

# **FY 2017 Budget Overview Presentation**

## **Montana University System**

September 2016

Office of the Commissioner of Higher Education

# Budget Overview Presentation

## TOPICS

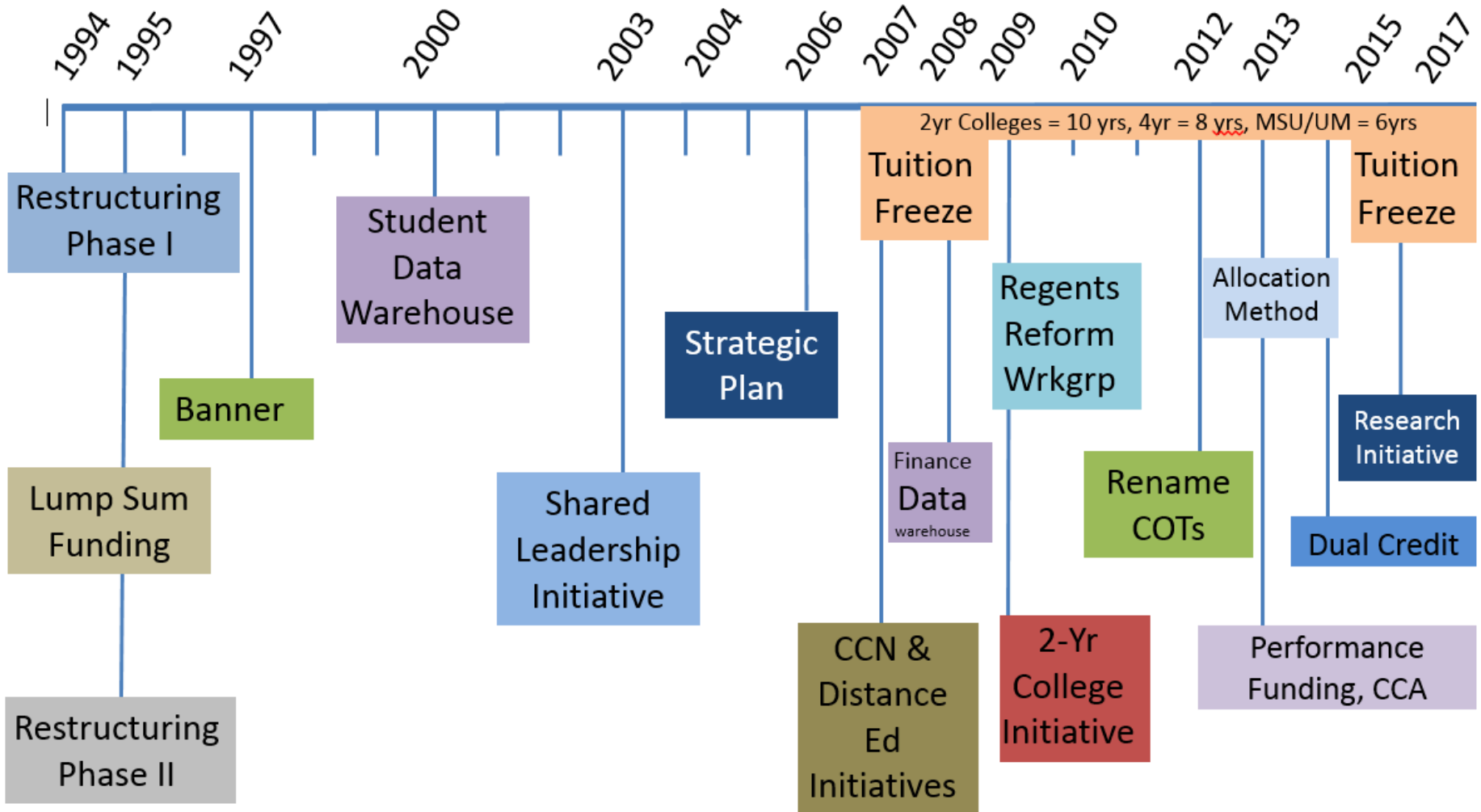
- ❖ MUS System Initiatives & Timeline
- ❖ Budget Profile
- ❖ Operating Budget Metrics
- ❖ Campus-level Analysis

# 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

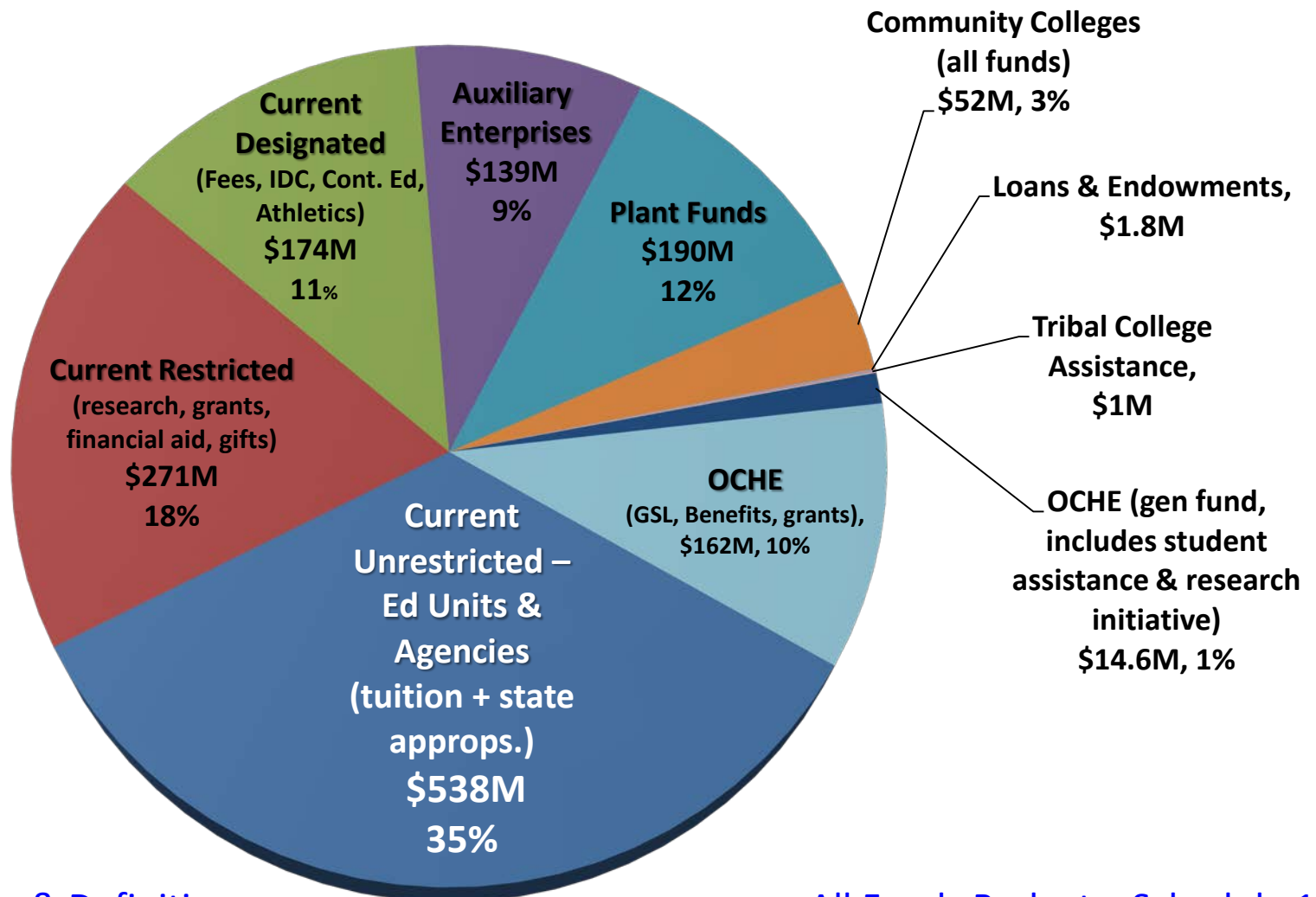
- \$15M appropriation to leverage university-based research into strategic advancements for Montana's economy
- MUS is poised to accelerate research growth into Montana jobs
- Other states have successfully ramped up research to boost their economies

