

FY19 Operating Budget Overview

Montana University System

September 2018

Office of the Commissioner of Higher Education

Operating Budget Overview

TOPICS

❖ System-level Summary

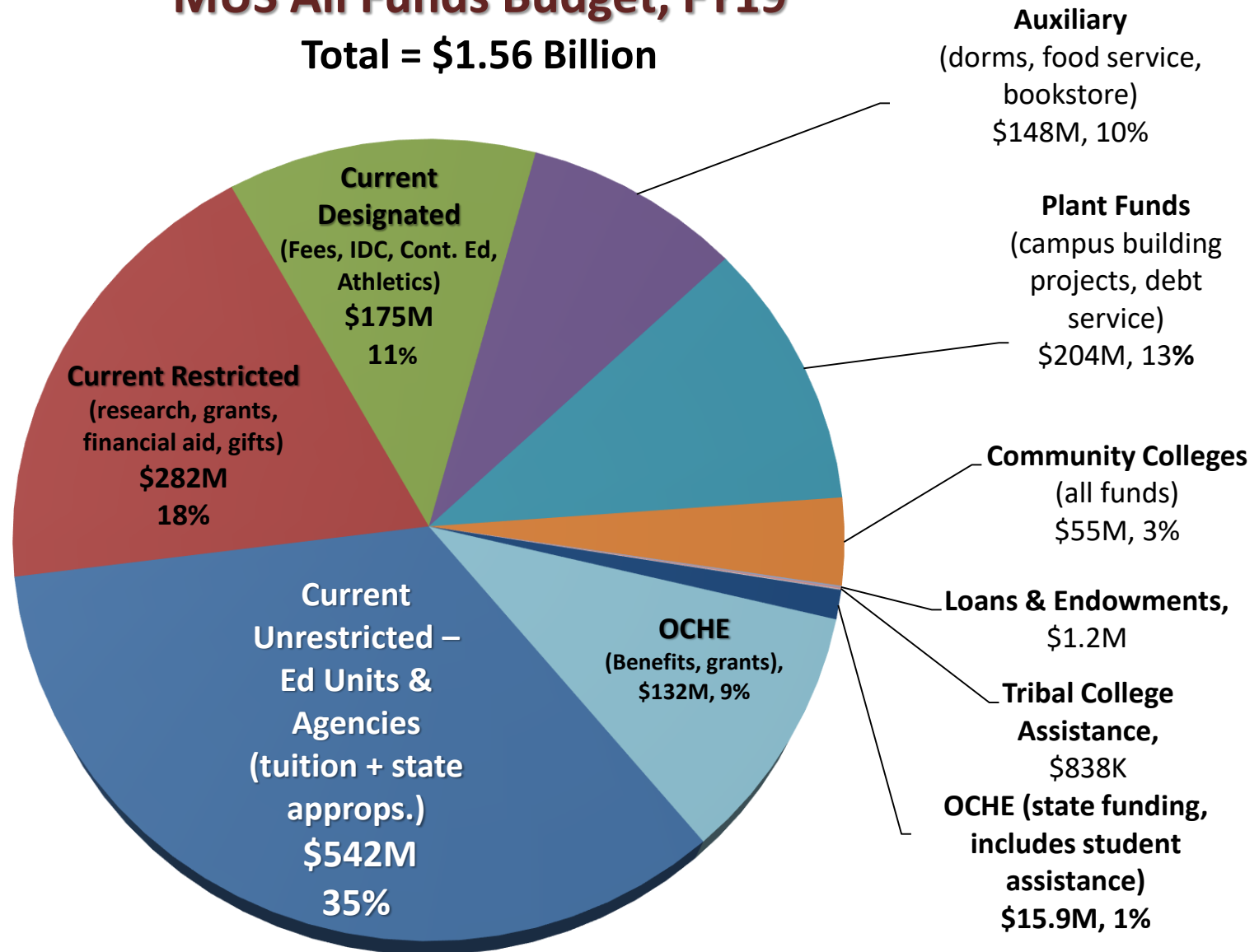
- All Funds Budget
- Budget Update / History / National Comparisons
- Operating Budget Metrics

❖ Campus-level Analysis

- Use metrics and benchmarks to guide analysis
- Consistent formats using longitudinal data to compare trends
- Revenue | Expenditures | Staffing | Waivers | Enrollment

