



MONTANA UNIVERSITY SYSTEM
Office of the Commissioner of Higher Education

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December 16, 2003

ITEM 121-101-C1203

Budget Amendment

Jobs and Growth Tax Relief Reconciliation federal funds
Montana University System/Community Colleges

EXPLANATION:

The Board of Regents, as approving authority for the Montana University System, approves a budget amendment of federal funds in the amount of \$2,700,000. These funds are to be used by the Montana University System and the Community Colleges in the manner specified in this item notwithstanding previous action taken by the Board on item 120-104-R0703. The allocation of \$2,000,000 to the Montana University System campuses and \$450,000 to the Community Colleges is identified on the following pages. Additional information in regard to the distance learning project will be provided by President Dennison.



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Budget Amendment Certification December 16, 2003

Governor Judy Martz designated \$2.7 million of Montana’s share of the federal H.R. 2, the Jobs and Growth Tax Relief Reconciliation Act of 2003 for higher education. These federal funds will be disbursed to the Montana University System campuses and the Community Colleges according to the allocation identified by the Governor:

<i>Program/Grant Name</i>	<i>Campus</i>	<i>Allocation Amount</i>	<i>Designated Purpose</i>
<i>Distribution Appropriation</i>	<i>Montana University System Campuses</i>	<i>\$1,980,000</i>	<i>Student Assistance</i>
<i>Student Assistance</i>	<i>Office of Commissioner of Higher Ed</i>	<i>\$20,000</i>	<i>Student Assistance</i>
<i>Community College Assistance</i>	<i>Community Colleges</i>	<i>\$450,000</i>	<i>Resident Students</i>
<i>Distribution Appropriation</i>	<i>Montana University System</i>	<i>\$250,000</i>	<i>Distance Learning</i>
<i>Totals</i>		<i>\$2,700,000</i>	

The allocation of \$2,000,000 to the Montana University System campuses will be based on their Fiscal Year 2003 resident full-time equivalent (FTE) student enrollment. \$20,000 is reserved in the Student Assistance program to be used for Regents priorities.

	Resident Students (FTE)-FY03 Actual		
	Basis	Percent	Available \$
OCHE-Student Assistance			\$20,000
MSU-Bozeman			\$610,323
MSU-Billings			\$277,680
MSU-Northern			\$102,299
GFCOT			\$78,518
MSU Subtotal	14,157	53.98%	\$1,068,820
UM-Missoula			\$637,826
MTUM			\$132,121
UM-Western			\$75,628
HCOT			\$65,605
UM Subtotal	12,069	46.02%	\$911,180
TOTAL	26,226	100.00%	\$2,000,000

The Community College allocation is based on the allocation model used by the legislature:

	DCC	FVCC	MCC	Total
Legislative Budgeted Res. FTE FY04	419	1385	518	2322
Legislative Budgeted Res. FTE FY05	435	1400	534	2369
FY04 Federal Allocation	\$40,601	\$134,205	\$50,194	\$225,000
FY05 Federal Allocation	\$41,315	\$132,967	\$50,718	\$225,000
Total Biennial Federal Allocation	\$81,916	\$267,172	\$100,912	\$450,000

The \$250,000 designated for distance learning will be managed by Dean Paul Rowland as a grant to University of Montana School of Education.

Budget Amendment Certification:

- **The specific additional services to be provided as a result of the expenditures under this budget amendment.**

Additional funds will be available for distribution to the Montana University System and the Community Colleges to benefit students enrolled in public higher education in the State of Montana.

- **The specific services to be provided under this budget amendment are necessary.**

These services are necessary in order to spend federal funds according to the goals and objectives established by federal legislation, the Governor, and the Board of Regents.

- **There are no reasonable alternatives available to provide the additional services.**

These services cannot be provided within the Montana University Systems' existing appropriations.

- **The budget amendment makes no ascertainable present or future significant commitment for increased general fund support.**

This budget amendment makes no ascertainable present or future significant commitment for increased general fund support.

- **These funds were not available for legislative consideration during the most recent regular legislative session.**

**MONTANA STATE UNIVERSITY
PROPOSED USES FOR
GOVERNOR'S ONE-TIME ALLOCATION**

Bozeman - \$610,323

MSU-Bozeman proposes that all funds be used for *Governor's Assistance Grants* to students, with half of the allocation awarded in the Spring Semester 2004, and the other half in the Fall Semester 2004. It is proposed that \$400 semester grants be awarded to approximately 770 students this coming Spring Semester, and that the same students receive a second \$400 grant next Fall Semester, upon their return to MSU-Bozeman. Grants will be awarded to the most needy Montana freshman and sophomore full-time students, who are in good academic standing (which will require a 2.5 gpa or better). This proposal has been reviewed, and endorsed, by ASMSU Leadership.

Billings - \$277,680

Montana State University-Billings proposes to use the funds allocated by Governor Martz to reduce the tuition for resident students for Spring Semester '04, Fall Semester '04 and Spring Semester '05. The exact percentage reduction will be adjusted based on the number of students attending during those semesters. This proposal has been discussed with the President of ASMSU-B and she will be taking this to the executive committee for review.

Northern - \$102,299

MSU-Northern proposes that funds be used for both grants and the funding of additional student work-study opportunities. \$63,000 will be used for grants with 50% distributed Spring Semester 2004 and the remaining 50% distributed Fall Semester 2004. It is proposed that \$400 semester grants be awarded to approximately 79 full time students this coming Spring Semester, and that the same students receive a second \$400 grant next Fall Semester, upon their return to MSU-Northern. Grants will be awarded to the most needy Montana freshman and sophomore students, who are in good academic standing (2.5 gpa or better). The remaining \$40,333 will be used to provide funding for approximately 10 –12 new on-campus work-study positions for three semesters - Spring 2004 through Spring 2005. The student government leadership has endorsed this proposal.