## ❖ Student Success Initiatives

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

## MUS All Funds Budget, FY17

Total = \$1.54 Billion



## MUS All Funds Budget

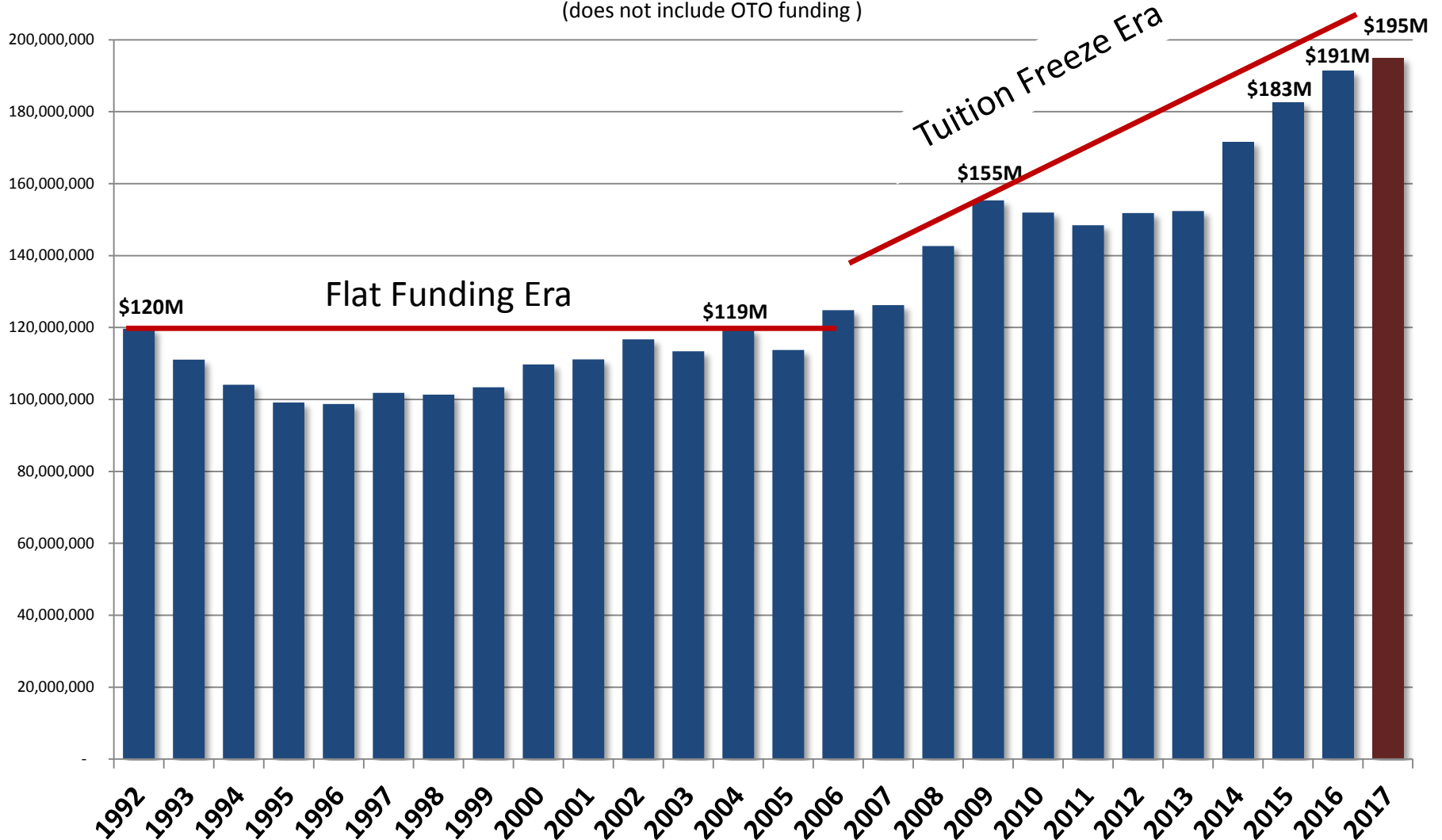
FY16 Actual vs. FY17 Budgeted

	FY 2016 Actual	FY 2017 Budgeted	Difference	
			\$\$	%CHG
<b>MUS Ed Units &amp; Agencies</b>				
Current Unrestricted	515,470,659	538,397,378	22,926,719	4%
Current Restricted	254,628,308	270,590,759	15,962,451	6%
Current Designated	168,826,993	174,660,634	5,833,641	3%
Auxiliary Enterprises	135,198,830	138,771,451	3,572,621	3%
Loan & Endowment Funds	1,823,399	1,813,086	-10,313	-1%
Plant Funds	157,990,251	190,552,721	32,562,470	21%
<b>Total</b>	<b>1,233,938,440</b>	<b>1,314,786,029</b>	<b>80,847,589</b>	<b>7%</b>
<b>Community Colleges Total</b>	<b>50,835,693</b>	<b>51,603,605</b>	<b>767,912</b>	<b>2%</b>
Tribal College Assistance	786,380	1,003,463	217,083	28%
OCHE (general fund) <small>includes \$15M Research Initiative</small>	13,500,428	14,582,574	1,082,146	8%
OCHE (GSL, Benefits, grants)	152,489,802	162,008,219	9,518,417	6%
<b>TOTAL ALL FUNDS</b>	<b>\$1,451,550,743</b>	<b>1,543,983,890</b>	<b>92,433,147</b>	<b>6%</b>



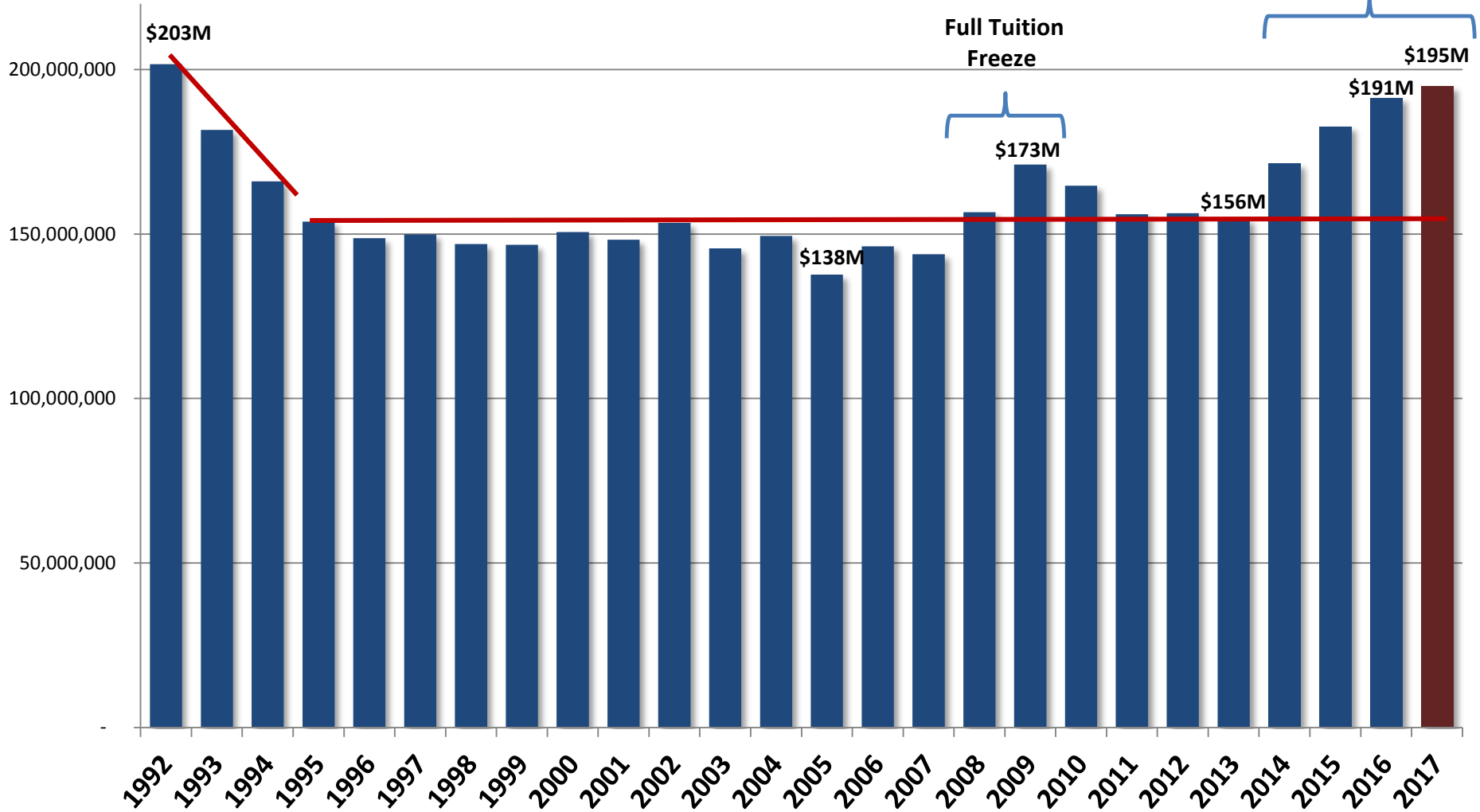
## State Appropriations -- Ed Units Only

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



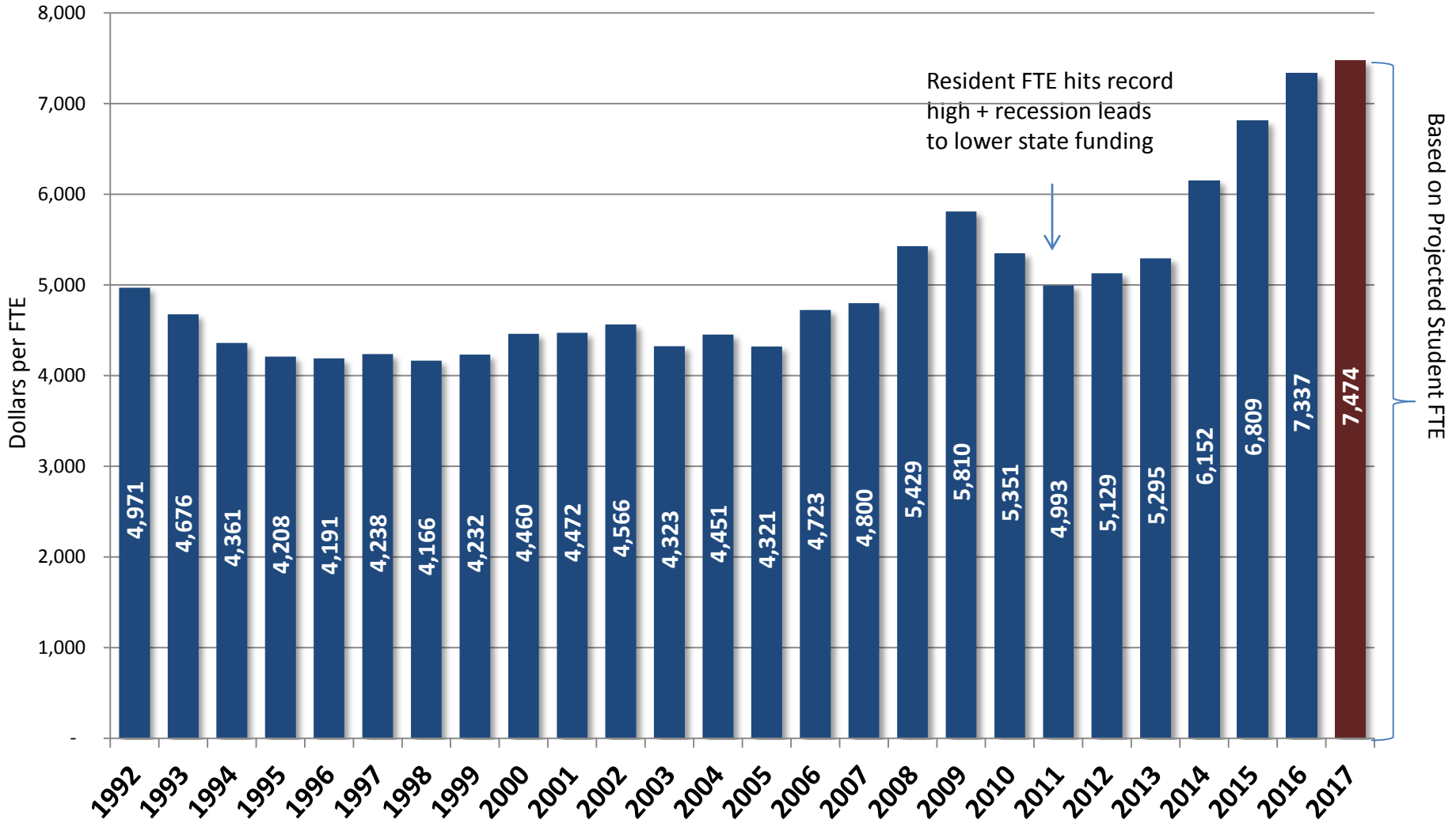
## State Appropriations -- Ed Units Only (2016 constant dollars)