MUS All Funds Budget, FY19

Total = \$1.56 Billion



MUS All Funds Budget

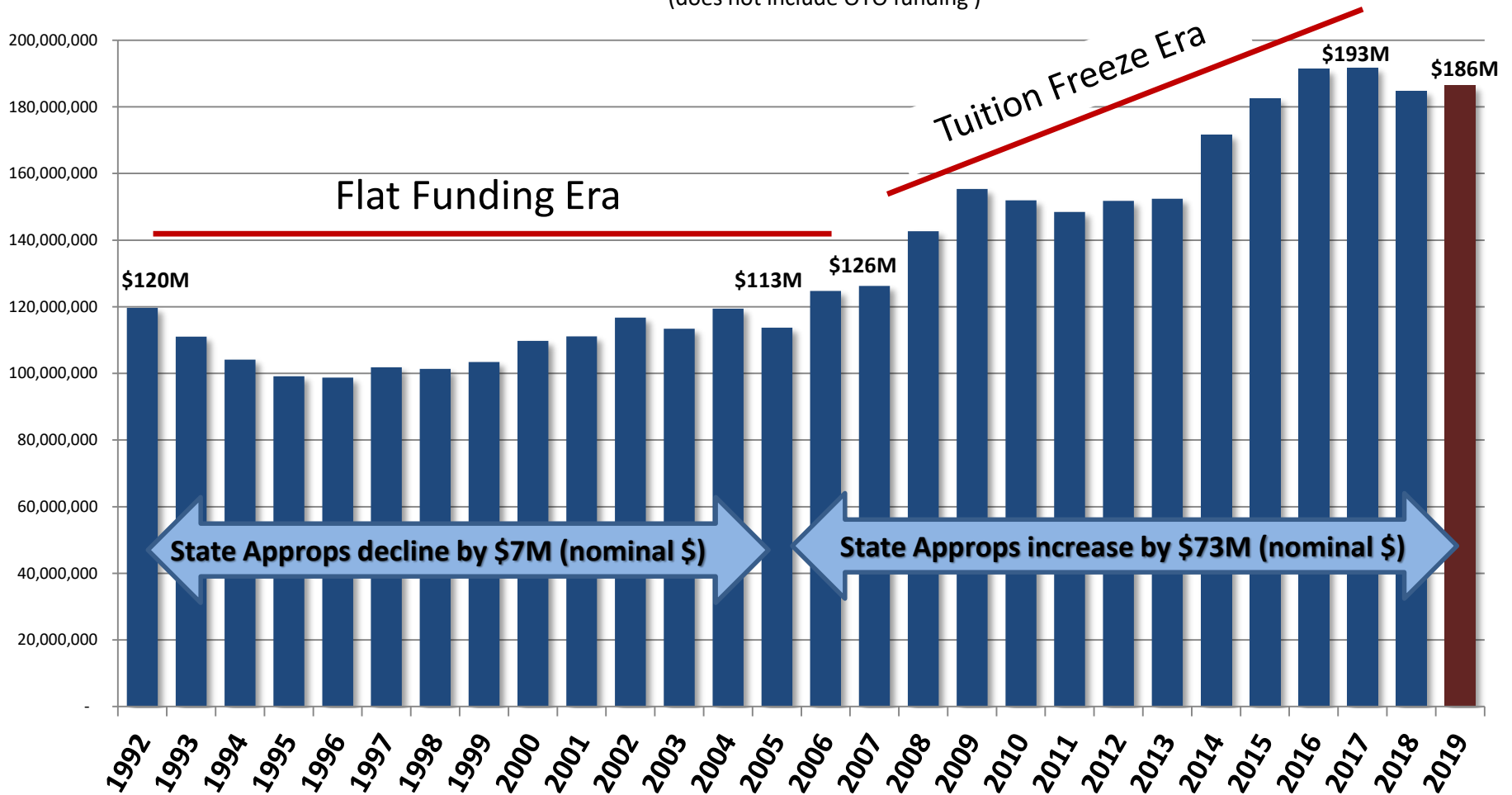
	FY 2018	FY 2019	Difference	
	Actual	Budgeted	\$\$	%CHG
MUS Ed Units & Agencies				
Current Unrestricted (gross)	522,671,246	542,367,396	19,696,150	4%
Current Restricted	270,469,563	281,893,533	11,423,970	4%
Current Designated	173,719,496	175,164,054	1,444,558	1%
Auxiliary Enterprises	146,463,221	148,213,078	1,749,857	1%
Loan & Endowment Funds	1,641,266	1,189,544	-451,722	-28%
Plant Funds	194,021,743	204,115,209	10,093,466	5%
Total	1,308,986,535	1,352,942,814	43,956,279	3%
SB 9 Backfill (Nov. 17 Special Session)	-	2,079,446	2,079,446	-
Community Colleges Total	53,447,969	55,036,808	1,588,839	3%
Tribal College Assistance	837,875	837,875	0	0%
OCHE (state funding) <small>includes student assistance</small>	14,699,874	15,852,825	1,152,951	8%
OCHE (Federal, Private, & Proprietary)	134,351,210	131,927,238	-2,423,972	-2%
TOTAL ALL FUNDS	\$1,512,323,463	\$1,558,677,006	46,353,543	3%

source: MUS Op Bud, Schedule 1

The expenditure of money appropriated in the general appropriations act to the Board of Regents...as defined in §17-7-102, MCA, is contingent upon approval of a comprehensive operating budget...

State Appropriations -- Ed Units Only

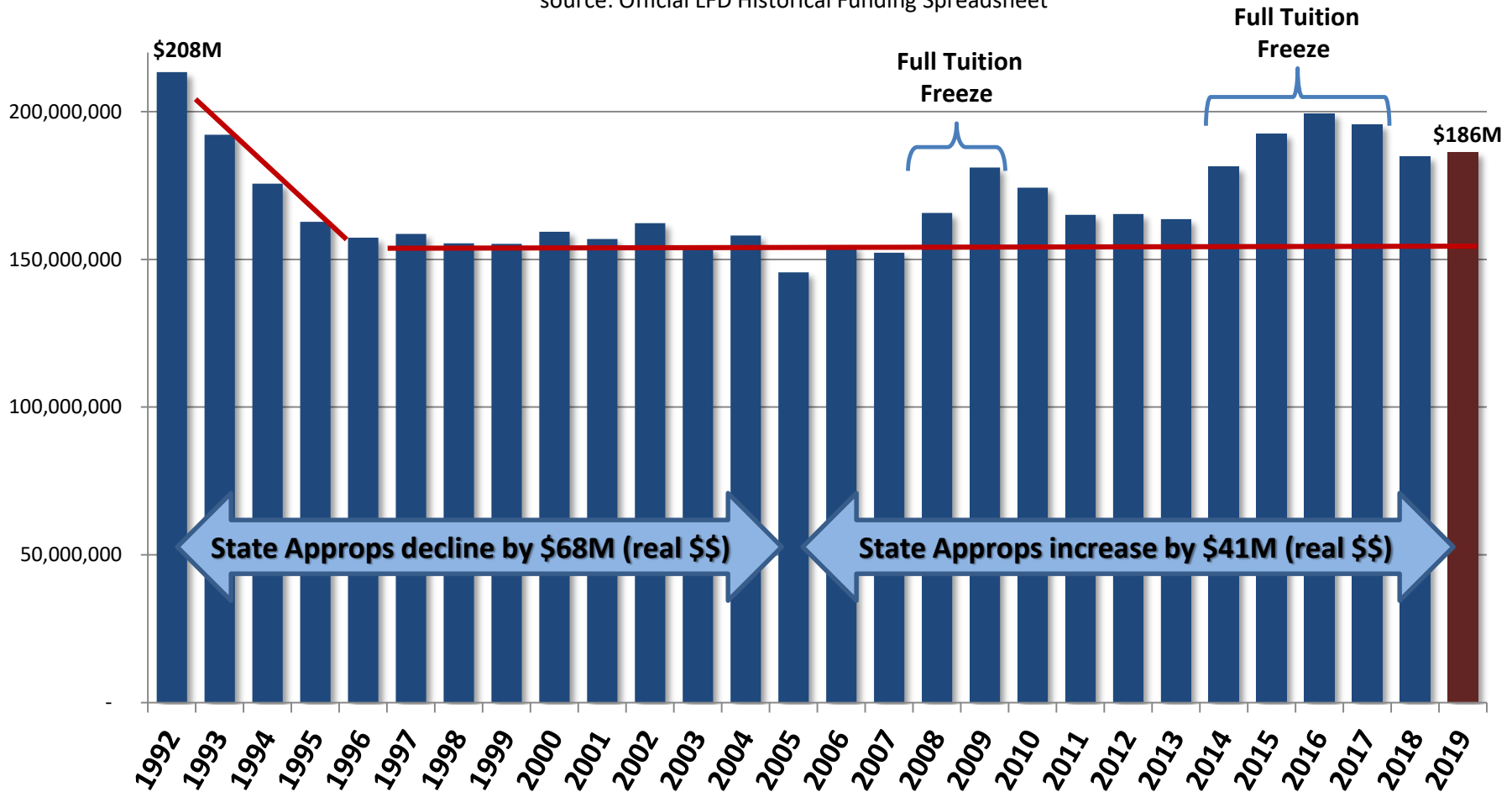
source: Official LFD Historical Funding Spreadsheet
 (does not include OTO funding)



