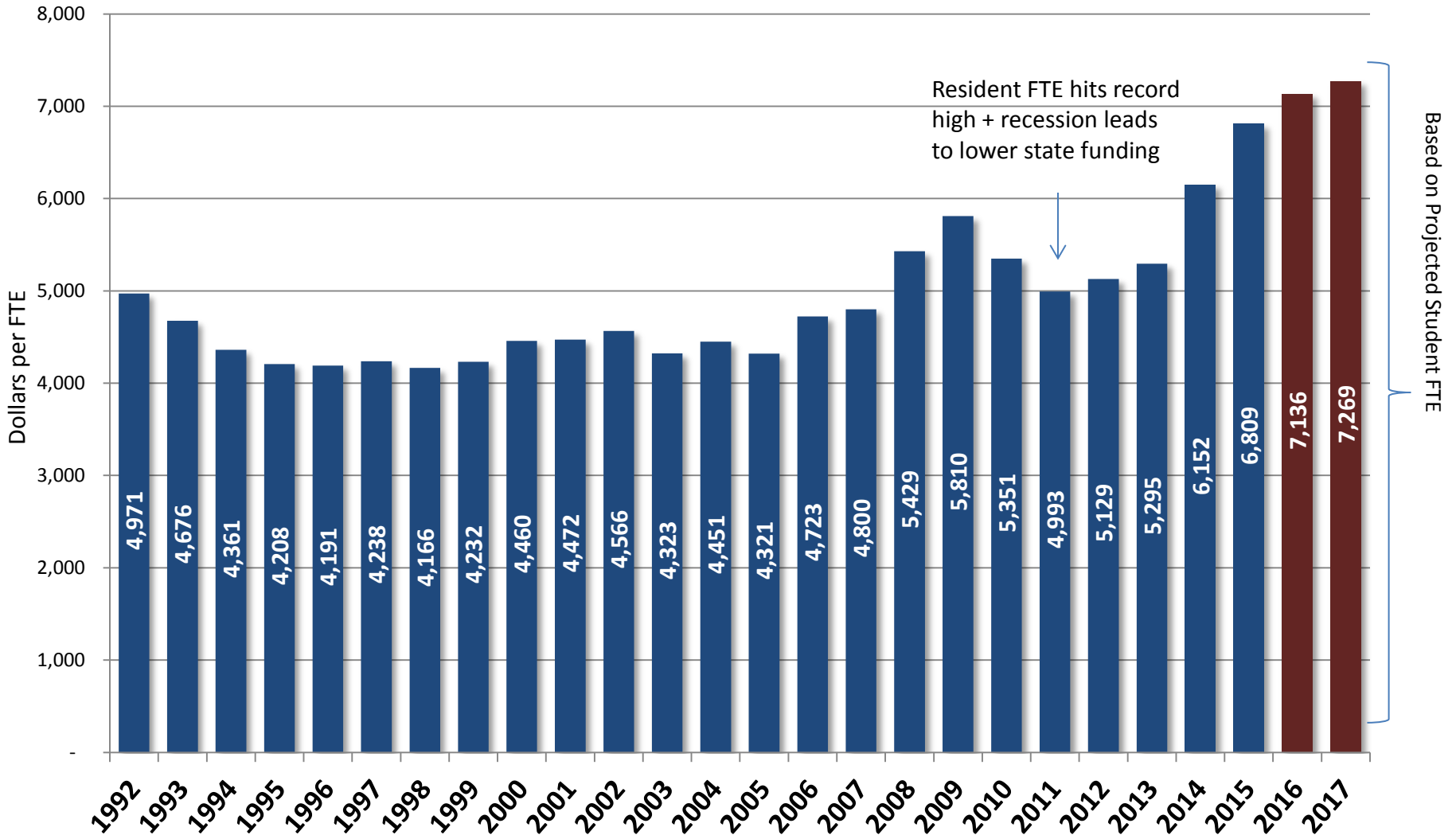
Total State Appropriations -- Ed Units Only (2015 constant dollars)

source: Official LFD Historical Funding Spreadsheet, FY 16/17 calculations done by OCHE



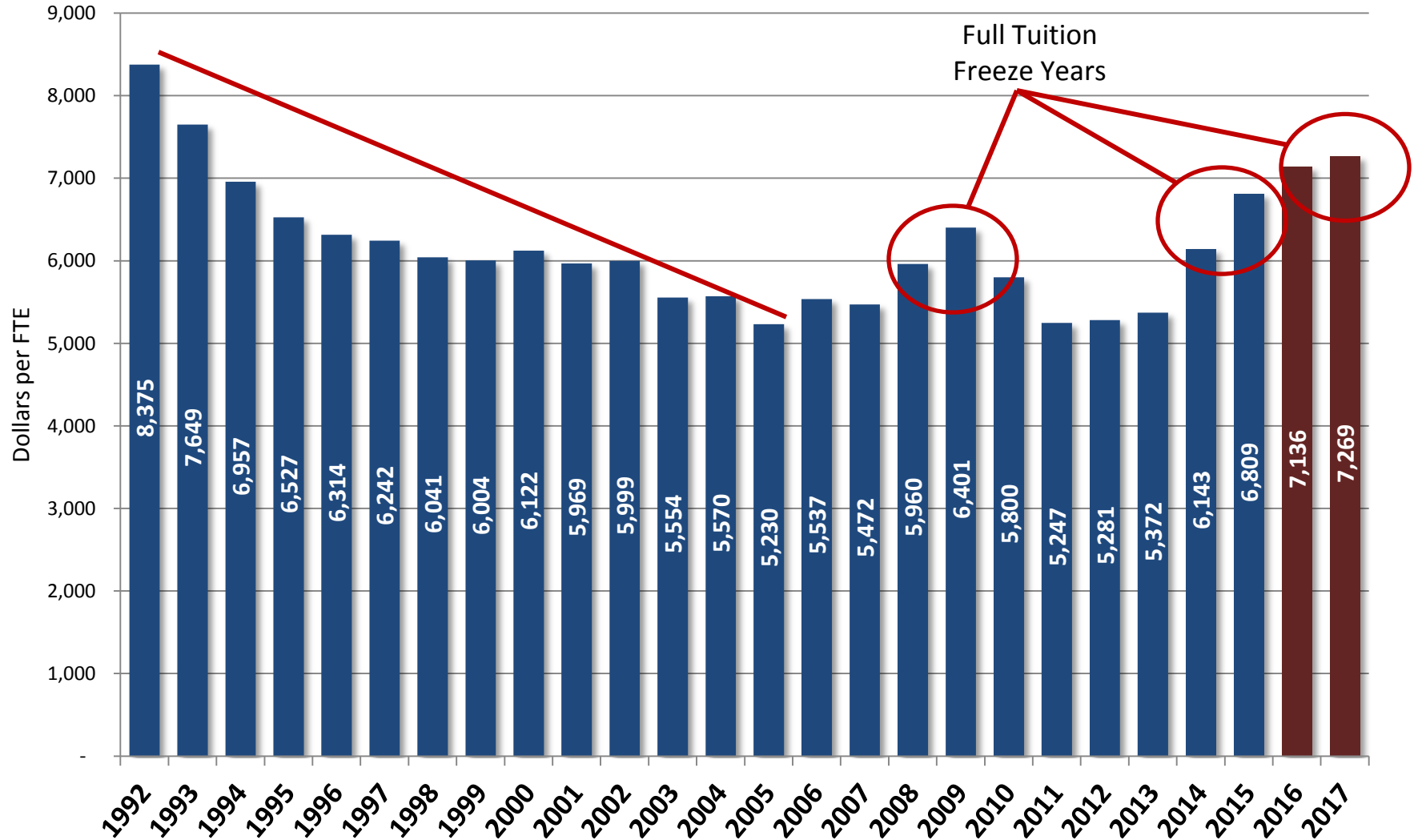
State Appropriations per Resident Student FTE -- Ed Units

source: Official LFD Historical Funding Spreadsheet & MSU Enrollment Report, FY 16/17 calculations done by OCHE



State Appropriations per Resident Student FTE -- Ed Units (2015 constant dollars)