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



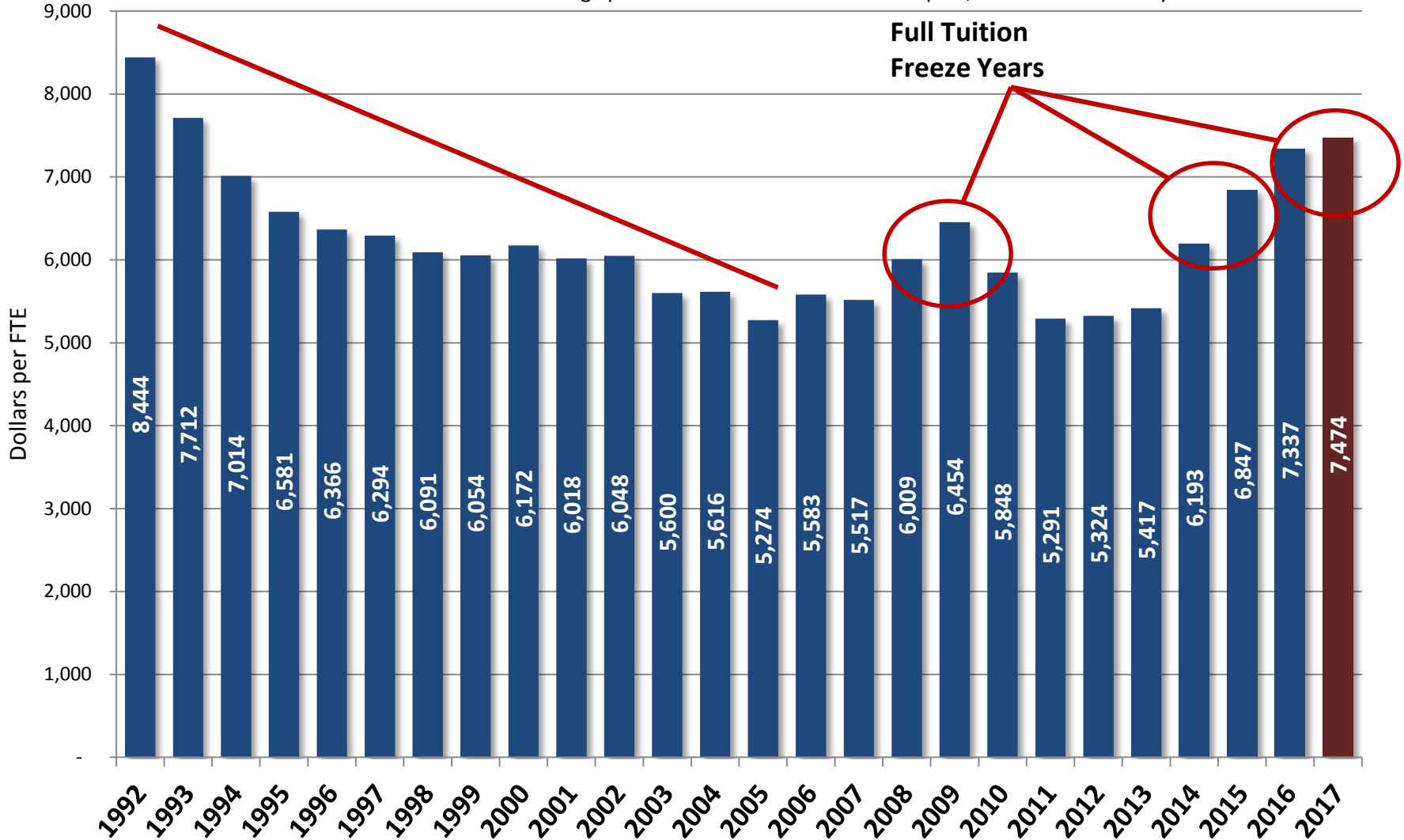
## State Appropriations per Resident Student FTE -- Ed Units

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



## State Appropriations per Resident Student FTE -- Ed Units (2016 constant dollars)

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

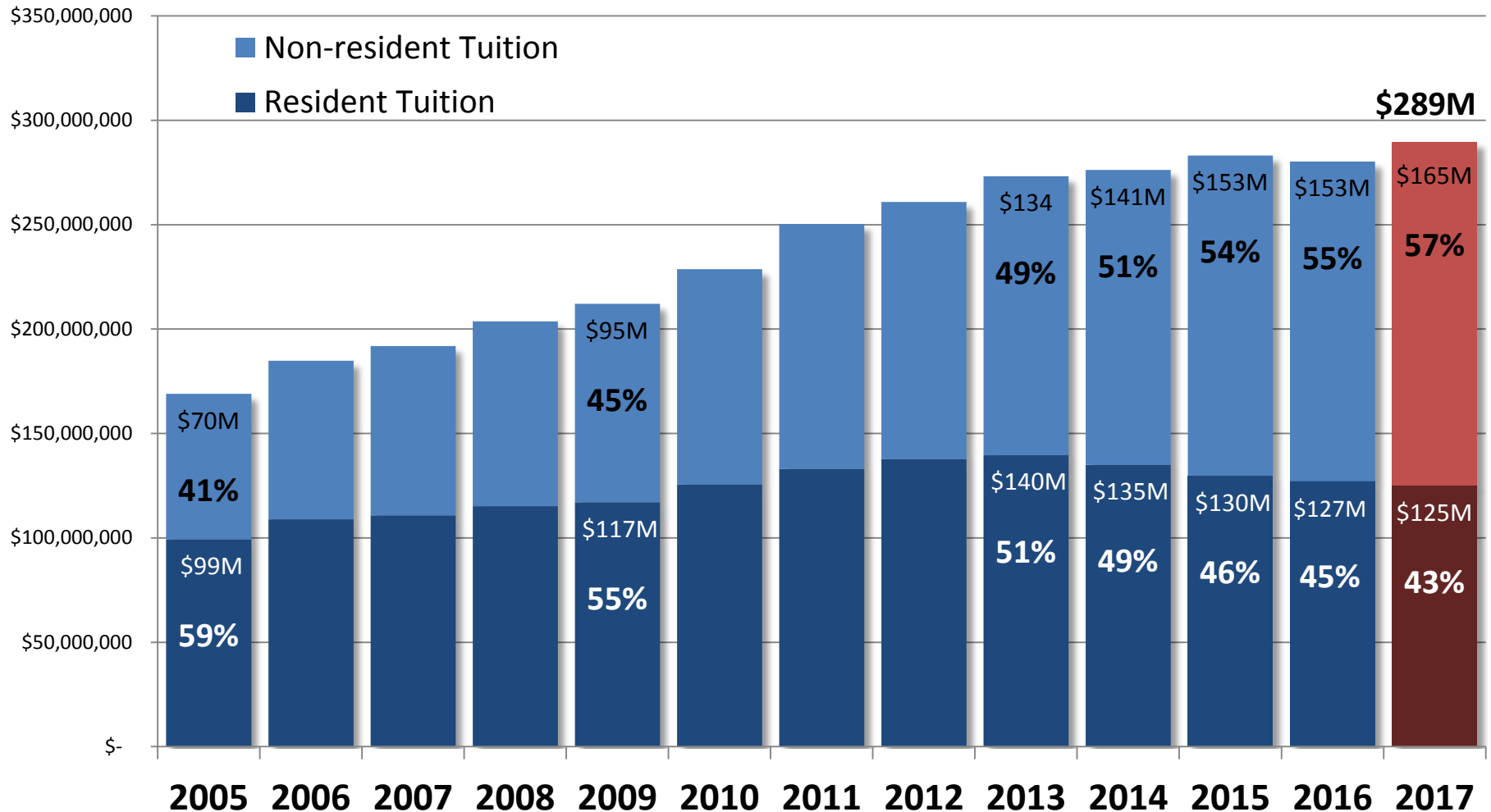


# Operating Budget Metrics

## Tuition Revenue

source: MUS Operating Budget Reports, Bud 300

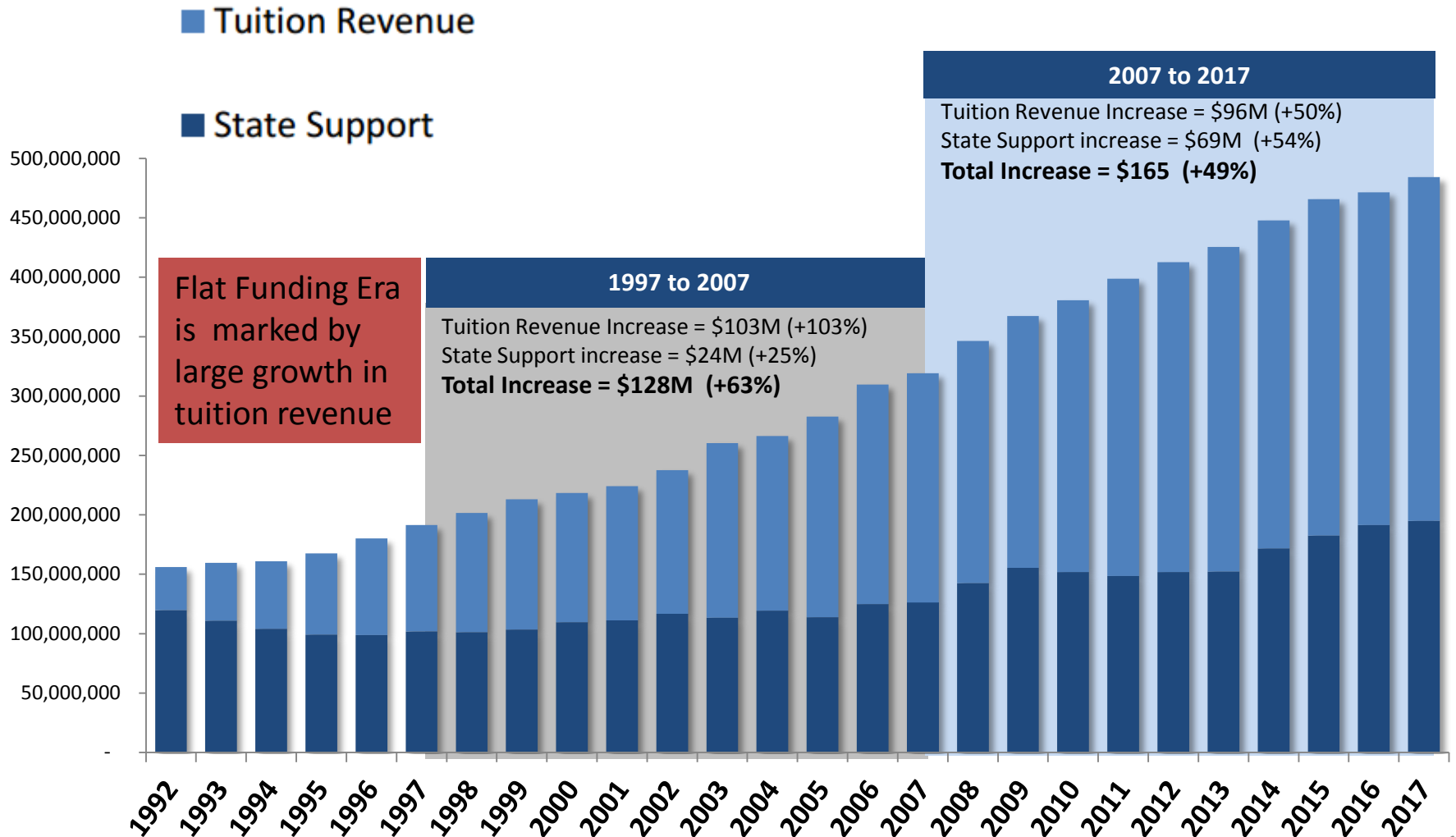
Tuition Revenue = actual gross tuition (i.e. includes waivers) and includes registration/admin , and program fees equal to student FTE distribution; WUE included in Non-resident