Great Falls - \$78,519

After discussion with student leaders, MSU--Great Falls proposes that at least 90% of the funds be used to provide \$200 grants to the College's neediest students for each of three semesters: Spring 2004, Fall 2004, and Spring 2005. Approximately 124 students will be identified each semester through the financial aid process; these students must meet financial aid guidelines for academic standing. The balance of the funds, ranging from 6% - 10% of the total, depending on the number of students identified, will be used to add work-study opportunities at the College.

**THE UNIVERSITY OF MONTANA
PROPOSED USES FOR
GOVERNOR'S ONE-TIME ALLOCATION**

Discussions involving administrators and student government leaders have produced broad agreement on the Missoula campus for this proposed method of using the federal funds made available to the Montana University System by the Governor, with roughly \$1 million for allocation to the campuses of The University of Montana. Not all of the campuses of The University of Montana have accepted this approach. As usual one size does not fit all. However, we urge the Regents to allocate the funds and allow the campuses to develop methods for distribution that meet needs on the campuses, so long as the funds go toward student financial assistance and receive approval prior to implementation by the Commissioner.

Missoula - \$637,826 Helena COT – \$65,605

Placement of funds

We suggest placing the funds in two primary accounts, and propose a small amount in a third account, if feasible, in order to maximize assistance to students with the most pressing needs.

Perkins Loan Fund: Place 70 percent of the funds in a long-term loan fund to maximize the use of the one-time allocation.

One-time only money becomes a perpetual source of funds.

Money is targeted to the most needy, but the institution controls selection of students.

The mechanism for awarding the funds and collection of payments is in place.

Procedures exist for loan cancellations and forgiveness of principal payments for several categories of students, once they take employment in special areas. The procedures include teaching in low-income areas, certain volunteer work, and employment in some medical areas.

The procedures also provide for cancellation in the event of death or bankruptcy.

Although the approach provides loans, and most people will have to repay the funds, the rate is fixed at 5 percent.

Montana Higher Education Grant (MTHEG) and Baker Grants: Place 15 percent of the funds in a combination of these two programs. Money from MTHEG is awarded primarily to students with relatively high need but who receive a reduced Pell Grant from the federal government based on the federal formula. For example, a student may have more than \$10,000 in need but receive only a \$1,500 Pell Grant. MTHEG, already supported with State dollars, seems a logical place for these resources. Baker Grants operate in a similar manner, but have a lower threshold for eligibility.

Emergency Short-term Loan Funds: Place 15 percent of the funds in this program. Some of the more difficult situations occur when students do not have enough funds to start classes, have major problems during the year, or need assistance for a short period of time. It would be very beneficial to increase the money available for short-term loans, such as our Presidential Loan Fund on the Missoula campus, so that we can provide larger amounts and a longer repayment period for students in crisis situations. Doing so may be our best means of retaining students.

Timing:

Release the funds immediately to affect Spring Term retention.

Montana Tech - \$132,121

Placement of Funds

We suggest transferring the funds into a designated fund revolving account which will be used to reimburse the general fund for tuition credits as they occur during each of the next four semesters.

We are proposing a tuition credit of \$1.80 per credit hour up to the 12 credit hour flat spot for all students. This tuition credit is to remain in effect during each of the remaining semesters of the current biennium.

Distribution of Funds

The proposed student tuition credit is based on total projected student credit hours through the Spring Semester of FY05.

Timing Release the funds immediately for Spring Semester FY04 as per the above proposal.

Western - \$75,628

The University of Montana-Western has weighed the options for delivering the federal funds made available by the Governor to provide financial assistance to the students. Last fall ASUMW passed a resolution asking that, if federal funds are made available to Western, they would go to all students to reduce tuition. With that in mind, Western considered both a tuition rebate program for all students over the next three regular academic semesters or investing the money in grant/loan programs, which would not service all students but would provide meaningful support to a broad spectrum of qualified students. While the tuition credit program meets the spirit of the students' sentiments last fall, the amount of the funds coming to Western divided by three semesters and all the students is such a small amount it dilutes the impact of the money and does not provide significant help to any student. In order to make a significant contribution to help students persist toward a degree, Western proposes the following plan of using the federal funds to bolster grant and loan programs. This plan has been discussed with Student Senate leaders who agreed they would support the plan and help inform students. Western would propose the following method for investing the money through funds that have distribution mechanisms already in place.

1. **Institutional Loan Funds** -- Propose placing 50 percent of the funds in the institutional loan funds for long-term retention loans. These loans would be used to address the needs of students currently under-served by financial aid. These are students whose EFC range from \$3,500 to \$6,800 and who do not qualify for large Pell grants but often have unmet need and parents who cannot provide additional help. These are students who stop-out often to address their financial needs. These low-interest funds would help the students persist from year to year. It institutionalizes the one-time-only funds to help Western's students.
2. **Baker Grants** -- Propose placing 20 percent of the funds in Baker Grants for current students. This grant program with its work requirement fits well with Western's student population who often hold two or more jobs.
3. **Perkins Loan Fund** -- Propose placing 30 percent of funds as an institutional contribution to this fund. These loans are targeted to the most financially needy students. These loans are an especially good fit for Western's teacher education students due to opportunities for loan cancellations and forgiveness for teaching in low-income areas including certain Montana locations. This will maximize the use of the one-time-only funds and help current and future Western students.