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

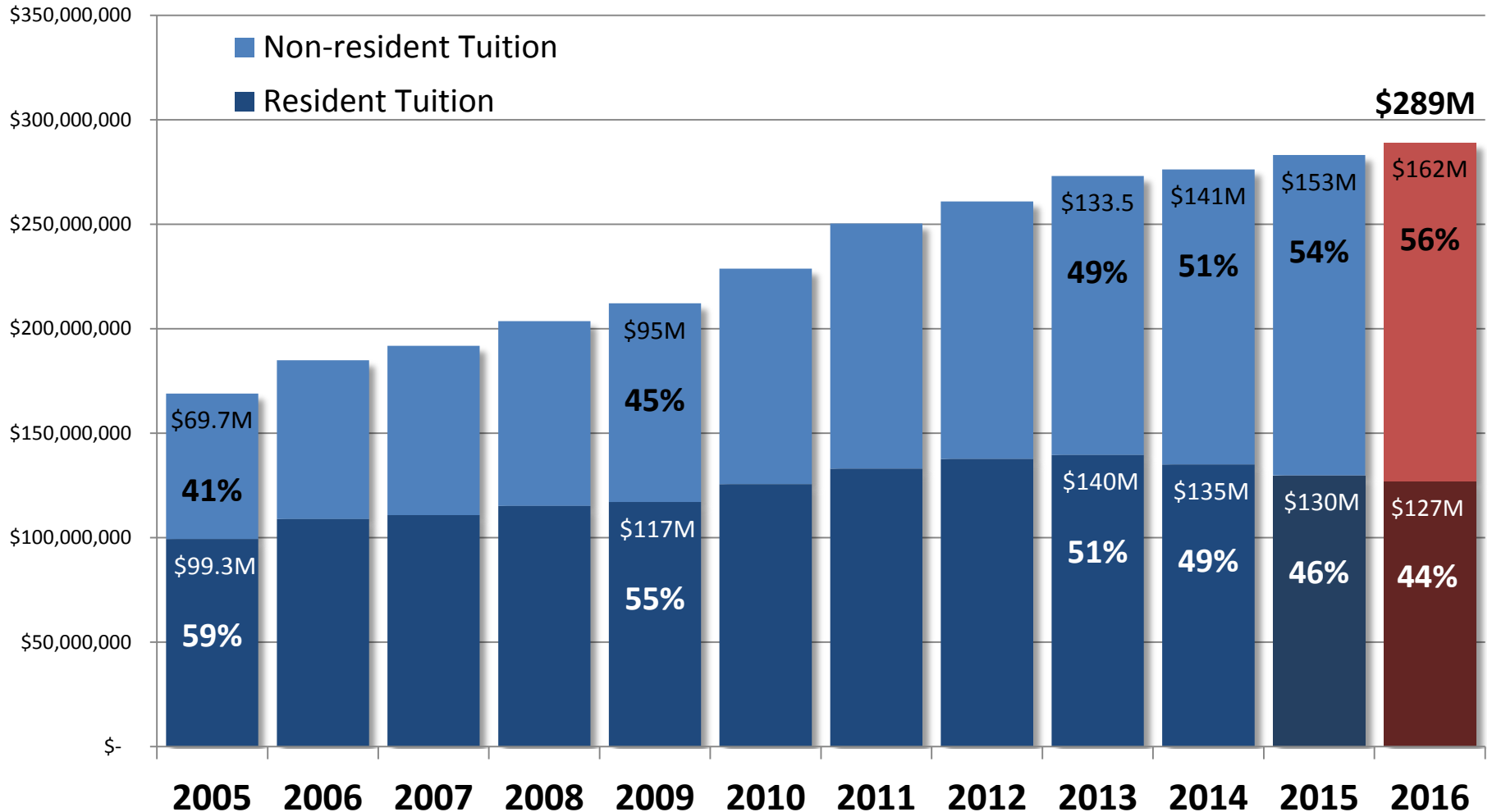


Operating Budget Metrics

Tuition Revenue

source: MUS Operating Budget Reports, Bud 300

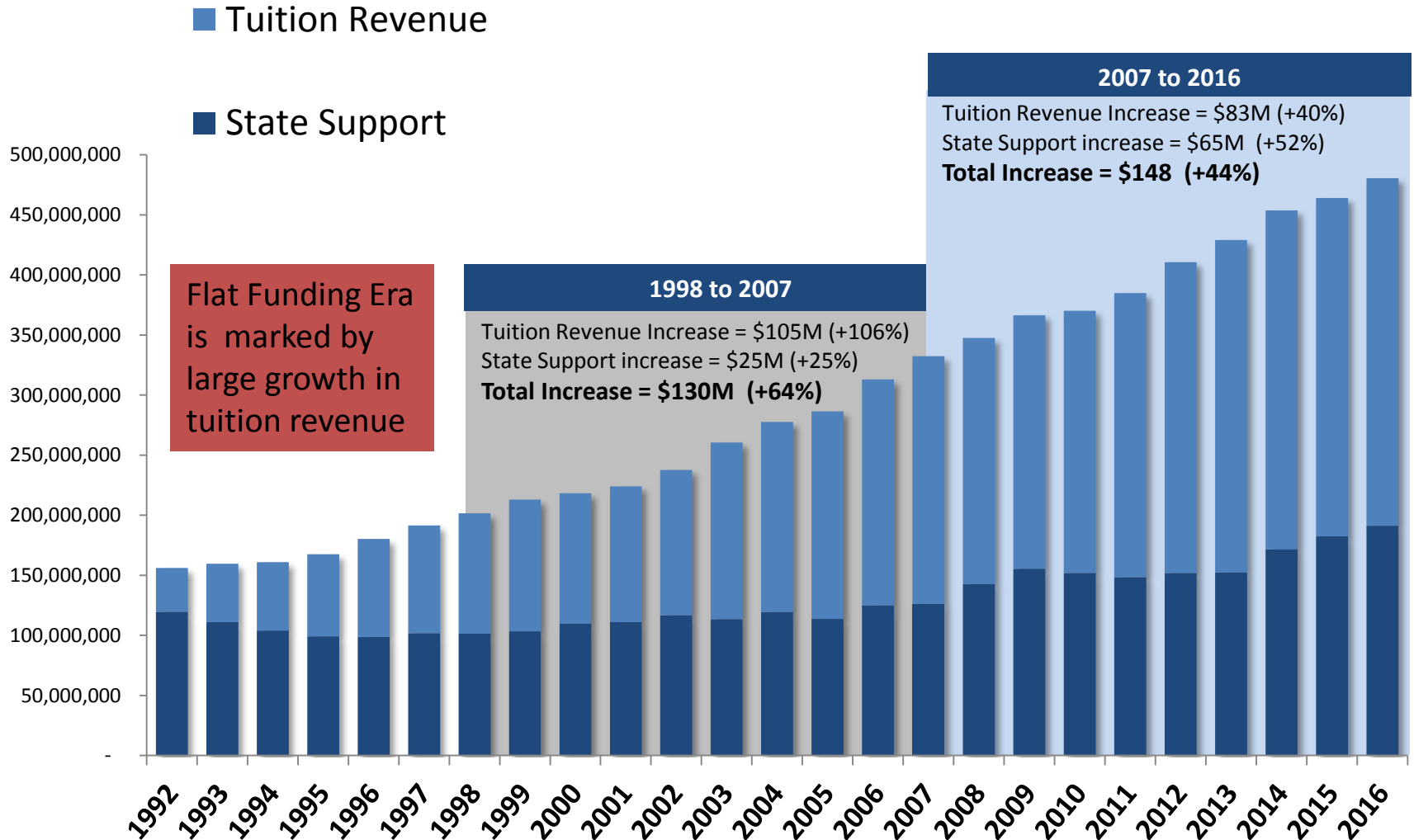
Tuition Revenue = actual gross tuition (i.e. includes waivers) and includes registration/admin , and program fees equal to student FTE distribution; WUE included in Non-resident