## Current Unrestricted Funds -- Ed Units

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

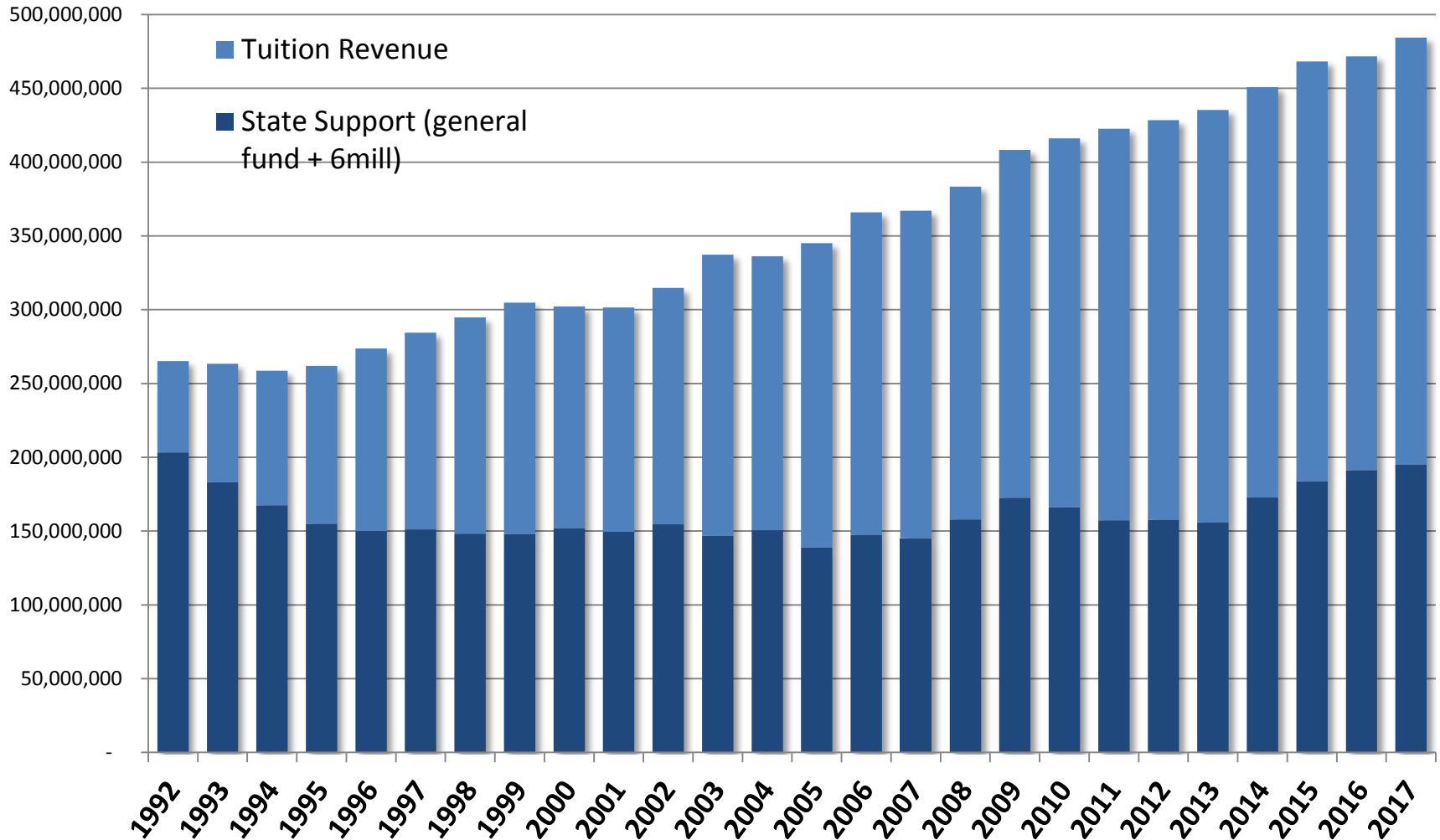
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## Current Unrestricted Funds -- Ed Units Only (2016 Constant Dollars)

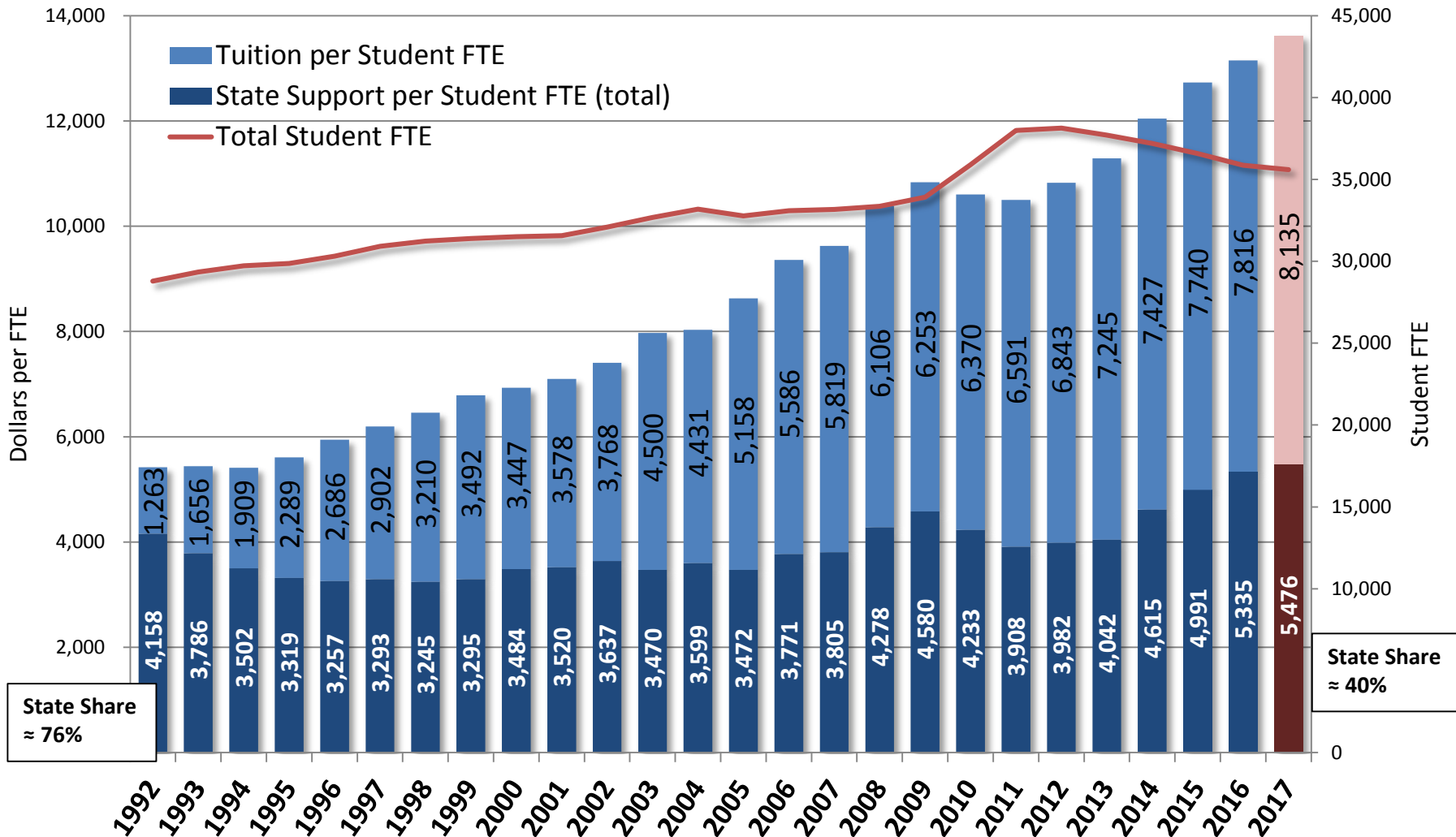
source: Official LFD Historical Funding Spreadsheet, calculations done by OCHE

