



MONTANA UNIVERSITY SYSTEM
OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

2500 Broadway ♦ PO Box 203101 ♦ Helena, Montana 59620-3101 ♦ (406)444-6570 ♦ FAX (406)444-1469

MEMORANDUM

TO: Rod Sundsted
FROM: Laurie Neils
DATE: November 18, 2002
SUBJECT: Executive Budget 2004-2005 Biennium

I have attached two spreadsheets (three pages) that show the detail behind the Governor Martz budget for the 2004-2005 biennium. The budget incorporates the following:

1. The general fund target for each year of the biennium (FY04 and FY05) is the average of FY02 actual general fund and FY03 appropriated, after special session reductions.
2. Since FY02 was actually higher than FY03, additional reductions beyond the special session reductions were made to the base.
3. Any enrollment growth for FY04 and FY05 was eliminated.
4. The \$100 per resident student that was included in the 2002-2003 biennium is eliminated.
5. The present law adjustment the MUS ordinarily get for fee waivers is eliminated.
6. General fund for the Research Agencies, Community Colleges, and Office of the Commissioner were calculated similar to the Educational Units, by using the average of FY02 and FY03.
7. The Ag Biobased and the Extension Service Beef Transfer Initiatives are funded at the FY02 levels by the Executive.
8. Yellow Bay is funded at the average of FY02 and FY03 levels by the Executive.
9. The Great Falls Dental Hygiene Program is funded annually at the HB 395 level for FY03 (\$119,663). Great Falls estimates they will need close to \$230,000 per year in state support to operate the program in FY04 and FY05.

The first attached spreadsheet (Attachment A) compares the FY02-03 biennium with the FY04-05 biennium by agency. Although the budget is developed at this level of detail, in fact the totals for the Educational Units and OCHE are combined into the MUS Lump. The over \$9 million negative amount on the transfers general line of the spreadsheet is the adjustment to the lump that will have to be allocated by the Regents. The Executive Budget lists several options that we suggested to the Executive may be considered by the Regents in allocating the reductions:

- Continue the reductions made in FY 2003 for Baker Grants (MTAP). CHE may also need to look at additional reductions in this area.

- Reduce the WICHE/WWAMI/Minnesota Dental slots available for Montana students to pursue professional education. CHE is limited to reducing new student slots in this program.
- Additional program reviews which identify programs with low productivity for examination and potential elimination would continue and standards for review may be increased.
- OCHE will continue to press for administrative consolidation where potential efficiencies can be identified through these actions.
- Continue the tuition surcharge.
- Consider additional across-the-board and specific program reductions for the campuses.
- Consider additional tuition increases beyond the revenue raised by the current tuition surcharges.

Attachment B (one page for each year of FY04 and FY05) shows the present law adjustments (PLA) and new proposals (NP) from the FY02 base year. Most of the PLA adjustments in the first PLA column are personal services adjustments to annualize the payplan and restore vacancy savings and other inflation adjustments. The second PLA column is the adjustment for special session general fund reductions. The NP column is the adjustment that is needed, by agency, to tie to the Governor's target general fund.