Current Unrestricted Funds -- Ed Units

source: Official LFD Historical Funding Spreadsheet, calculations done by OCHE

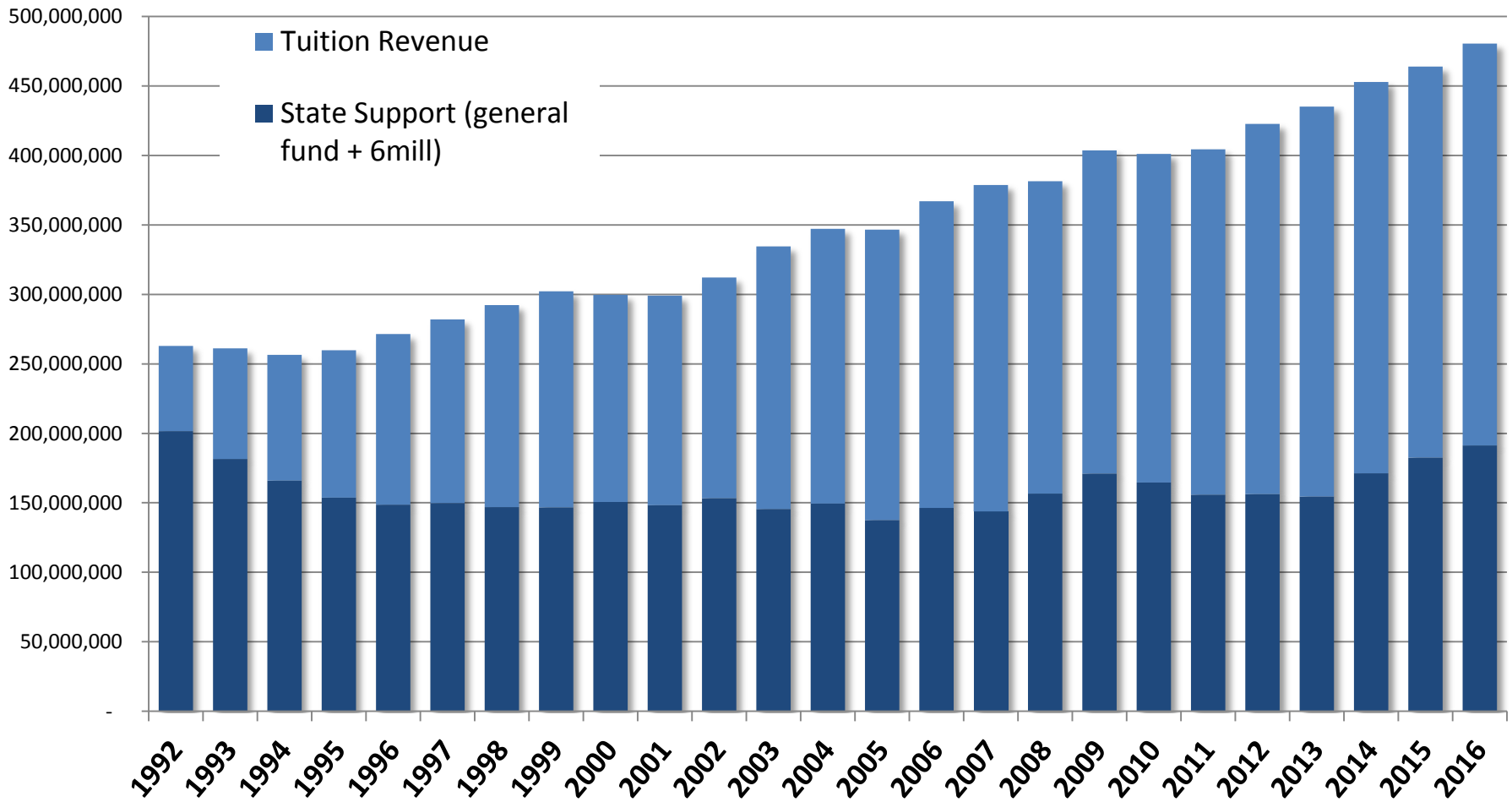
Tuition Revenue = budgeted gross tuition (i.e. includes waivers) and includes registration/admin fees, program tuition & fees



Current Unrestricted Funds -- Ed Units Only (2015 Constant Dollars)

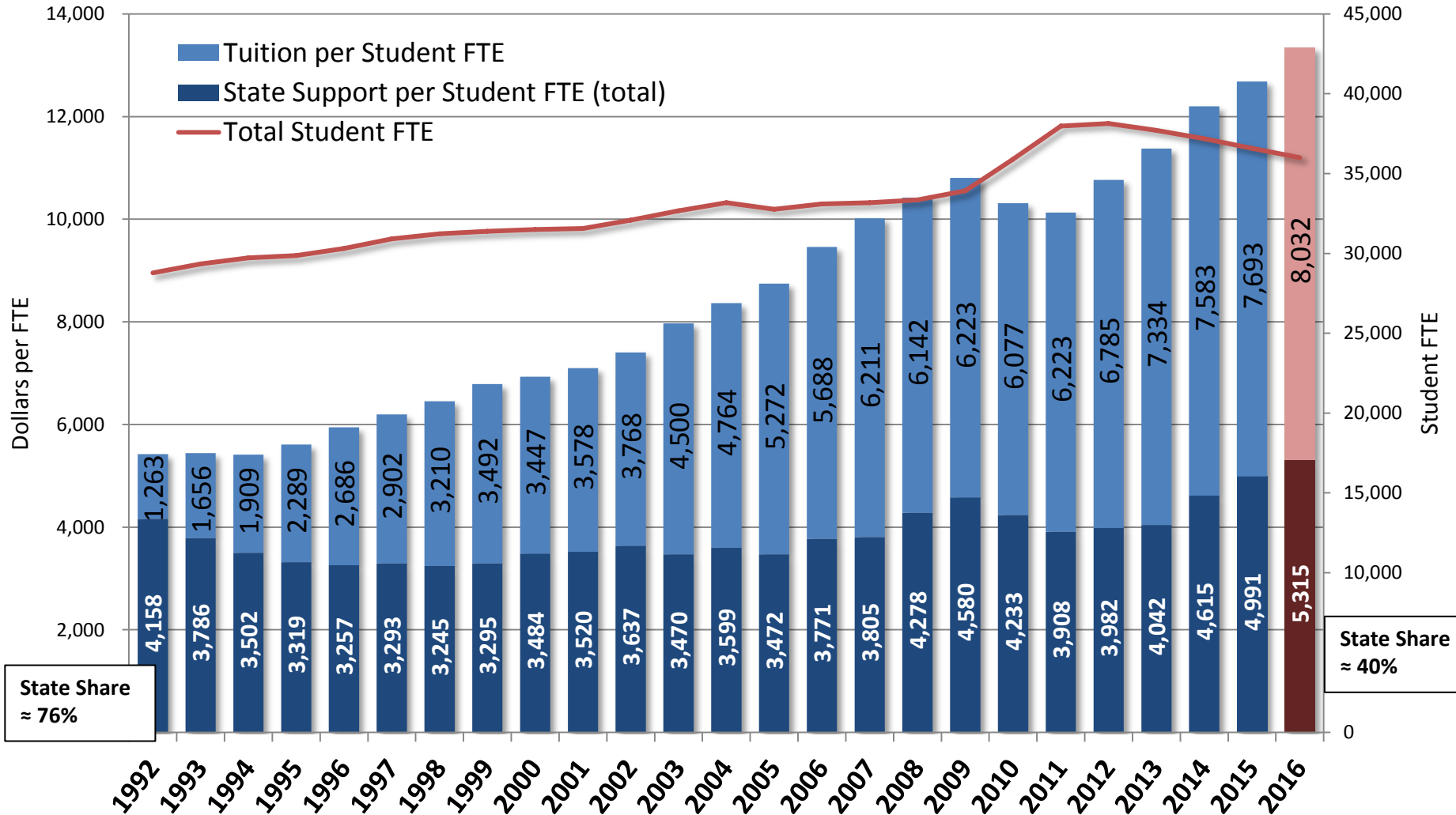
source: Official LFD Historical Funding Spreadsheet, calculations done by OCHE

Tuition Revenue = budgeted gross tuition (i.e. includes waivers) and includes registration/admin fees, program tuition & fees