Tuition Revenue = 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



State Share  
≈ 76%

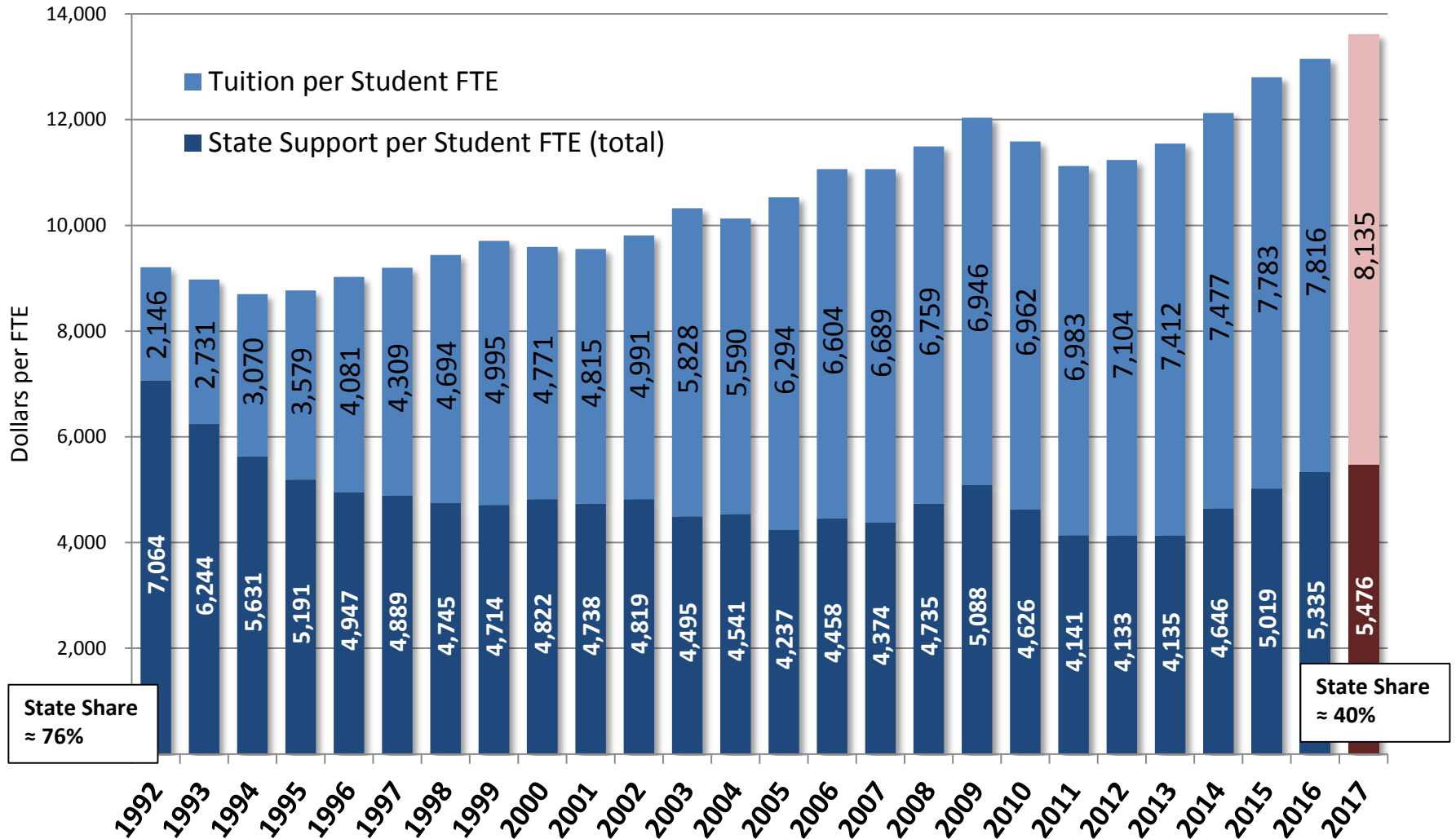
State Share  
≈ 40%

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



## Current Unrestricted Funds per Student FTE -- Ed Units Only (2016 constant dollars)

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



State Share  
 ≈ 76%

State Share  
 ≈ 40%

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

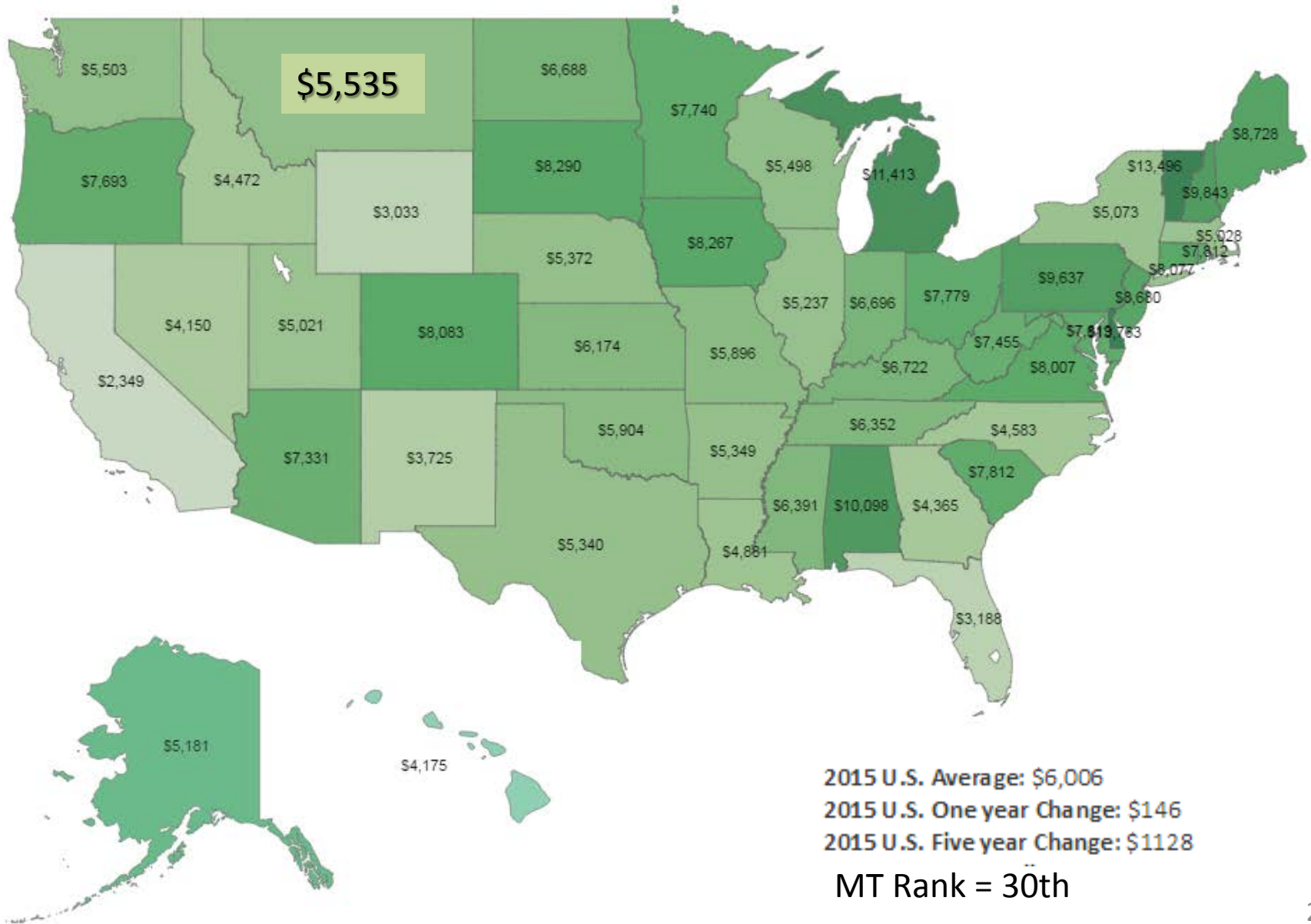
## Budget Profile Summary Points

- ❖ Current Unrestricted funds for Ed Units comprise 35% 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 50% in tuition freeze era
- ❖ Non-resident tuition, as a % of total tuition revenue, increased from 41% in 2005 to 55% in 2016 (budgeted for 57% in 2017)
- ❖ 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