State Appropriations can be split into two periods, Flat Funding Era vs Tuition Freeze Era

State Appropriations -- Ed Units Only (2018 constant dollars)

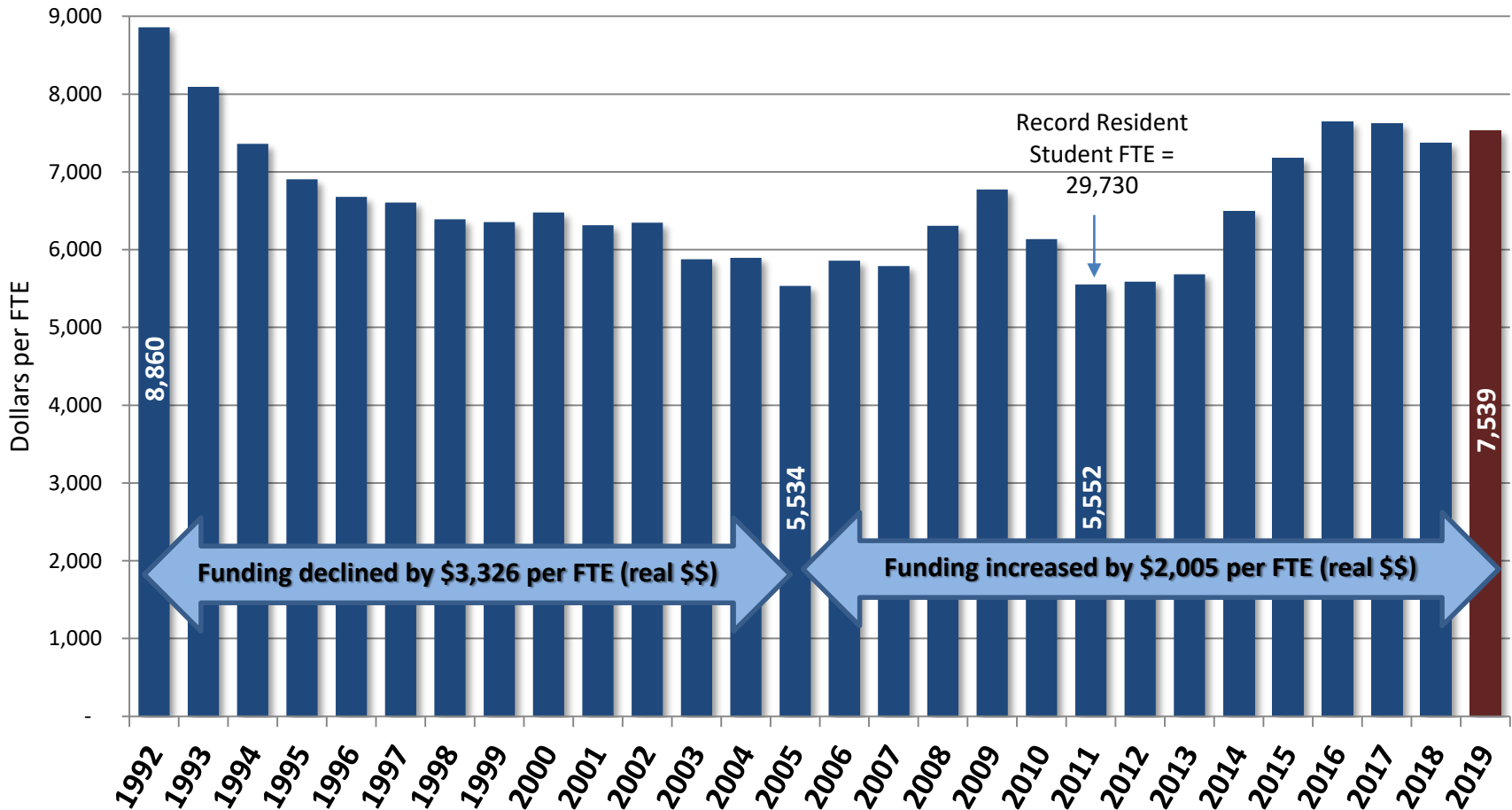
source: Official LFD Historical Funding Spreadsheet



The U-system receives fewer state approps today than it did in 1992. (inflationary adj)

State Appropriations per Resident Student FTE -- Ed Units Only (2018 constant dollars)