Current Unrestricted Funds per Student FTE -- Ed Units only

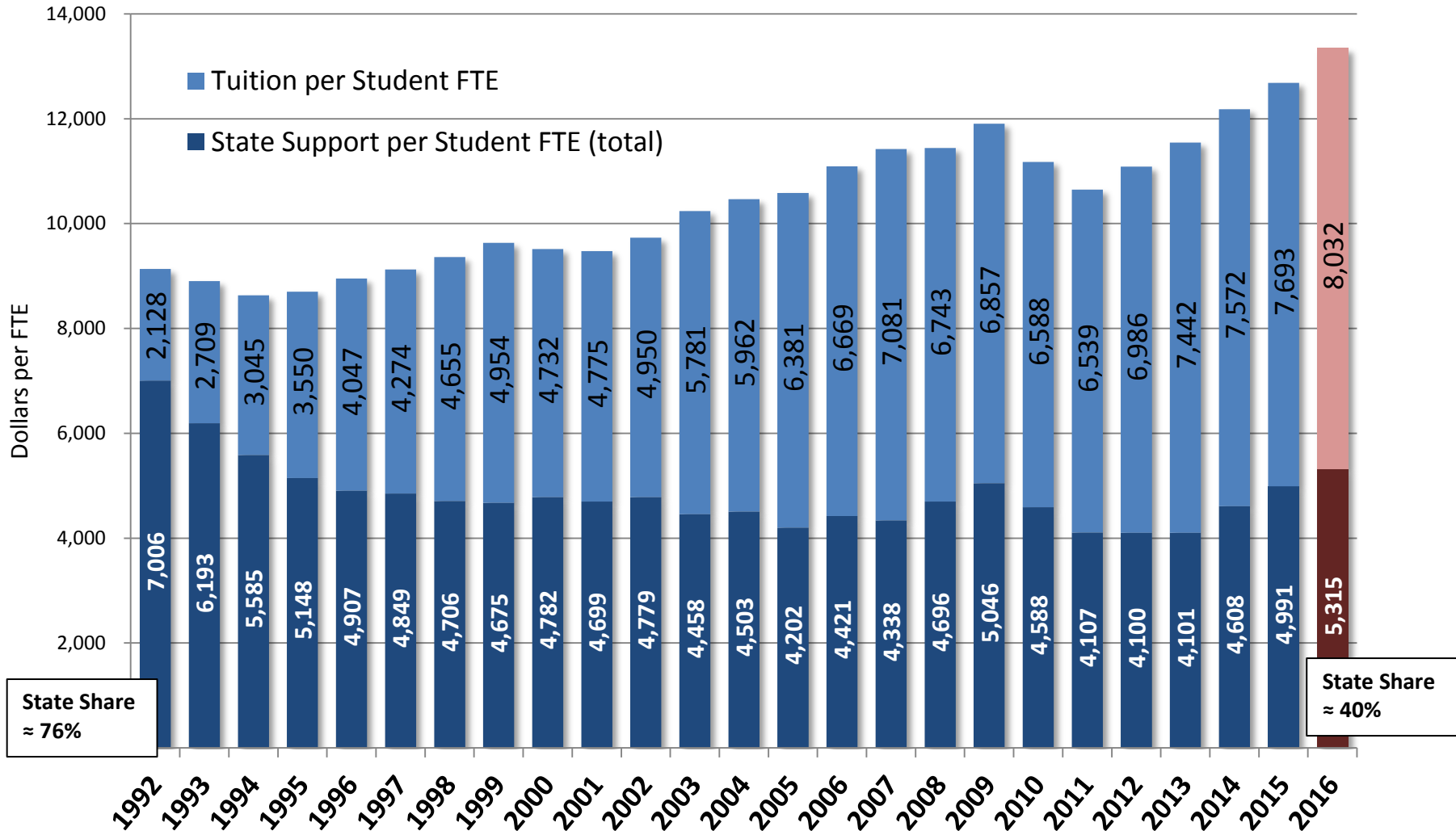
source: Official LFD Historical Funding Spreadsheet & MSU Enrollment Report, calculations done by OCHE



Tuition Revenue = budgeted gross tuition (i.e. includes waivers) and includes registration/admin fees, program fees

Current Unrestricted Funds per Student FTE -- Ed Units Only (2015 constant dollars)

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



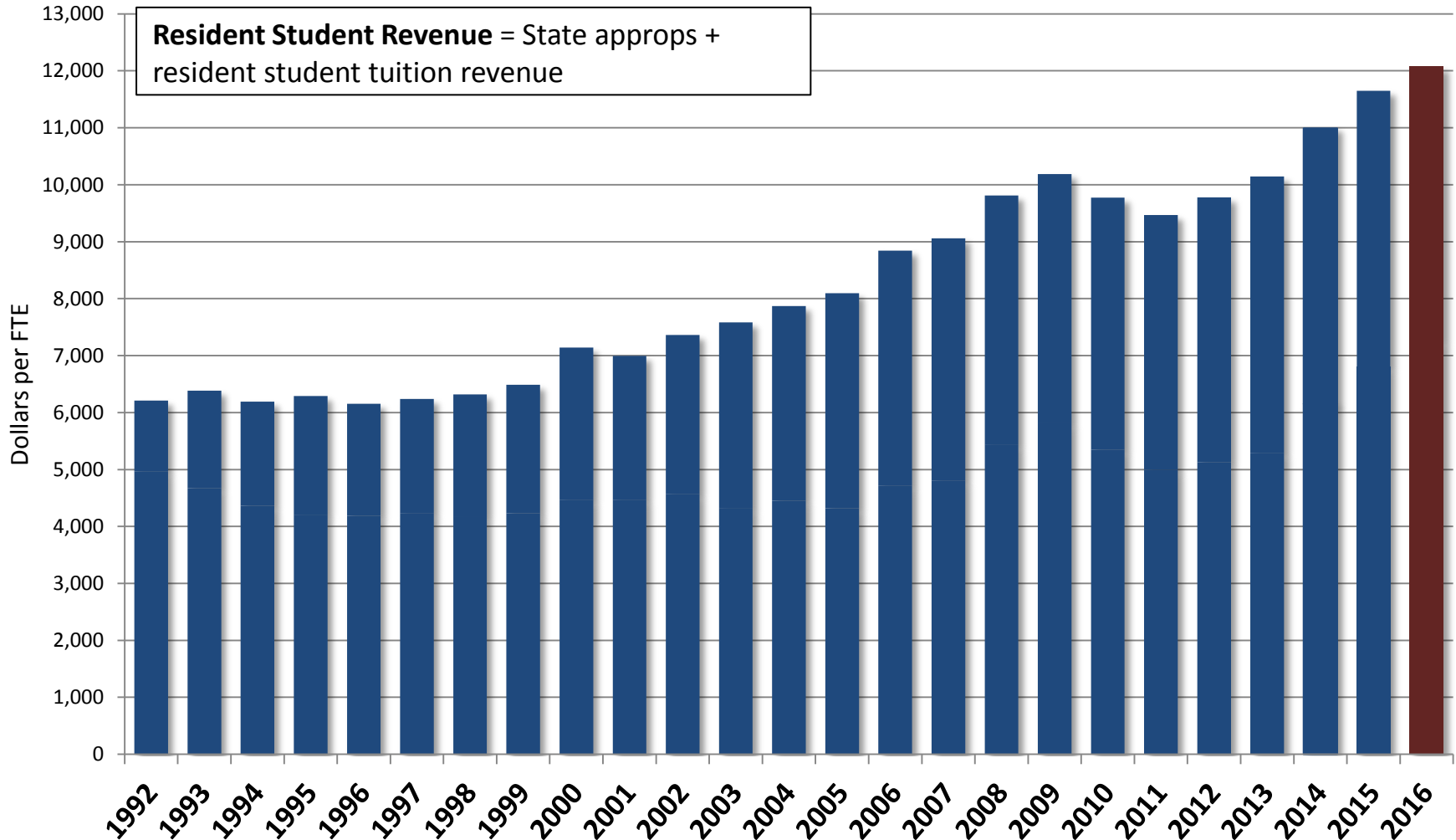
State Share
 ≈ 76%

State Share
 ≈ 40%

Tuition Revenue = budgeted gross tuition (i.e. includes waivers) and includes registration/admin fees, program tuition & fees

Resident Student Revenue per Resident FTE -- Ed Units

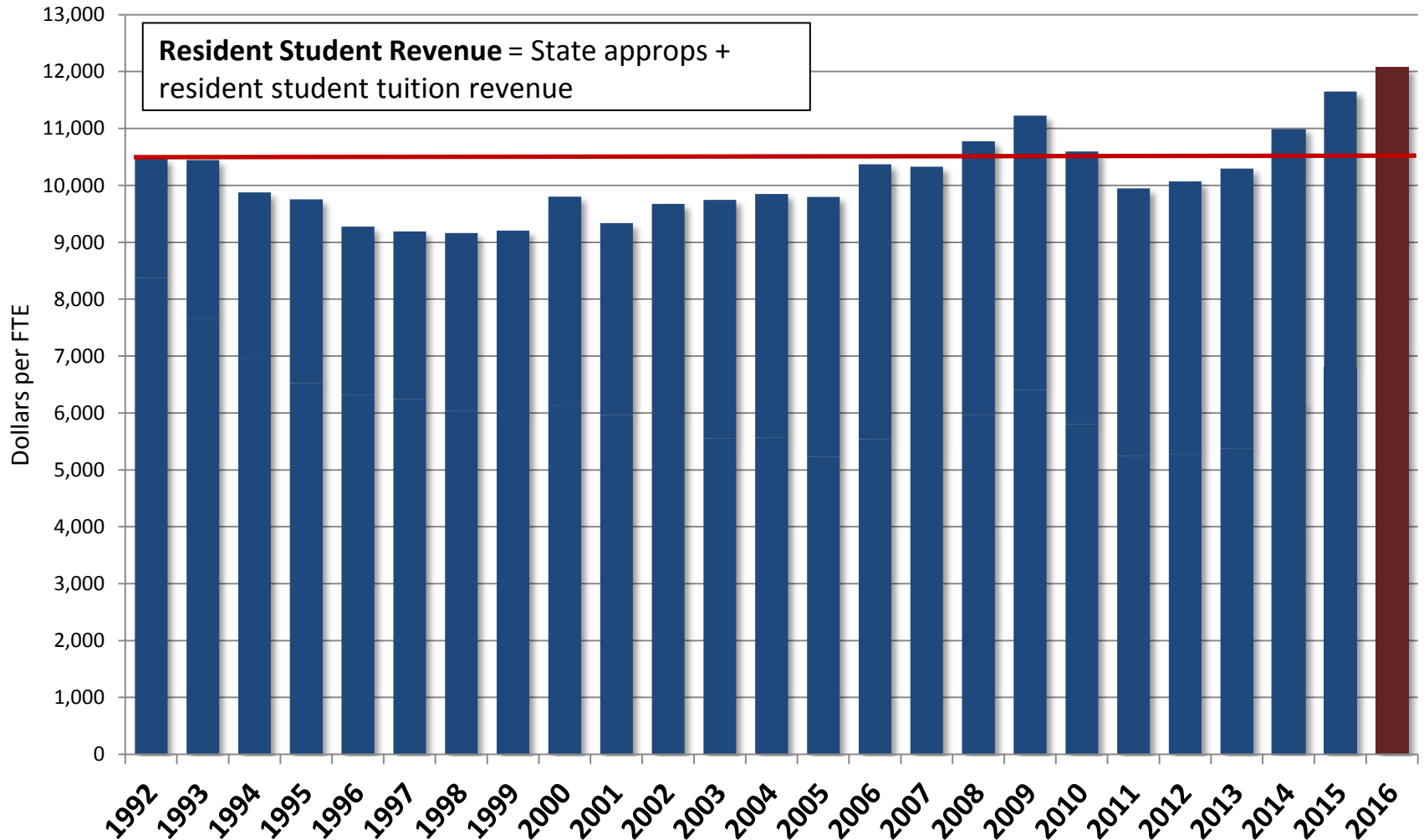
source: OCHE Historical Finance Records & MUS Enrollment Report