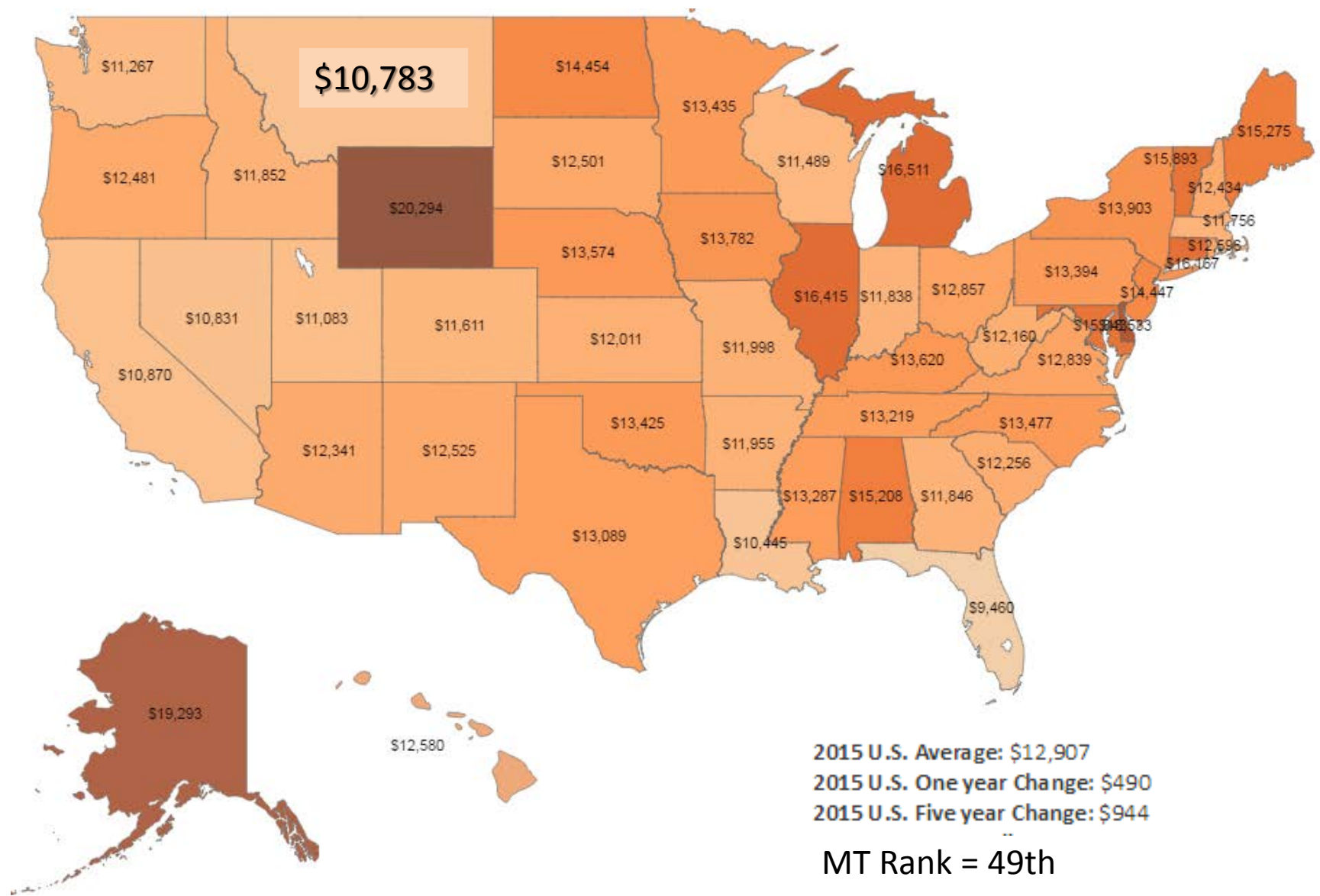
# Net Tuition Revenue per FTE, FY15

Adjusted for COLA & EMI



# Total Current Unrestricted Revenue per FTE, FY15

## Adjusted for COLA & EMI



2015 U.S. Average: \$12,907  
 2015 U.S. One year Change: \$490  
 2015 U.S. Five year Change: \$944  
 MT Rank = 49th

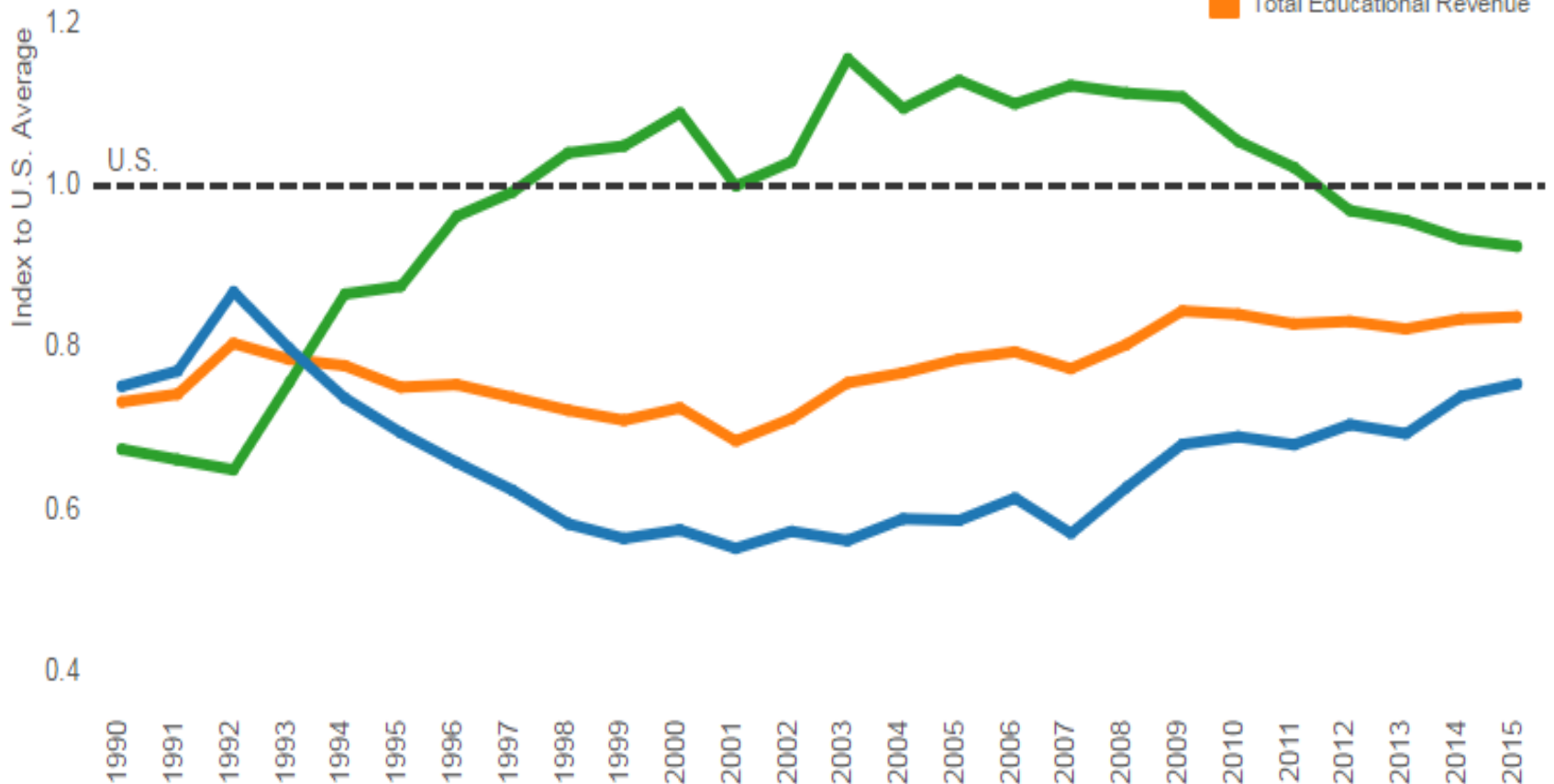
# State Index – Funding per Student Adjusted for COLA & EMI



Select a State

Montana

- Educational Appropriations
- Net Tuition Revenue
- Total Educational Revenue



## SHEEO Report – Cost Adjustments

The SHEF report provides separate analytical adjustments for differences among the states in the cost of living (COLA: Cost of Living Adjustment) and the mix in enrollment among categories of institutions (EMI: Enrollment Mix Index).

**COLA:** In states where the cost of living exceeds the national average, dollars per FTE are adjusted downward. In states where the cost of living is below the national average, dollars per FTE are adjusted upward (e.g., Arkansas). (MT = .951)

: If the proportion of enrollment in higher-cost institutions (e.g., research institutions) exceeds the national average, the dollars per FTE are adjusted downward. In states with a relatively inexpensive enrollment mix (e.g., more enrollment in community colleges), the dollars per FTE are adjusted upward. (MT = 1.137)

Dollars per FTE are adjusted upward most significantly in states with an inexpensive enrollment mix and low cost of living (e.g., Wyoming). The reverse is true for states that possess both a more expensive enrollment mix and a higher cost of living (e.g., Colorado). In some states, the two factors cancel out each other (e.g., Washington). (MT = 1.083)

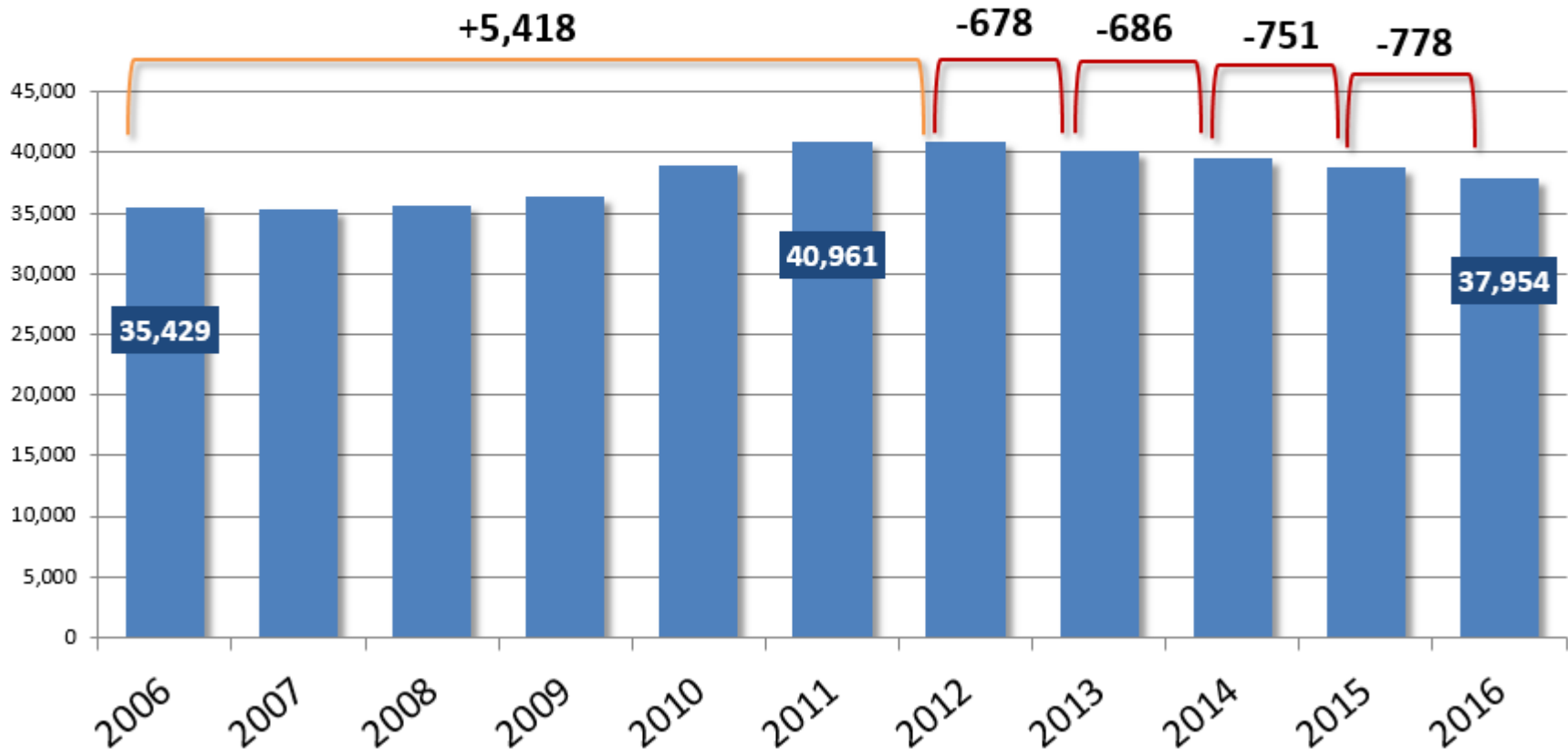
State	Total Educational Revenue (unadjusted)	Adjusted for Enrollment Mix (EMI)	Adjusted for Cost of Living (COLA)	Adjusted for EMI & COLA
Montana	\$11,666	\$10,256	\$12,265	\$10,783

## Fiscal Year Enrollment

(includes CC's)

- ❖ Enrollment in the MUS declined by 778 student FTE from FY 2015 to FY 2016
- ❖ Enrollment has grown by approximately 2,500 FTE (7%) over the past ten years

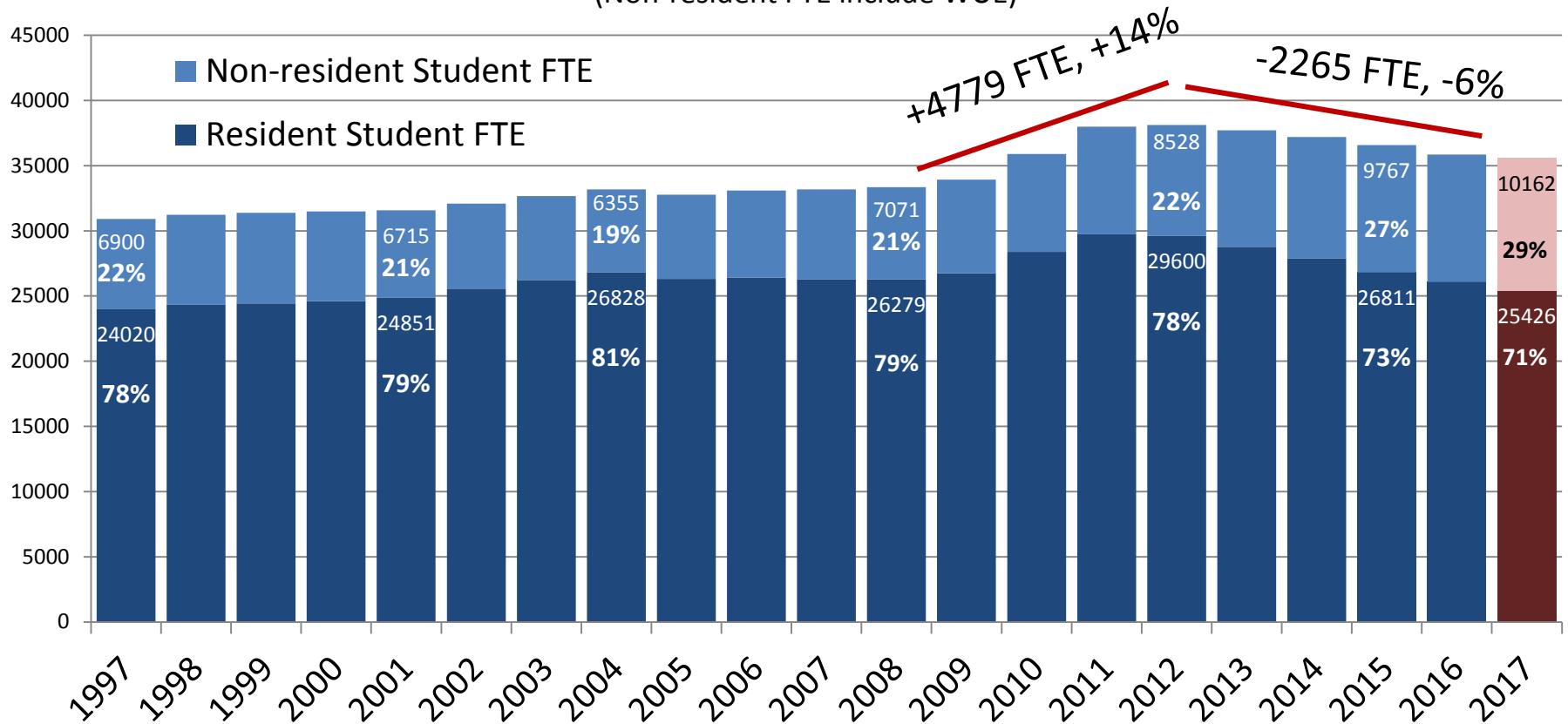
Average Annual FTE or FY FTE = ((Summer Term + Fall Term) + Spring Term)/2