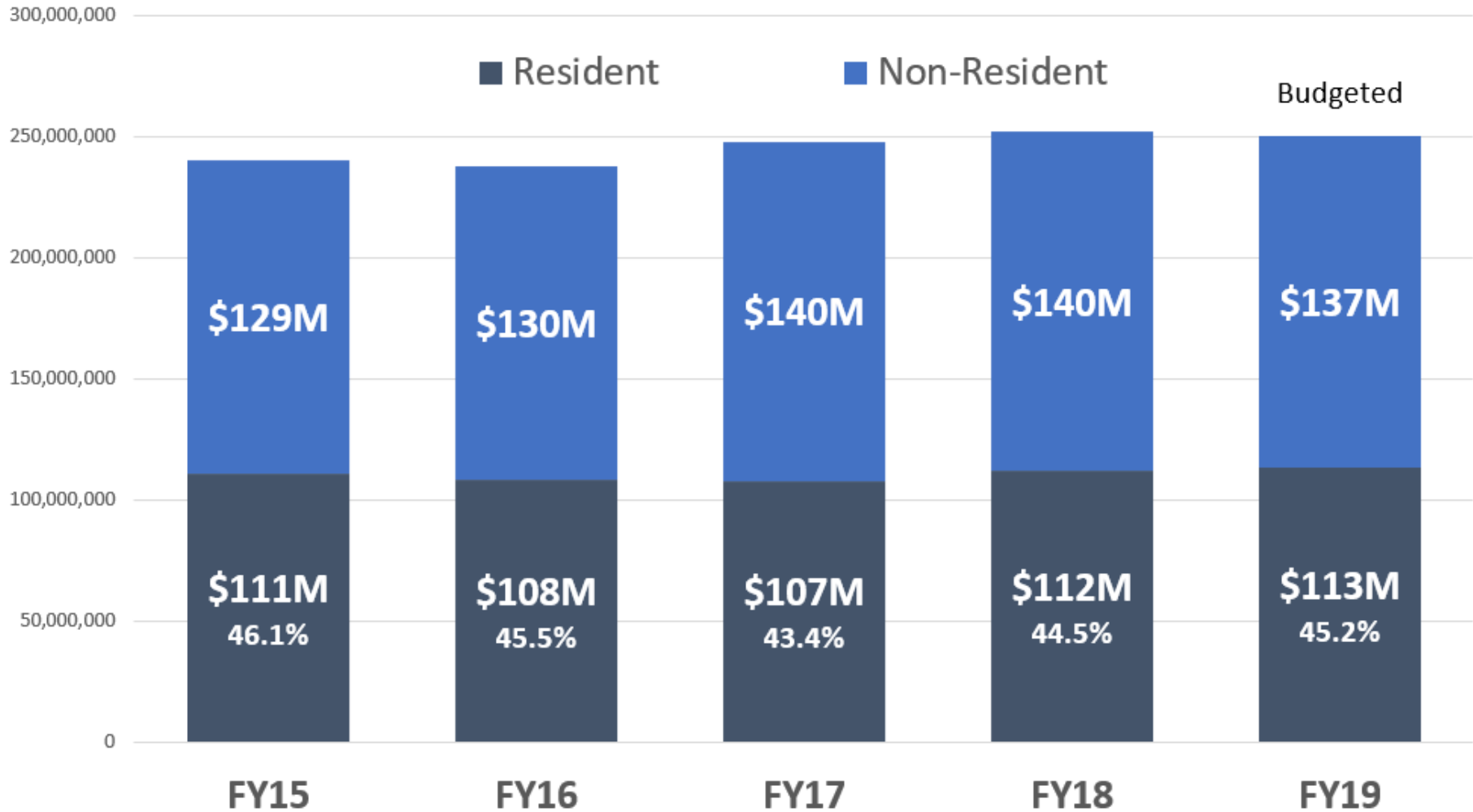
source: Official LFD Historical Funding Spreadsheet & MUS Enrollment Report, calculations done by OCHE



The U-system has come along way toward gaining back funding levels of early 1990's

NET Tuition Revenue

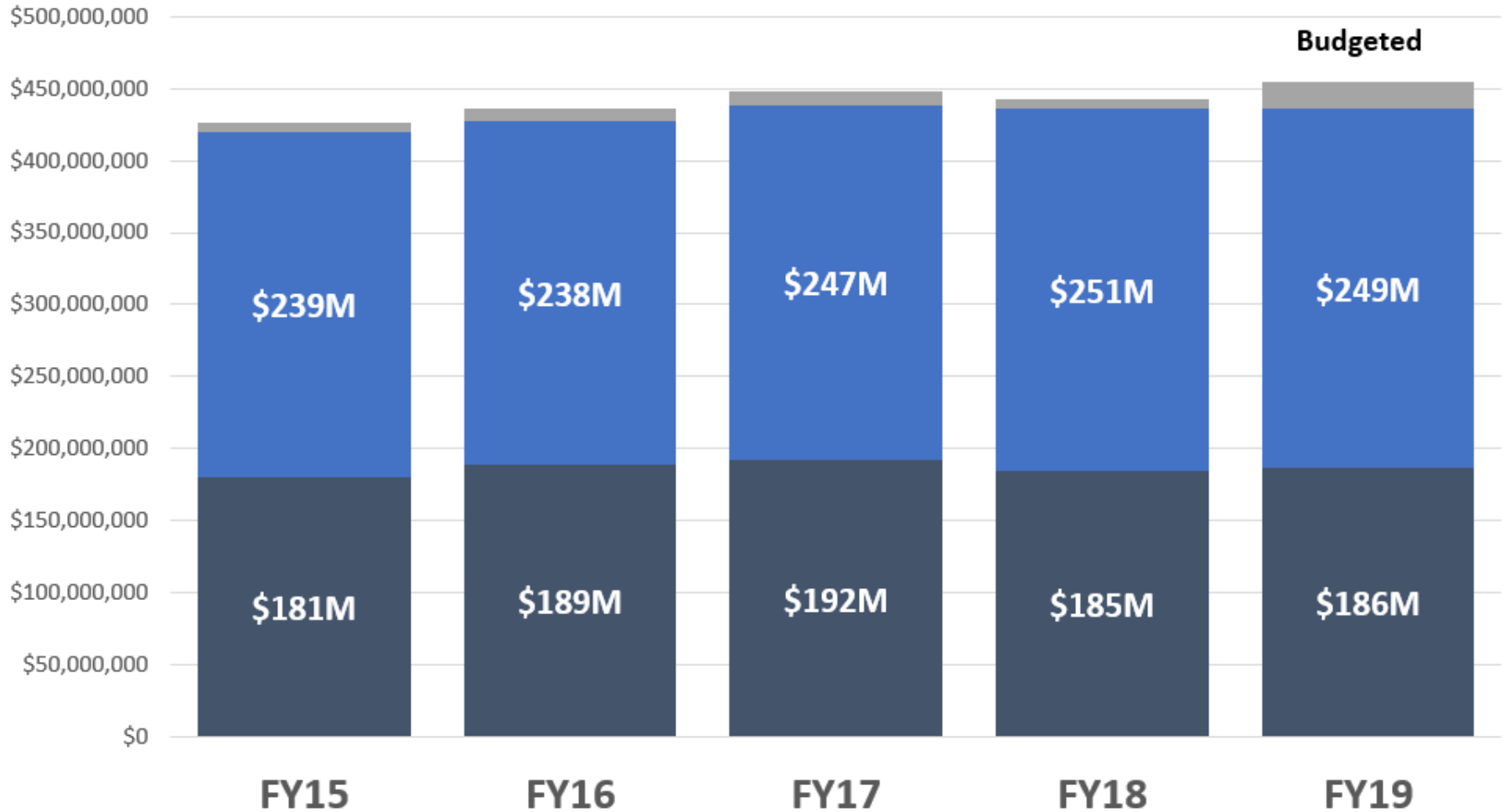
(does not include waivers/discounts)