Tuition Revenue = gross tuition (i.e. includes waivers) and includes resident portion of registration/admin fees, program tuition & fees

Resident Student Revenue per Resident FTE -- Ed Units (2015 constant dollars)

source: OCHE Historical Finance Records & MUS Enrollment Report, calculations done by OCHE



Tuition Revenue = gross tuition (i.e. includes waivers) and includes resident portion of registration/admin fees, program tuition & fees

Budget Profile Summary Points

- ❖ Current Unrestricted funds for Ed Units comprise 34% of the total budget
- ❖ Two funding eras: 1) flat/declining era; 2) tuition freeze era
 - Flat/declining era marked by increased tuition revenue
 - Tuition revenue due to increased enrollment and non-resident tuition still increased by 40% in tuition freeze era
- ❖ Non-resident tuition, as a % of total tuition revenue, increased from 41% in 2005 to 51% in 2014 (budgeted for 56% in 2016)
- ❖ State % share has dropped from 76% in 1992 to 40% in 2016
- ❖ When taking into consideration: inflation, as well as resident and non-resident tuition and enrollment, the tuition freeze era recorded the highest level of educational revenue

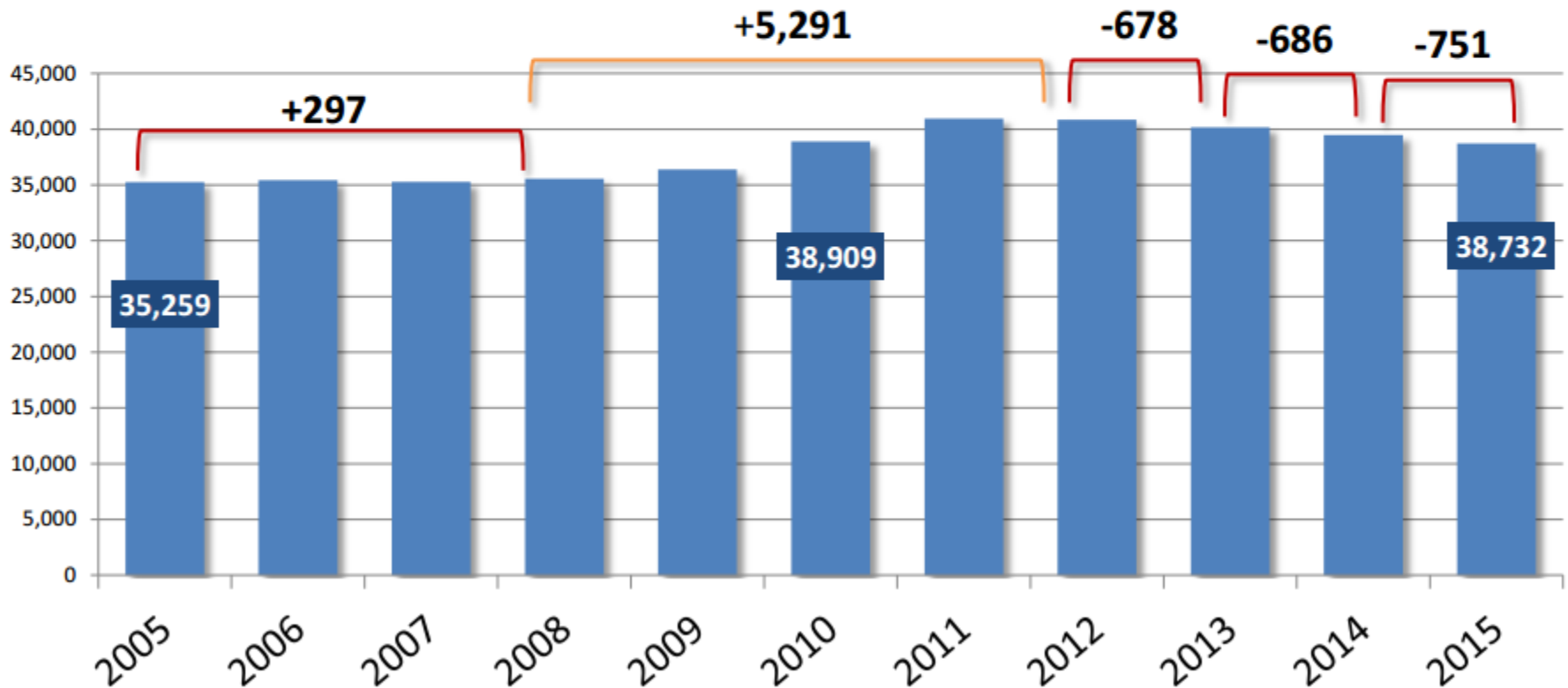
Fiscal Year Enrollment

(includes CC's)

- ❖ Enrollment in the MUS declined by 751 student FTE from FY 2014 to FY 2015
- ❖ Enrollment has grown by approximately 3,500 FTE (10%) over the past ten years

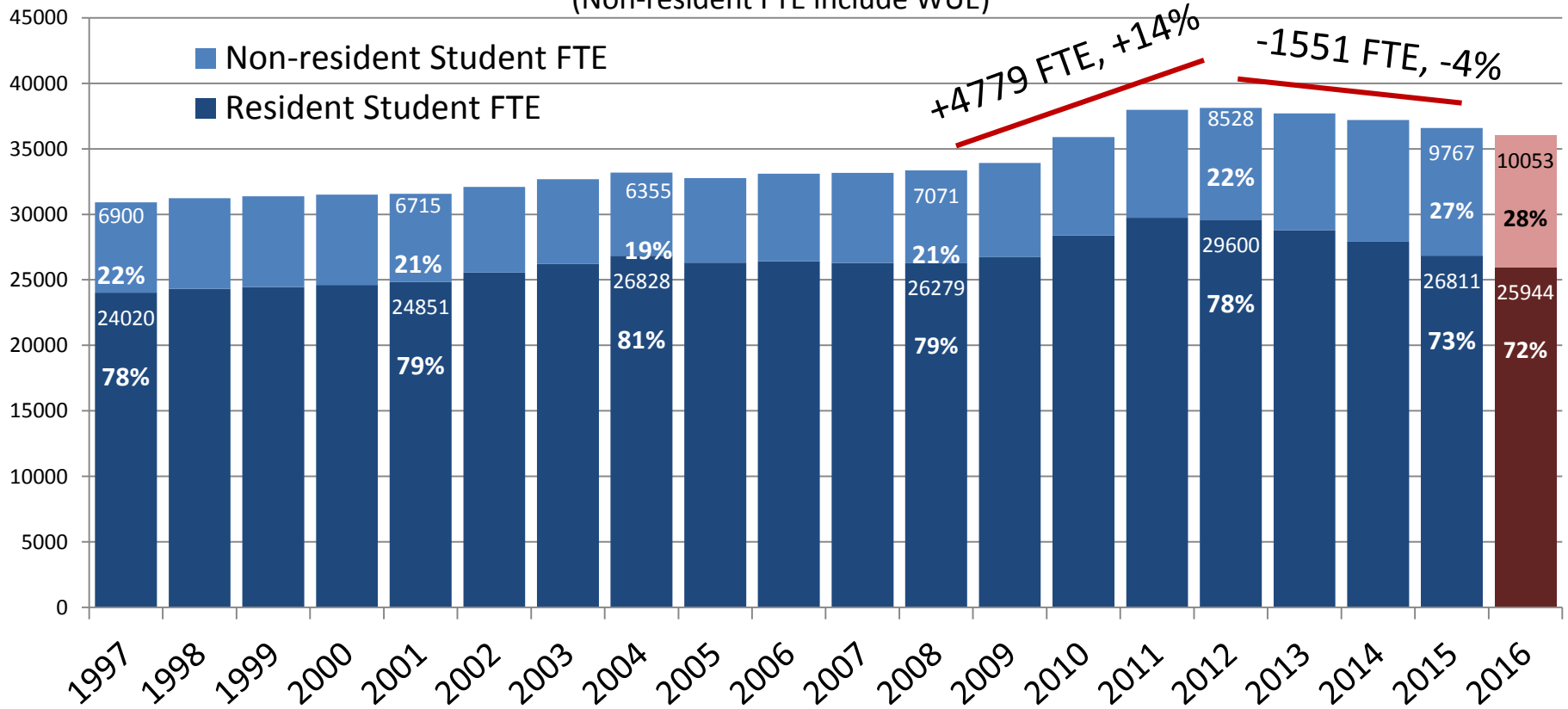
Fiscal Year Student FTE - 10 Year History