## Fiscal Year Student FTE by Residency, Ed Units Only

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



CAMPUS	Resident Status	FY13 Actual	FY14 Actual	FY 15 Actual	FY 16 Actual	FY17 Budgeted	FY16 to FY17	
							Difference #	%
MUS Ed. Unit Total	Resident	28,770	27,902	26,811	26,075	25,426	-649	-2.5%
	Non-resident	6,801	7,035	7,422	7,220	7,545	325	4.5%
	WUE	2,132	2,255	2,344	2,568	2,617	49	1.9%
	<b>Total</b>	<b>37,703</b>	<b>37,192</b>	<b>36,578</b>	<b>35,863</b>	<b>35,588</b>	<b>-275</b>	<b>-0.8%</b>

[Campus Level Detail](#) – FY17 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 2014	Actual 2015	Actual 2016	Budgeted 2017	FY16 to F17	
					Difference #	%
Resident Tuition	135,048,213	129,729,069	127,123,816	124,994,155	-2,129,661	-2%
Non-resident Tuition	141,160,406	153,397,880	153,170,491	164,527,395	11,356,904	7%
<b>Total Tuition</b>	<b>276,208,619</b>	<b>283,126,949</b>	<b>280,294,307</b>	<b>289,521,550</b>	<b>9,227,243</b>	<b>3%</b>
State Appropriations	176,779,503	186,312,670	194,000,987	198,336,641	4,335,654	2%
Other revenues*	2,264,802	2,242,796	2,328,114	4,520,002	2,191,888	94%
Transfers	3,067,085	4,131,082	7,234,381	6,801,559	-432,822	-6%
<b>Total Current Unrestricted</b>	<b>458,320,009</b>	<b>475,813,497</b>	<b>483,857,789</b>	<b>499,179,752</b>	<b>15,321,963</b>	<b>3%</b>

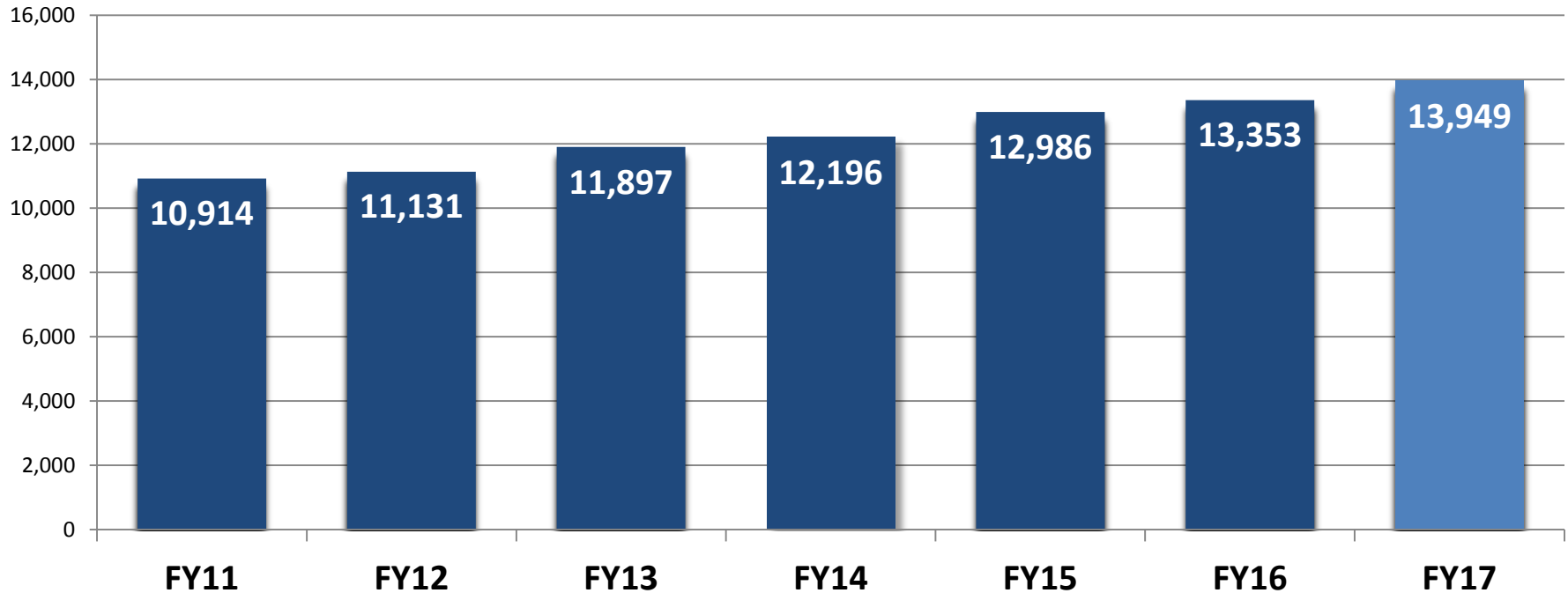
\*includes: investments, carry forwards, other student fees, financial aid

State Approps do not include MREDI

## 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)



	Actual						Budgeted
	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Total Expenditures (w/ SA deductions)	414,576,028	424,424,387	448,548,139	453,609,023	474,999,716	478,874,903	496,419,983
<b>Student FTE</b> (Fiscal Year Average)	37,985	38,128	37,703	37,192	36,578	35,863	35,588
CU Expenditures per Student FTE	10,914	11,131	11,897	12,196	12,986	13,353	13,949

## Expenditures by Program

Current Unrestricted Expenditures, Ed Units Only

Source: BUD 220 (includes MREDI)

Expenditure Program Areas	1985	1995	2005	2010	Budgeted			Budgeted w/o MREDI
					2015	2016	2017	2017
Instruction	53%	54%	52%	49%	48.8%	48.9%	49.5%	50.5%
Research	1%	1%	1%	1%	1.1%	1.8%	2.6%	0.7%
Public Service	0%	1%	1%	1%	0.9%	0.9%	0.8%	0.9%
Academic Support	11%	11%	12%	12%	11.9%	11.7%	11.2%	11.4%
Student Services	9%	9%	7%	8%	8.7%	8.5%	8.2%	8.4%
Institutional Support	10%	9%	9%	10%	8.6%	8.3%	7.9%	8.0%
Operation and Maintenance	13%	12%	12%	12%	10.9%	11.2%	11.3%	11.5%
Waivers & Scholarships	2%	4%	7%	8%	9.1%	8.8%	8.5%	8.7%

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

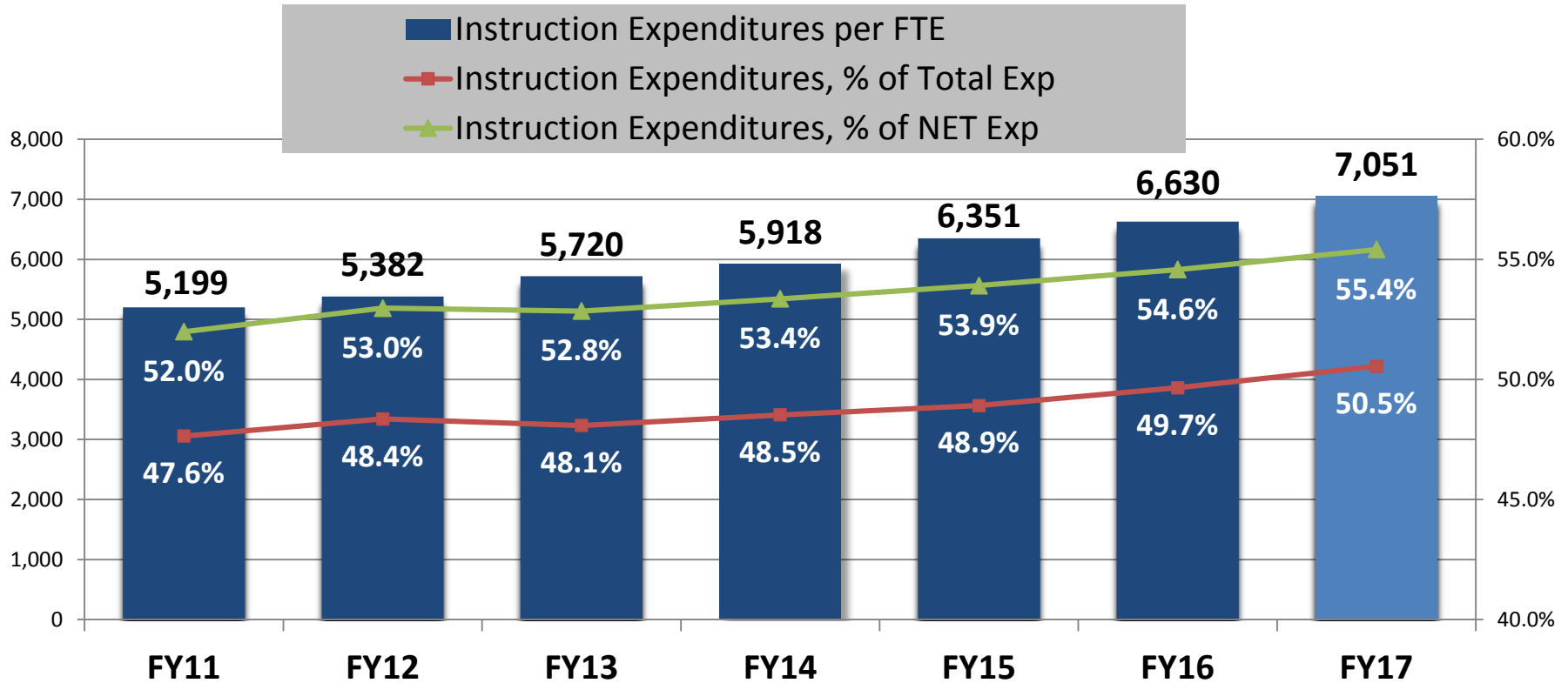
**FY 16 Actual:** Instruction = 48.9%; Inst + AcSup+ StudServ= 69.1%