Non-resident student tuition revenue comprises over 50% of total revenue.

MUS Current Unrestricted Revenue - Operating Budget

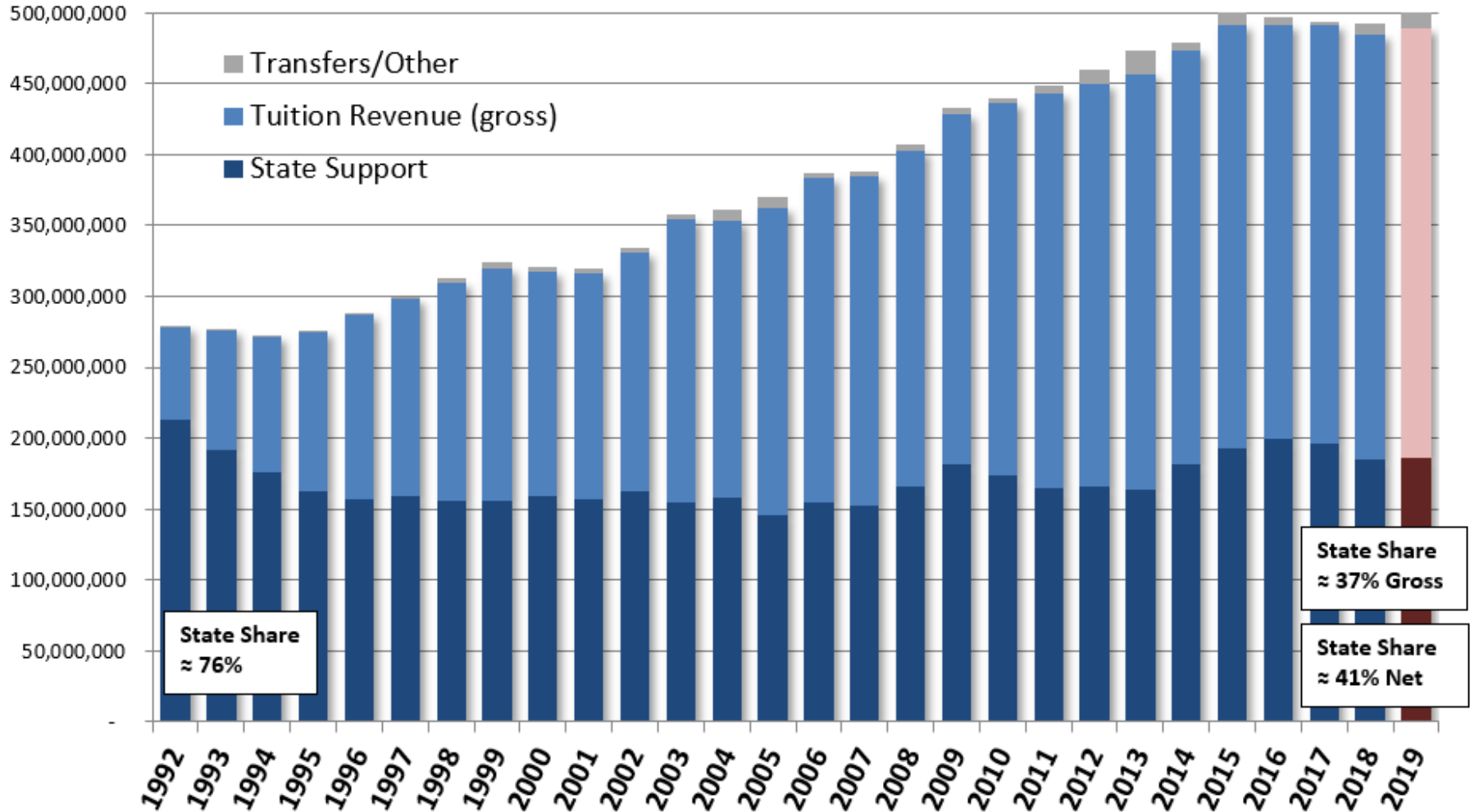
■ State Support
 ■ Net Tuition Revenue
 ■ Transfers/Other



Current Unrestricted set to increase by 3% over FY19, 7% since FY15

Current Unrestricted Funds - Ed Units Only (2018 constant dollars)