Average Annual FTE or FY FTE = ((Summer + Fall) + Spring)/2



Fiscal Year Student FTE by Residency, Ed Units Only

source: MUS Official Enrollment Report
 (Non-resident FTE include WUE)



CAMPUS	Resident Status	FY12 Actual	FY13 Actual	FY14 Actual	FY 15 Actual	FY16 Budgeted	FY15 to FY16	
							Difference	
							#	%
MUS Ed. Unit Total	Resident	29,598	28,770	27,902	26,811	25,944	-867	-3.2%
	Non-resident	6,543	6,801	7,035	7,422	7,590	168	2.3%
	WUE	1,987	2,132	2,255	2,344	2,462	118	5.0%
	Total	38,128	37,703	37,192	36,578	35,997	-581	-1.6%

[Campus Level Detail](#) – FY16 budgeted FTE

Current Unrestricted Revenue - Ed Units Only

Source: MUS Operating Budget, BUD 300 (includes OTO)

Revenue is comprised of gross tuition (i.e. includes waivers), state approps, transfers, and other revenues; tuition revenue includes registration/admin and program fees split between resident/non-resident by student FTE distribution; WUE included in non-resident

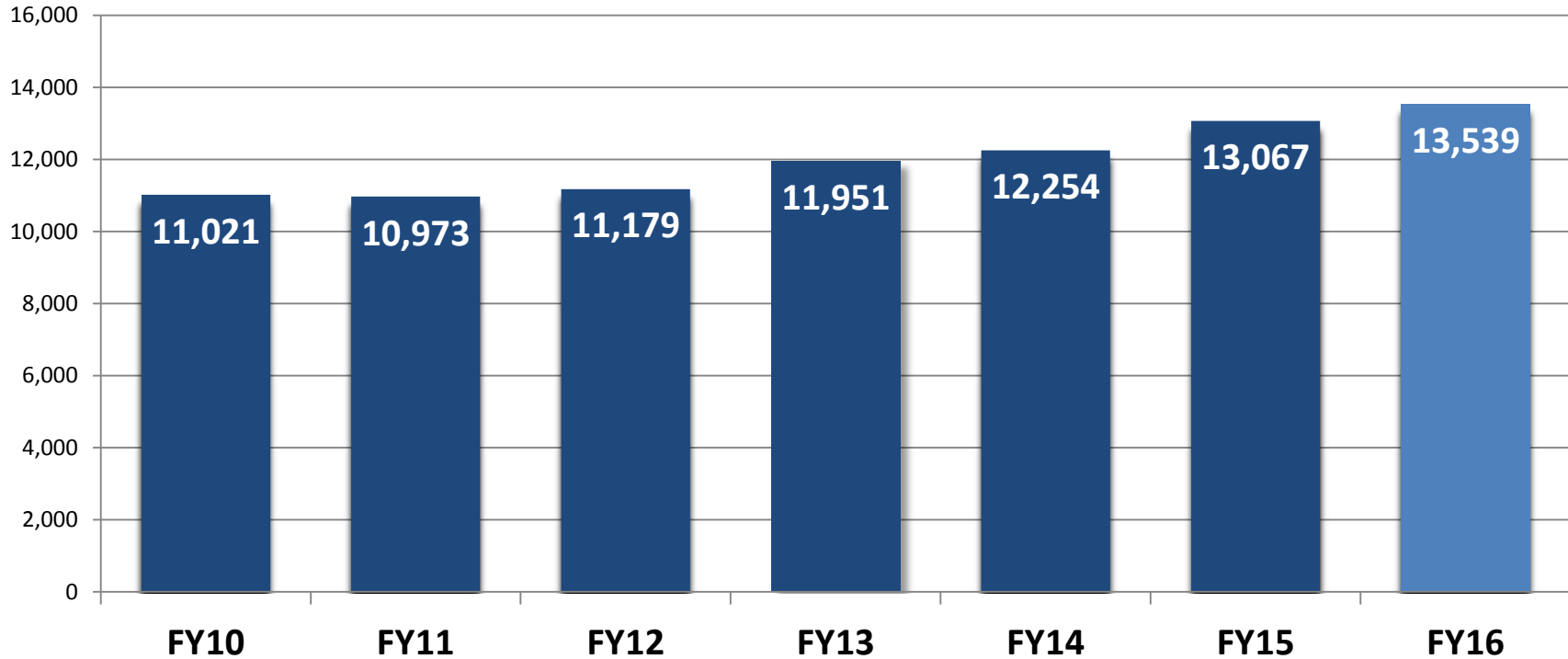
	Actual 2013	Actual 2014	Actual 2015	Budgeted 2016	FY15 to F16 Difference	
					#	%
Resident Tuition	139,623,199	135,048,213	129,729,069	127,164,850	-2,564,219	-2%
Non-resident Tuition	133,519,497	141,160,406	153,397,880	161,962,610	8,564,730	6%
Total Tuition	273,142,696	276,208,619	283,126,949	289,127,460	6,000,511	2%
State Appropriations	162,008,965	176,779,503	186,312,670	193,285,579	6,972,909	4%
Other revenues*	2,755,902	2,264,802	2,242,796	2,223,162	-19,634	-1%
Transfers	11,436,950	3,067,085	4,131,082	2,731,905	-1,399,177	-46%
Total Current Unrestricted	449,344,513	458,320,009	475,813,497	487,368,106	11,554,609	3%

*includes: investments, carry forwards, other student fees, financial aid

Current Unrestricted Expenditures per Student FTE - Ed Units

source: MUS Operating Budget Metrics

Expenditures are comprised gross tuition (i.e. includes waivers), state approps, transfers, and other revenues (see BUD 200)



FY15 to FY16

	Actual						Budgeted	Difference	
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	#	%
Student FTE	35,899	37,985	38,128	37,703	37,193	36,578	35,998	-580	-2%
Total CU Expenditures	395,646,253	416,818,519	426,219,421	450,593,315	455,776,681	477,960,498	487,368,106	9,407,608	2%
CU Expenditures per FTE	11,021	10,973	11,179	11,951	12,254	13,067	13,539	472	4%

Expenditures by Program

Current Unrestricted Expenditures, Ed Units Only

Source: BUD 220

Budgeted

Expenditure Program Areas	1985	1995	2005	2010	2013	2014	2015	2016
Instruction	53%	54%	52%	49%	48.2%	48.4%	48.8%	50.2%
Research	1%	1%	1%	1%	1.0%	1.5%	1.1%	0.8%
Public Service	0%	1%	1%	1%	0.9%	0.9%	0.9%	0.9%
Academic Support	11%	11%	12%	12%	11.6%	11.8%	11.9%	11.6%
Student Services	9%	9%	7%	8%	8.2%	8.8%	8.7%	8.3%
Institutional Support	10%	9%	9%	10%	8.9%	8.5%	8.6%	8.2%
Operation and Maintenance	13%	12%	12%	12%	12.6%	11.3%	10.9%	10.9%
Waivers & Scholarships	2%	4%	7%	8%	8.6%	9.0%	9.1%	9.1%

Goal: at least 50% Instruction AND 70% Instruction + Academic Support + Student Services

