



TO: Legislative Finance Committee  
FROM: President Scott Mickelsen, Dawson Community College  
President Jane Karas, Flathead Valley Community College  
President Ron Slinger, Miles Community College  
DATE: September 11, 2020  
RE: Community College Funding Formula and Bill Draft

Montana's three community colleges would like to share some of our concerns about the proposed funding formula and related Bill draft. We do not support the Education Subcommittee's recommendation for a community college funding formula. We ask you not to approve the proposed Bill draft.

Background:

- The community colleges have not been included in the formula development discussions, despite assurances that it would be a collaborative process. Instead, we were asked to react to a model that was developed without our participation.
- On May 22<sup>nd</sup>, we shared, with the Education Subcommittee, a proposal for a base plus present law adjustment (PLA) funding model like the Montana University System. Our proposal has never been considered or discussed with us.
- We were informed at the Education Subcommittee's August 17<sup>th</sup> meeting that the Bill draft and proposed formula were preliminary and there would be time for additional analysis and discussion. This has not taken place.
- Rather than being simple and transparent, the proposed formula requires more than 17 steps to calculate and includes more than ten decision points that, each biennium, need to be set and approved by the Legislature.
- The proposed formula must be calculated each year of a biennium, placing additional strain on the State and creating challenges for the community colleges to plan their budgets and meet the needs of Montana's students.
- The proposed formula creates an even larger discrepancy in State support per resident FTE between the community colleges, e.g. DCC at \$8,882 and FVCC at \$5,827. The operating costs for these colleges are not significantly different.
- The formula review was requested by Legislators (during previous Sessions) to equalize State Support per Resident FTE.

Concerns:

- The proposed formula model treats the community colleges like K-12 school districts – including using a K-12 inflationary factor, rather than a national higher education inflationary factor.
- The proposed K-12 formula is closely tied to FTE projections. K-12 school districts are adept at projecting enrollments, due to their access to Headstart enrollments and county census data.

- Unless the State makes postsecondary two-year education mandatory, community college enrollment remains unpredictable and difficult to project.
- Nationally, States have moved away from FTE related higher education funding.
- The proposed FTE based formula does not take into account that a drop in FTE may not change the cost of providing education on a campus. For example, if there was a decrease of 10 FTE (there might only be one less student in several classes), the number of classes offered would not change, nor would personnel or operational expenses. Yet, this formula penalizes the colleges for the decrease in enrollment through a loss of funding, but still expects all services be provided to all students.
- The community colleges serve many part-time students. The cost of services to these students is not reflected in an FTE based formula. Often at a community college, two to three students (headcount) make up one FTE.
- The average community college part-time population (headcount) is 61% compared to a part-time population of 30% of all MUS institutions combined.
- Part-time students require the same access as full-time students to services, such as financial aid, advising, and career placement services. They also require the same access to facilities, for example the library and computer labs.
- Students attend community colleges part-time, out of necessity, to work and provide for families. These students are generally more vulnerable to basic living insecurities and demonstrate the most need for student success services.

Community College Proposal:

Montana’s community colleges appreciate your time and effort to review the impact this legislation will have on Montana’s students and workforce training. After comprehensive analysis, review and consideration, we propose the Legislative Finance Committee consider a base budget with PLA model that eliminates FTE projections and reversion. Legislative priorities, such as incentivizing Career and Technical programs/students, may be addressed through a PLA calculation, an OTO, or a new decision package. We propose the same funding process and formula used for the Montana University System.

**February** – Community colleges join regularly scheduled meetings with OCHE to organize the budget process, including base budget formulation and PLA calculations guided by Higher Education Consultants Association (HECA) and IHS Markit.

**March** – Community college locally elected Governing Boards and Board of Regents set budget priorities for Legislative session.

**May** – Community colleges collaborate with OCHE to submit final Executive Budget request, including supported PLA to BOR.

**June** – Community colleges and OCHE submit final Executive Budget request, including supported PLA to OPBB.

**August** – OBPP finalizes statewide fixed cost schedules and finalizes inflation factors.

We appreciate your consideration of our comments and our proposal to support Montana students and meet the needs of our changing economy. We look forward to the opportunity to work collaboratively with you, the LFD, OBPP and OCHE to find a formula that meets the needs of the State and supports education and training for Montanans.