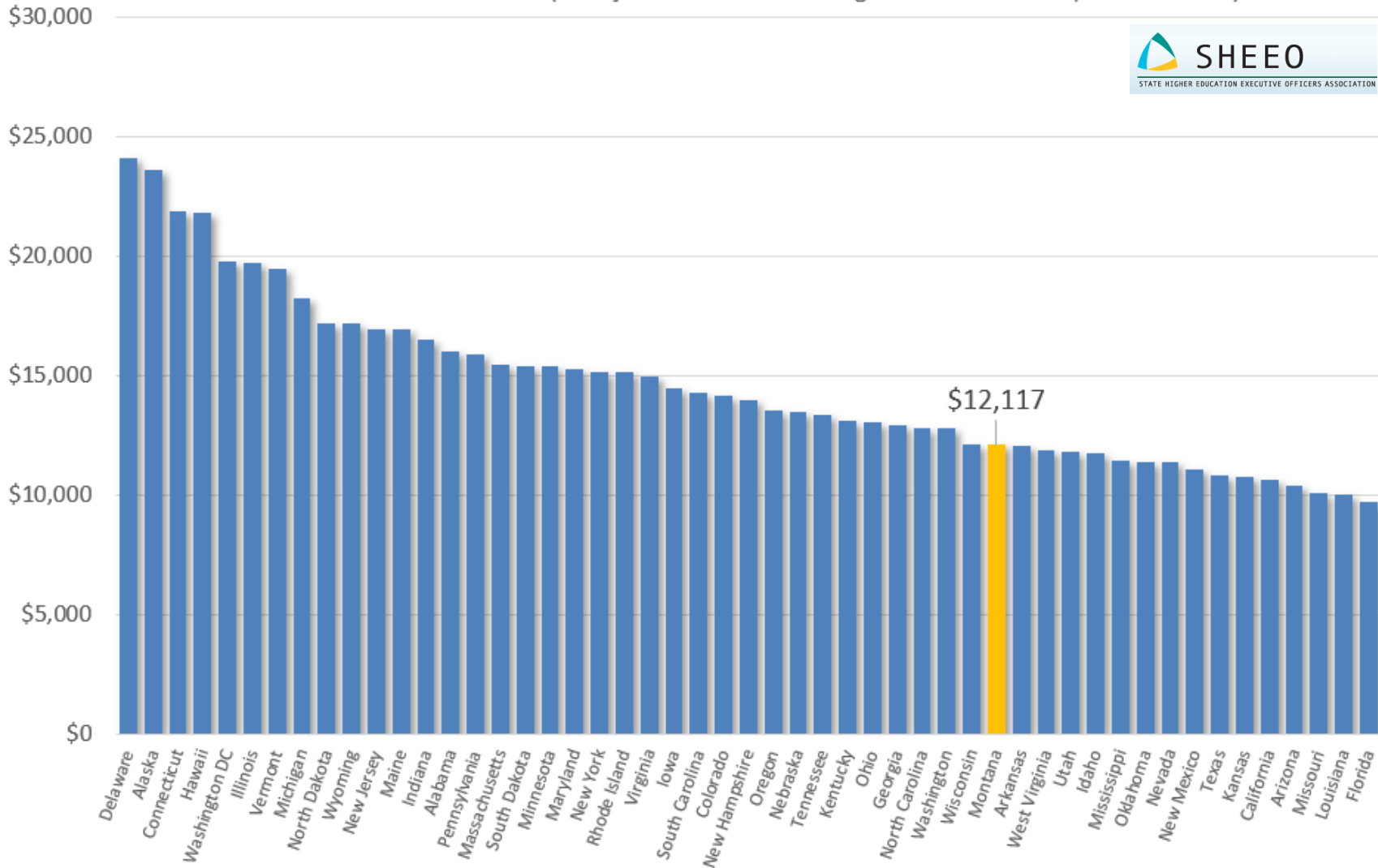
source: Official LFD Historical Funding Spreadsheet & MSU Enrollment Report, calculations done by OCHE



State % Share has dropped from 76% to 40% over past 25 years.

Educational Revenue per Student FTE, FY17

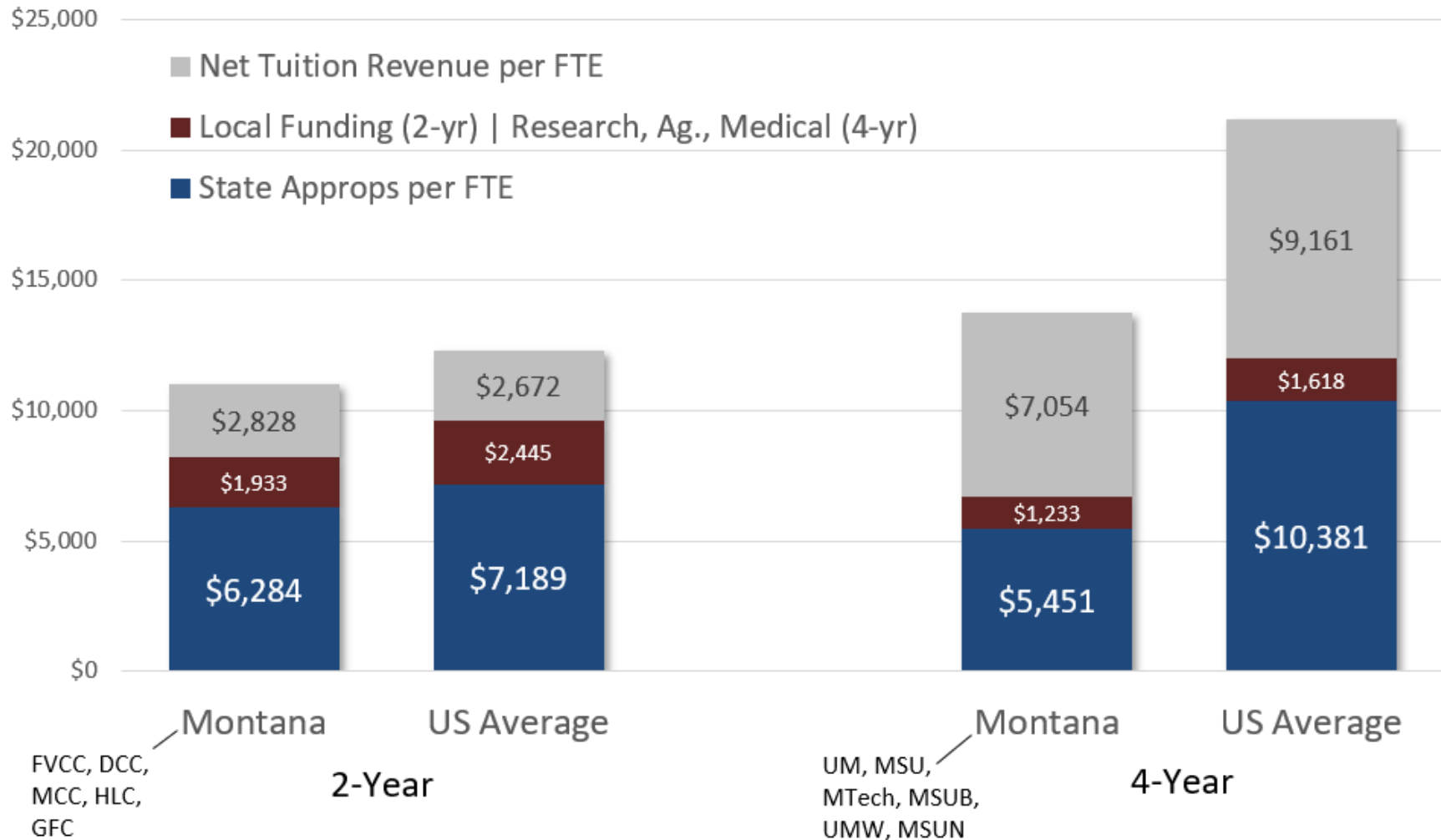
Educational revenue is the sum of public higher education state appropriations and public in-state and out-of-state net tuition. (unadjusted for cost of living or enrollment mix; includes CC's)



