

MEMO

TO: Amy Carlson, Legislative Fiscal Analyst and Director
Legislative Fiscal Division

FROM: President J. Vince Nix, Dawson Community College
President Jane A. Karas, Flathead Valley Community College
President Stacy Klippenstein, Miles Community College

Date: November 16, 2015

CC: Commissioner Clayton Christian, Office of the Commissioner of Higher Education

During a review of the community college funding formula by the Montana's three community colleges – Dawson, Miles and Flathead Valley, a concern arose regarding how the annualization of the pay plan was affecting the community college funding formula. The formula is based off of base year expenditures, which in the last session was FY 14 expenditures. By basing the formula calculations off of the first year of the biennium, the second year of the pay plan is not reflected in the expenditure base used in the formula for determining appropriations going forward. Because the increased costs due to the second year of the pay plan are not recognized, the colleges felt the expenditure level used in the formula did not accurately reflect the costs that would be associated with the next biennium.

A meeting was set up with Amy Carlson and her staff to discuss this concern on November 2, 2015. Upon discussing this concern a question came up regarding the determination of what the definition of the base year should be going forward. As noted, during the last Legislative session, the work of the Appropriations Committee resulted in changing the base year from the first year of the biennium to the second year of the biennium.

Based upon this discussion, the community colleges are requesting a review be performed by the LFD to determine if the second year of the biennium should now be used as the expenditure base for the formula calculations for the FY17-18 biennium. By using the second year of the biennium (which would be the "budgeted amounts) the colleges feel this would present a more accurate picture of the expenditures to be used for determining appropriations going forward.