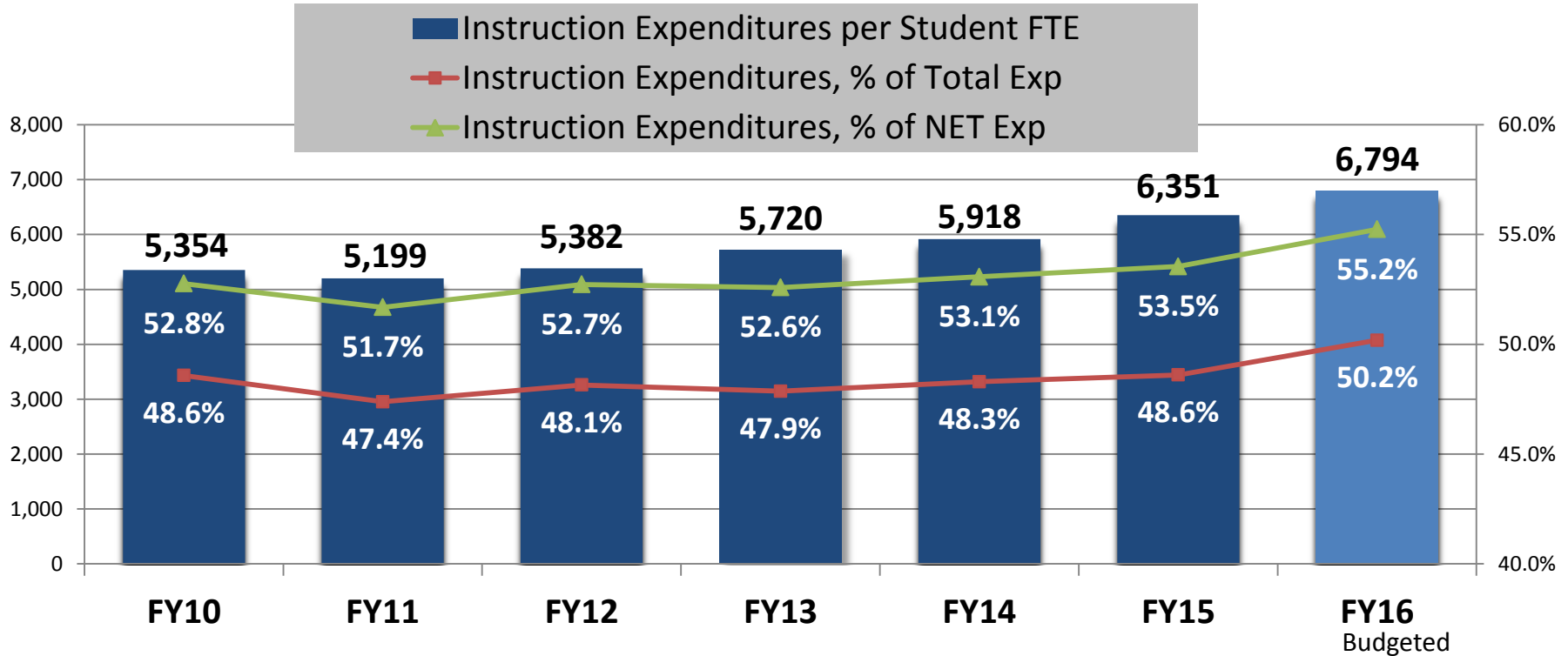
FY 15 Actual: Instruction = 48.8%; Inst + AcSup+ StudServ= 69.4%

FY 16 Budget: Instruction = 50.2%; Inst + AcSup+ StudServ= 70.1%

Instructional Expenditures -- Ed. Units Only

Current Unrestricted Expenditures (includes OTO); source: MUS Operating Budget Metrics

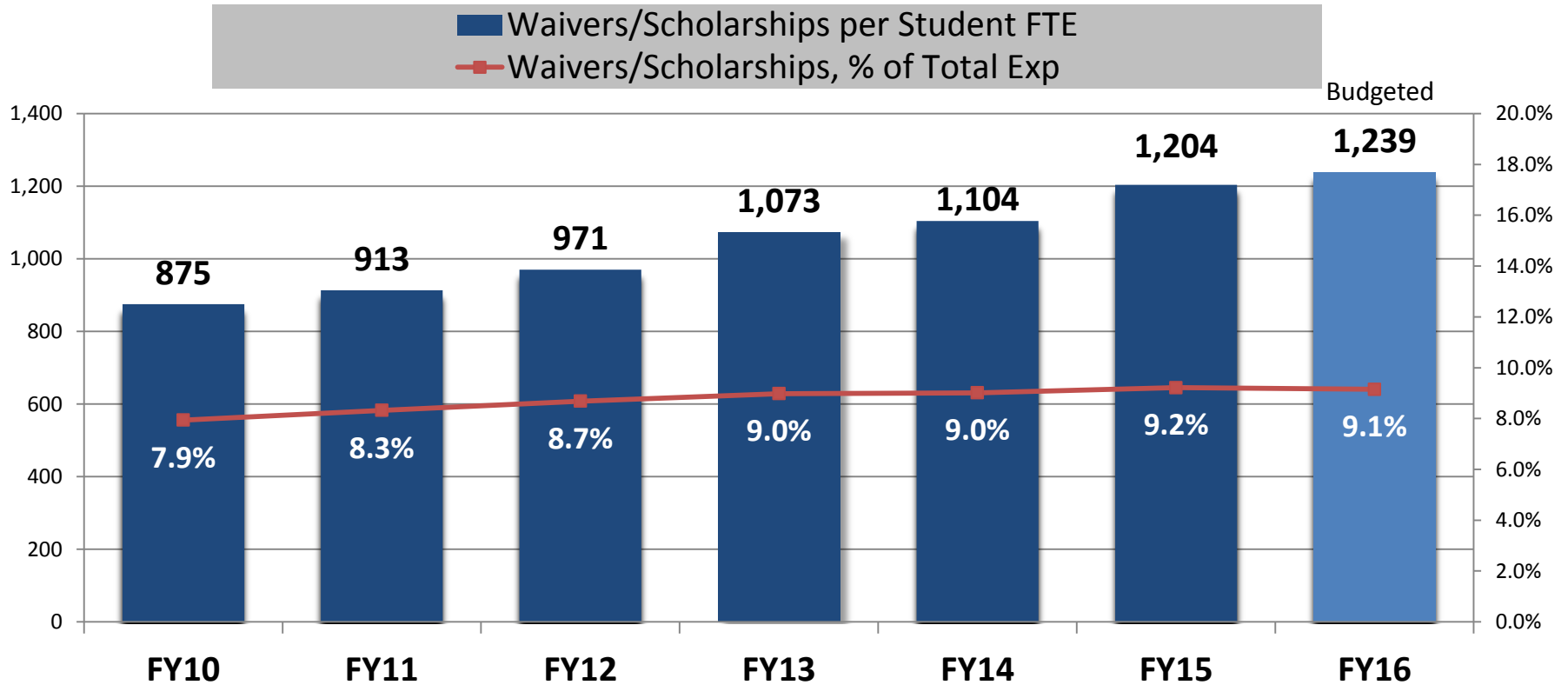
Expenditures are comprised gross tuition (i.e. includes waivers), state approps, transfers, and other revenues (see BUD 200)



	Actual						Budgeted	FY15 to FY16	
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	#	%
Student FTE	35,899	37,985	38,128	37,703	37,193	36,578	35,998	-580	-2%
Instructional Exp.	192,188,632	197,503,109	205,222,902	215,670,410	220,107,117	232,321,454	244,581,292	12,259,838	5%
Inst Exp per FTE	5,354	5,199	5,382	5,720	5,918	6,351	6,794	443	7%

Waivers & Scholarships -- Ed. Units Only

Source: MUS Operating Budget Metrics, CHE 104 (Schedule 4)



	Actual						Budgeted	FY15 to FY16	
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	#	%
Student FTE	35,899	37,985	38,128	37,703	37,193	36,578	35,998	-580	-2%
Waivers/Scholarships \$\$	31,405,197	34,685,747	37,003,862	40,457,363	41,079,518	44,047,196	44,590,239	543,043	1%
Waivers/Scholarships per FTE	875	913	971	1,073	1,104	1,204	1,239	34	3%

Waivers & Scholarships Detail -- Ed. Units Only

Source: MUS Operating Budget Metrics, CHE 104 (Schedule 4)