MT ranks in the lower third in the nation in the amount of total funding per student.

Funding Sources per Student FTE, FY17

Public Institutions by Sector (2yr, 4yr); unadjusted for cost of living or enrollment mix



Per student funding for MUS 4-year campuses lags behind the national average.

System-level Summary & Metrics

Revenue
Expenditures
Staffing
Waivers
Enrollment

Dashboards: [System](#) | [Institutional](#)

Major Budget Drivers

- 2nd Year of the Biennium
- No Present Law Adj + funding reduction
- Strategic tuition increases
- Budgeting for 2% Pay Plan in February
- Enrollment

Montana University System - Ed. Units Only

Current Unrestricted Revenue & Metrics

REVENUE	FY15	FY16	FY17	FY18	FY19	Difference	
	Budgeted					1yr	5yr
State Support	\$180,623,722	\$189,286,992	\$191,716,548	\$184,871,932	\$186,382,764	1%	3%
Net Tuition Revenue	\$239,438,598	\$237,677,617	\$247,011,514	\$250,952,523	\$249,293,084	-1%	4%
Transfers/Other	\$6,373,878	\$9,562,495	\$9,624,306	\$7,130,084	\$18,852,164	164%	196%
Total Operating Revenue	\$426,436,198	\$436,527,104	\$448,352,368	\$442,954,539	\$454,528,012	3%	7%
Scholarships/Discounts/Waivers	\$43,688,354	\$42,616,693	\$43,832,010	\$49,062,779	\$53,488,880	9%	22%
Special Approps/OTO/MUS-RP	\$5,688,948	\$17,056,495	\$2,614,081	\$2,389,538	\$2,430,214	2%	-57%
Total Current Unrestricted	\$475,813,500	\$496,200,292	\$494,906,789	\$494,406,856	\$510,447,106	3%	7%
Student FTE	36,578	35,862	35,882	35,178	34,671	-1%	-5%
Resident Students	26,811	26,072	25,639	25,053	24,722	-1%	-8%
Non-resident Students	9,767	9,790	10,243	10,126	9,949	-2%	2%
Key Metrics							
State % Share	42.4%	43.4%	42.8%	41.7%	41.0%	-1%	-1%
State Support per Res FTE	\$6,737	\$7,260	\$7,478	\$7,379	\$7,539	2%	12%

(based on Total Operating Revenue, net of waivers, special approps, & MUS_RP)

- **State % Share - drops to 5 year low (41%), MT ranks 31st, Nat'l Avg. = 50% (FY17)**
- **State Funds per Resident –slight increase from FY18, MT ranks 35th (state support per total FTE), 83% of national average**

Montana University System - Ed. Units Only

Current Unrestricted Expenditures & Metrics

EXPENDITURES	FY15	FY16	FY17	FY18	FY19	Difference	
					Budgeted	1yr	5yr
Instruction	\$230,809,393	\$236,459,293	\$243,748,362	\$238,303,154	\$248,116,052	4%	7%
Academic Support	\$56,269,963	\$56,238,622	\$56,241,925	\$54,102,386	\$55,618,755	3%	-1%
Student Services	\$41,351,358	\$41,322,005	\$44,014,478	\$44,032,878	\$44,500,836	1%	8%
Institutional Support	\$41,179,541	\$40,339,154	\$45,577,106	\$42,178,246	\$43,369,779	3%	5%
Operation & Maintenance	\$51,928,652	\$54,478,877	\$54,672,287	\$53,866,912	\$57,137,544	6%	10%
Research	\$4,667,821	\$2,739,631	\$3,220,172	\$2,763,400	\$2,710,157	-2%	-42%
Public Service	\$4,274,664	\$4,293,893	\$4,241,295	\$4,494,000	\$4,465,126	-1%	4%
Total CU Exp (net of waivers/SA) →	\$430,481,392	\$435,871,475	\$451,715,625	\$439,740,976	\$455,918,249	4%	6%
Student FTE	36,578	35,862	35,882	35,178	34,671	-1%	-5%
Key Metrics							
% Instruction Exp	54%	54%	54%	54%	54%	0%	1%
% Instruct/Acad/Stud Ser	76%	77%	76%	77%	76%	0%	0%
Expenditures per Student	\$11,769	\$12,154	\$12,589	\$12,500	\$13,150	5%	12%