**FY 17 Budget:** Instruction = 50.5%; Inst + AcSup+ StudServ= 70.3%

## 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)

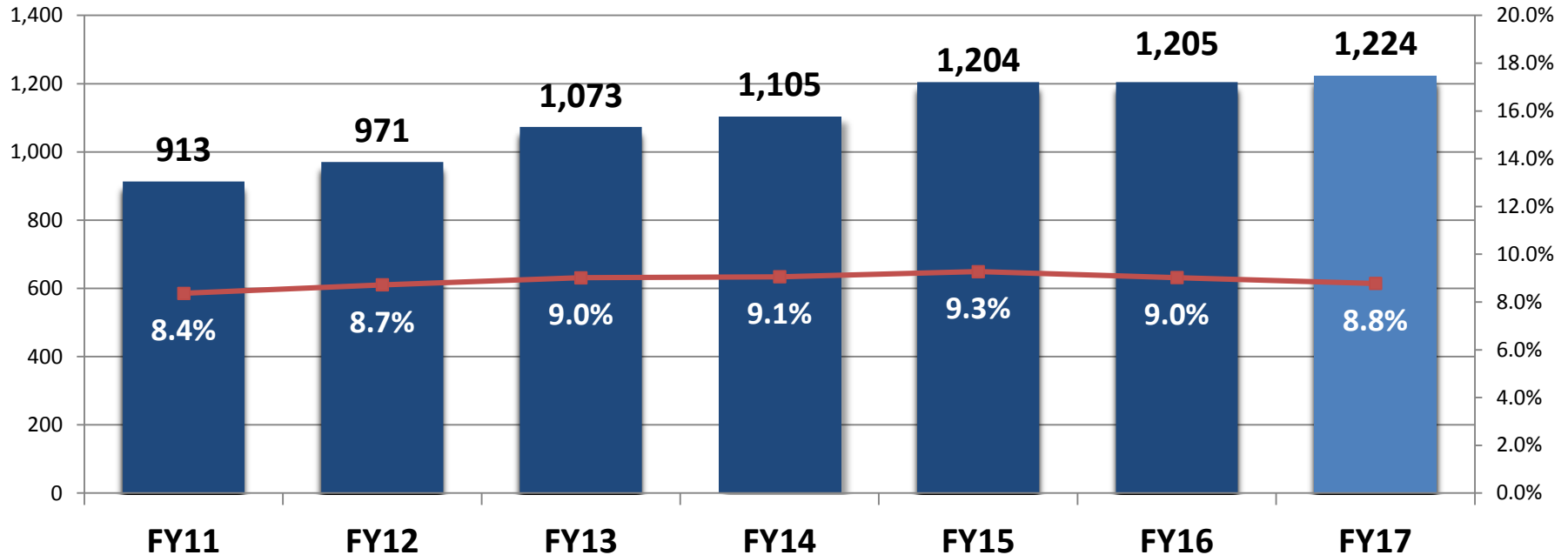


	Actual						Budgeted	FY16 to FY17	
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	#	%
Student FTE	37,985	38,128	37,703	37,192	36,578	35,863	35,588	-275	-1%
Instructional Exp.	197,503,109	205,222,902	215,670,410	220,107,117	232,321,454	237,778,548	250,927,173	13,148,625	6%
Inst Exp per FTE	5,199	5,382	5,720	5,918	6,351	6,630	7,051	421	6%

## Waivers & Scholarships -- Ed. Units Only

Source: MUS Operating Budget Metrics, BUD 230

■ Waivers/Scholarships per Student FTE  
 — Waivers/Scholarships, % of Total Exp



	Actual						Budgeted	FY16 to F17	
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	Difference	
	#	%	#	%	#	%	#	%	
Student FTE	37,985	38,128	37,703	37,192	36,578	35,863	35,588	-275	-1%
Waivers/Scholarships \$\$	34,685,747	37,003,862	40,457,363	41,079,518	44,047,196	43,201,484	43,570,534	369,050	1%
Waivers/Scholarships per FTE	913	971	1,073	1,105	1,204	1,205	1,224	20	2%

## Waivers & Scholarships Detail -- Ed. Units Only

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

WAIVER CATEGORIES	FY 2010	FY 2015	FY 2016	Budgeted FY 2017	% Change	
					FY10 to FY17	FY16 to FY17
Resident Discretionary (undergrad)	2,036,045	3,303,914	3,855,604	3,006,584	48%	-22%
Resident Discretionary (grad)	1,576,327	1,759,956	2,089,854	1,801,032	14%	-14%
Non-resident Discretionary (undergrad)	7,815,456	15,045,397	14,287,064	16,034,783	105%	12%
Non-resident Discretionary (grad)	4,301,419	2,505,788	2,665,056	2,009,133	-53%	-25%
Athletic (resident)	2,025,364	1,988,021	2,083,503	2,154,064	6%	3%
Athletic (non-resident)	4,854,479	6,666,341	6,803,587	6,918,069	43%	2%
Other (scholarships/yellow ribbon)	415,782	4,547,284	3,425,651	3,345,856	705%	-2%
Board of Regents Designated	8,316,269	8,230,499	7,990,570	8,301,015	0%	4%
<b>Total</b>	<b>31,341,141</b>	<b>44,047,200</b>	<b>43,200,889</b>	<b>43,570,536</b>	<b>39%</b>	<b>1%</b>
Resident Waivers	12,793,460	17,955,052	18,635,360	17,612,410	38%	-5%
Non-resident Waivers	16,971,354	26,092,148	24,565,529	25,958,126	53%	6%
% Resident Waivers	41%	41%	43%	40%	0%	-3%
# of Student FTE	4,348	5,062	5,004	4,835	11%	-4%

## Student to Faculty/Staff Ratios

Current Unrestricted Expenditures, Ed Units Only  
 Source: MUS Operating Budget Metrics, BUD 220

### MUS Total -- Ed Units Only

	Actual						Budgeted	FY16 to F17	
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	Difference #	Difference %
<b>Current Unrestricted FTE</b>									
Contract Faculty FTE CU	1,949	2,023	1,990	1,966	2,020	2,006	2,084	78	4%
Contract Admin FTE CU	138	134	129	141	141	134	133	-1	-1%
Contract Professional FTE CU	518	530	583	617	631	628	628	0	0%
Classified FTE CU	1,452	1,478	1,414	1,385	1,394	1,354	1,405	51	4%
<b>Student FTE</b>	37,985	38,128	37,703	37,192	36,578	35,863	35,588	-275	-1%
<b>Student to Faculty/Staff Ratios</b>									
Student to Faculty Ratio	19.5	18.8	19.0	18.9	18.1	17.9	17.1	-0.8	-4%
Student to Admin/Professional	57.8	57.4	52.9	49.1	47.4	47.1	46.8	-0.3	-1%
Student to Classified Employee	26.2	25.8	26.7	26.9	26.2	26.5	25.3	-1.2	-4%



## Community Colleges

### Operating Budget Metrics

#### Community Colleges

Dawson, Flathead, & Miles

FY16 to F17

Actual						Budgeted	Difference	
FY11	FY12	FY13	FY14	FY15	FY16	FY17	#	%

#### Expenditures per Student FTE

CU Expenditures per FTE	8,391	9,375	10,063	12,228	12,961	13,696	14,096	400	0
Instruction Exp per FTE	3,552	4,046	4,178	5,116	5,385	5,764	5,842	77	0
Instruction Exp, % of Total Exp	42.3%	43.2%	41.5%	41.8%	41.5%	42.1%	41.4%	-0.6%	-
Instruction Expenditures, % of Net Exp	45.1%	46.2%	44.0%	44.4%	44.1%	44.4%	43.8%	-0.6%	-
Waivers/Scholarships per FTE	522	613	568	694	743	723	761	37	0
Waivers/Sch, % of Total Exp	6.2%	6.5%	5.6%	5.7%	5.7%	5.3%	5.4%	0.1%	-

#### Student to Faculty/Admin/Staff Ratios

Student to Contract Faculty Ratio	18.8	17.5	15.8	14.6	14.1	13.2	13.5	0.3	2%
Student to Contract Admin/Pro Ratio	35.7	31.1	29.3	30.0	28.5	27.4	27.0	-0.3	-1%
Student to Classified Employee Ratio	45.5	41.9	37.5	29.8	29.5	28.4	26.1	-2.3	-8%

## MUS Agencies – Current Unrestricted

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

<u>Agencies</u>	Actual FY 2015	Actual FY 2016	Budgeted FY 2017	FY16 to FY17	
				Difference	
				#	%
Ag Experiment Station	13,897,787	15,405,750	15,724,241	318,491	2%
Extension Service	5,952,916	6,305,912	6,554,791	248,879	4%
Fire Service Training	716,466	754,944	766,510	11,566	2%
Bureau of Mines & Geology	4,862,067	5,079,119	5,255,477	176,358	3%
Forest & Conserv. Exp. Station	1,356,313	1,301,995	1,333,605	31,610	2%
<b>Total</b>	<b>26,785,549</b>	<b>28,847,720</b>	<b>29,634,624</b>	<b>786,904</b>	<b>3%</b>
	Increase over FY15	2,062,171 8%	2,849,075 11%		

## Budget Metrics Summary

- ❖ **ENROLLMENT:** budgeting for a decline in resident students (= 649 FTE) and growth in non-residents (= 374 FTE), -0.8% overall
- ❖ **CURRENT UNRESTRICTED REVENUE:** FY17 Budget increases expenditures by 3% over FY16 (+\$15M)...roughly the same as the previous budget
  - ❖ approximately 40% of the growth comes from state appropriations and 60% from tuition.
- ❖ **EXPENDITURES per FTE:** budgeting for 4% increase in expenditures per student FTE (growing from \$13,353 in FY15 to \$13,949)
- ❖ **EXPENDITURES by PROGRAM:** (based on gross tuition)
  - % Instruction: declined from 54% in 1995, to 49% in 2015, budgeting for 51%
  - % Waivers/Scholarships: increased from 4% in 1995, to 9% in 2017

## Budget Metrics Summary (cont.)

### ❖ INSTRUCTIONAL EXPENDITURES

- Instructional spending per student FTE has increased steadily since FY 2011; FY 17 budget is \$7,051 per student, almost \$2000 per student more since 2011
- FY 2017 budget looks to increase funds dedicated to Instruction by 6% (+ \$13M), *almost all of the increase in current unrestricted going to Instruction*

### ❖ WAIVERS & SCHOLARSHIPS: budgeted to increase by 1%, (+\$400,000), representing 9% of total expenditures for the 6<sup>th</sup> 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 2017 budget proposes 4% increase in Faculty and 4% Classified staff
- System-wide Student to Faculty Ratio is budgeted for 17 to 1