WAIVER CATEGORIES	FY2010	FY2015	Budgeted	% Change	
			FY2016	FY10 to FY16	FY15 to FY16
Resident Discretionary (non-athletic)	3,676,431	5,063,870	4,992,185	36%	-1%
Non-resident Discretionary (non-athletic)	12,116,875	17,551,185	18,256,179	51%	4%
Athletic (resident)	2,025,364	1,988,021	2,309,515	14%	16%
Athletic (non-resident)	4,854,479	6,666,341	6,679,693	38%	0%
Other (scholarships/yellow ribbon)	415,782	4,547,284	3,772,167	807%	-17%
Board of Regents Designated	8,316,269	8,230,499	8,580,501	3%	4%
Total	31,405,200	44,047,200	44,590,240	42%	1%
Resident Waivers	14,433,846	18,027,828	18,118,135	26%	1%
Non-resident Waivers	16,971,354	26,019,372	26,472,105	56%	2%
% Resident Waivers	46%	41%	41%	-5%	0%
# of Student FTE	4,348	5,062	5,068	17%	0%

Student to Faculty/Staff Ratios

Current Unrestricted Expenditures, Ed Units Only

Source: MUS Operating Budget Metrics, BUD 220

MUS Total -- Ed Units Only

FY15 to F16

	Actual						Budgeted	Difference	
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	#	%
Current Unrestricted FTE									
Contract Faculty FTE CU	1,913	1,949	2,023	1,990	1,966	2,020	2,031	11	1%
Contract Admin FTE CU	130	138	134	129	141	141	139	-3	-2%
Contract Professional FTE CU	490	518	530	583	617	631	614	-17	-3%
Classified FTE CU	1,437	1,452	1,478	1,414	1,385	1,394	1,430	37	3%
Student FTE	35,899	37,985	38,128	37,703	37,193	36,578	35,998	-580	-2%
Student to Faculty/Staff Ratios									
Student to Faculty Ratio	18.8	19.5	18.8	19.0	18.9	18.1	17.7	-0.4	-2%
Student to Admin/Professional	57.9	57.8	57.4	52.9	49.1	47.4	47.8	0.4	1%
Student to Classified Employee	25.0	26.2	25.8	26.7	26.9	26.2	25.2	-1.1	-4%

**SUMMARY DETAIL OF FULL TIME EQUIVALENT MUS EMPLOYEES, Ed Units & Agencies
 ALL FUNDS, new HR Warehouse vs. Operating Budget data**

Source	Employee FTE by Job Category				
	Faculty	Administrator	Professional	Classified	Total
FY15 Actual, OpBud	2416	168	1540	2575	6700
HR Warehouse, 2015Q2	2327	171	1744	2530	6762

Framework is in place to consistently collect and store HR data centrally.

Work continues with validating and understanding the data,

in particular, understanding differences between annual operating FTE and quarterly snapshots.

More work is needed to identify funding sources and separate agencies from campuses.

Ongoing effort to integrate this new data source into our reporting and analysis.

Community Colleges

Operating Budget Metrics

Community Colleges

Dawson, Flathead, & Miles

FY15 to F16

	Actual						Budgeted	Difference	
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	#	%
Current Unrestricted FTE									
Contract Faculty FTE	159	159	155	157	157	156	154	-1	-1%
Contract Admin FTE	81	83	87	84	76	77	74	-3	-4%
Contract Professional FTE									
Classified FTE CU	61	65	65	66	77	75	77	3	4%
Current Unrestricted Expenditures									
	(in millions)								
Total Expenditures	\$24.5	\$25.0	\$25.5	\$24.8	\$28.0	\$28.5	\$28.6	87,981	0%
Instructional Expenditures	\$10.2	\$10.6	\$11.0	\$10.3	\$11.7	\$12.8	\$11.9	64,407	1%
Waivers/Scholarships	\$1.5	\$1.5	\$1.7	\$1.4	\$1.6	\$1.6	\$1.7	46,933	3%
Student FTE									
	3,010	2,976	2,718	2,466	2,292	2,153	2,205	52	2%

Community Colleges (cont.)

Operating Budget Metrics

Community Colleges

Dawson, Flathead, & Miles

FY15 to F16

Actual						Budgeted	Difference	
FY10	FY11	FY12	FY13	FY14	FY15	FY16	#	%

Expenditures per Student FTE

CU Expenditures per FTE	8,138	8,391	9,375	10,063	12,228	13,232	12,959	-272	0
Instruction Exp per FTE	3,388	3,552	4,046	4,178	5,116	5,498	5,397	-100	0
Instruction Exp, % of Total Exp	41.6%	42.3%	43.2%	41.5%	41.8%	41.5%	41.6%	0.1%	-
Instruction Expenditures, % of Net Exp	44.4%	45.1%	46.2%	44.0%	44.4%	44.1%	44.3%	0.2%	-
Waivers/Scholarships per FTE	510	522	613	568	694	759	762	3	0
Waivers/Sch, % of Total Exp	6.3%	6.2%	6.5%	5.6%	5.7%	5.7%	5.9%	0.1%	-

Student to Faculty/Admin/Staff Ratios

Student to Contract Faculty Ratio	19.0	18.8	17.5	15.8	14.6	13.8	14.3	0.5	3%
Student to Contract Admin/Pro Ratio	37.4	35.7	31.1	29.3	30.0	27.9	29.7	1.8	6%
Student to Classified Employee Ratio	49.2	45.5	41.9	37.5	29.8	28.9	28.6	-0.3	-1%

MUS Agencies – State Appropriations

Source: MUS Operating Budget, BUD 300

<u>Agencies</u>	Actual FY 2015	Budgeted	FY15 to FY16 Difference	
		FY 2016	#	%
Agriculture Experiment Station	13,704,220	15,384,921	1,680,701	12%
Extension Service	5,931,554	6,263,631	332,077	6%
Fire Service Training School	716,414	750,715	34,301	5%
Bureau of Mines & Geology	4,836,442	5,126,794	290,352	6%
Forest and Conservation Exp. Station	1,026,540	1,301,445	274,905	27%
TOTAL	26,215,170	28,827,506	2,612,336	10%

MUS Agencies – Current Unrestricted

Source: MUS Operating Budget, BUD 300
 (includes transfers in addition to state appropriations)

<u>Agencies</u>	Actual FY 2015	Budgeted FY 2016	FY15 to FY16 Difference	
			#	%
Agriculture Experiment Station	13,897,787	15,393,421	1,495,634	11%
Extension Service	5,953,577	6,285,575	331,998	6%
Fire Service Training School	716,890	750,765	33,875	5%
Bureau of Mines & Geology	4,862,067	5,156,794	294,727	6%
Forest and Conservation Exp. Station	1,366,379	1,302,245	-64,134	-5%
Total	26,796,700	28,888,800	2,092,100	8%

Budget Metrics Summary

- ❖ **ENROLLMENT:** budgeting for a decline in resident students (= 867 FTE) and growth in non-residents (= 286 FTE) Ed Units Only

- ❖ **CURRENT UNRESTRICTED REVENUE:** FY16 Budget increases expenditures by 3% over FY15 (+\$11.5M)
 - ❖ approximately ½ of the growth comes from state appropriations and ½ from tuition.

- ❖ **EXPENDITURES per FTE:** budgeting for 4% increase in expenditures per student FTE (growing from \$13,067 in FY15 to \$13,539)

- ❖ **EXPENDITURES by PROGRAM:** (based on gross tuition)
 - % Instruction: declined from 54% in 1995, to 49% in 2015, budgeting for 50%
 - % Waivers/Scholarships: increased from 4% in 1995, to 9% in 2015

Budget Metrics Summary (cont.)

❖ INSTRUCTIONAL EXPENDITURES

- Instructional spending per student FTE has increase steadily since FY 2011; FY 16 budget is \$6,794 per student, more than \$1000 per student increase since 2011
- FY 2016 budget looks to increase funds dedicated to Instruction by 5% (+ \$12M), *all of the increase in current unrestricted going to Instruction*

❖ WAIVERS & SCHOLARSHIPS: budgeted to increase by 1%, (+\$500,000), representing 9% of total expenditures for the 5th consecutive year.

- Non-resident (non-athletic) waivers comprise 40% of the total and account for almost ½ of the growth in waivers over the past five years.
- Statute limiting non-resident waivers to no more than 2% of enrollment has been removed.

❖ FACULTY & STAFF RATIOS:

- FY 2016 budget proposes 1% increase in Faculty and 3% Classified staff FTE, administration and professional staff show 2% to 3% decline
- System-wide Student to Faculty Ratio is budgeted for 18 to 1

Board Directives – (a.k.a. The Road Ahead)

- ❖ Dual Credit
- ❖ Alcohol/Sexual Assault Training
- ❖ Research Initiative
- ❖ Student Advising
- ❖ Development Education Reform
- ❖ American Indian Student Success
- ❖ Competency-based Education
- ❖ Workforce Development
- ❖ Veterans Success
- ❖ Performance Funding