(based on Total CU Exp - net of waivers and special approps)

- **Instruction – 7% increase over 4 years, comprises 54% of total expenditures BOR target = 50%**
- **% Instruction + Aca Support + Stud Service is consistently over 75% BOR target = 70%**
- **Expenditures per Student – budgeted to increase 5% over last year MT ranks 36th in nation**

Montana University System - Ed. Units Only

Current Unrestricted Faculty/Staff FTE & Metrics

(does not include: graduate teaching/research assistants & part-time/other)

STAFFING	FY15	FY16	FY17	FY18	FY19	Difference	
					Budgeted	1yr	5yr
Contract Faculty (all)	2,018	2,004	2,018	2,000	2,038	2%	1%
Contract Administrators	141	134	130	95	99	4%	-30%
Contract Professionals	629	622	613	595	609	2%	-3%
Classified FTE	1,393	1,353	1,348	1,333	1,428	7%	2%
Total Faculty/Staff	4,182	4,114	4,110	4,023	4,173	4%	0%
EXPENDITURES							
Personnel Services	348,839,174	350,944,330	363,753,869	361,416,181	371,369,902	3%	6%
Total Expenditures <small>(net of waivers)</small>	430,481,392	435,871,475	451,452,619	439,740,976	455,918,249	4%	6%
Student FTE	36,578	35,862	35,882	35,178	34,671	-1%	-5%
Key Metrics							
Student to Faculty Ratio	18.1	17.9	17.8	17.6	17.0	-3%	-6%
%Personnel Services of Total	81%	81%	81%	82%	81%	-1%	-1%

- **Student to Faculty Ratio – budgeted for 17 to 1, BOR benchmark = 18 to 1**
- **Personal Services % Share – budgeted for 81%, HECA* benchmark = 75%**

*Higher Education Cost Adjustment, higher education specific inflation index developed by SHEEO

Montana University System - Ed. Units Only

Discounts, Waivers & Scholarships (source: CHE 104)

DISCOUNTS/WAIVERS/SCH	FY15	FY16	FY17	FY18	FY19	Difference	
					Budgeted	1yr	5yr
BOR Designated	\$10,031,606	\$8,848,003	\$8,697,659	\$8,298,452	\$8,713,948	5%	-13%
Resident Discretionary	\$7,024,032	\$8,115,698	\$7,352,155	\$7,514,729	\$8,952,008	19%	27%
Non-resident Discretionary	\$24,195,706	\$23,638,489	\$25,245,103	\$30,707,678	\$33,609,945	9%	39%
Scholarships	\$2,715,356	\$2,541,400	\$2,537,094	\$2,544,324	\$2,212,979	-13%	-19%
Total Discounts/Waivers/Sch	\$43,966,700	\$43,143,590	\$43,832,011	\$49,065,183	\$53,488,880	9%	22%
Student FTE	36,578	35,862	35,882	35,178	34,671	-1%	-5%
Key Metrics							
Waivers per Student FTE	\$1,202	\$1,203	\$1,222	\$1,395	\$1,543	11%	28%
Average Net Revenue per FTE							
Non-resident				\$15,500	\$15,365	-1%	-
Resident				\$11,540	\$11,802	2%	-
Difference				\$3,960	\$3,563	-10%	-

Policy 940.13: The Montana University System must ensure that the average net tuition revenue per non-resident student (not including WUE students) exceeds the average net tuition revenue plus state appropriations per resident student. In other words, net educational revenues per student FTE must be greater for the non-resident student population than the resident student population.

- **Waivers per student: 11% budgeted increase, growth of \$148 per student FTE**
- **Average Net Revenue per FTE Benchmark: Yes, meets required levels**

Montana University System - Ed. Units Only

Fiscal Year Student FTE - Average Annual Enrollment

ENROLLMENT	FY15	FY16	FY17	FY18	FY19 Budgeted	% Change	
						18 vs 19 Projected	Fall 2018 YTD*
Resident Undergrad	24,418	23,731	23,197	22,572	22,312	-1.2%	-4.7%
Resident Graduate	2,393	2,341	2,442	2,481	2,410	-2.9%	-2.2%
Non-resident Undergrad	6,495	6,224	6,401	6,418	6,293	-2.0%	0.1%
WUE	2,344	2,569	2,693	2,521	2,518	-0.1%	-3.1%
Non-resident Graduate	928	997	1,149	1,187	1,139	-4.0%	2.2%
Student FTE Total	36,578	35,862	35,882	35,178	34,671	-1.4%	-3.3%

*Fall 18 YTD as 9/9

Reminder: preliminary census enrollment is recorded following the 15th day of class, final enrollment at end-of-term, fiscal year enrollment = ((summer + fall) + spring) / 2

- **1-year Budgeted: -1.4% drop, down of 500 student FTE**
- **Fall 2018 YTD: -3.3% year to date for Fall 2018**

Capture Rate - Recent MT Public High School Graduates

MT Public High School Graduates Entering the MUS in the Fall Semester Immediately Following Graduation

source: OPI GEMS (MUS/OPI data sharing)

First-time Freshmen Cohorts	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Difference 2010 to 2017	
									#	%
HS Graduating Class, MT Public Schools	10,037	9,704	9,723	9,345	9,474	9,346	9,316	9,303	-734	-7%
Recent MT Public HS Grads Enrolling in MUS	3,538	3,446	3,416	3,366	3,539	3,409	3,240	3,227	-311	-9%
Recent MT Public HS Grads Enrolling in MUS & CC's							3,504	3,487		
MUS Capture Rate (% of recent MT HS grad attending MUS)	35%	36%	35%	36%	37%	36%	35%	35%		0%
MUS & CC Capture Rate (% of recent MT HS grad attending MUS & CC's)							38%	37%		

Campus-level Summary & Metrics

MSU Bozeman

MSU Billings

MSU Northern

Great Falls College

UM Missoula

MT Tech

UM Western

Helena College

Dawson CC

Flathead Valley CC

Miles CC