

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Local Assistance	11,014,820	10,905,955	13,013,177	12,940,785	21,920,775	25,953,962	4,033,187	18.40%
Total Costs	\$11,014,820	\$10,905,955	\$13,013,177	\$12,940,785	\$21,920,775	\$25,953,962	\$4,033,187	18.40%
General Fund	11,014,820	10,905,955	13,013,177	12,940,785	21,920,775	25,953,962	4,033,187	18.40%
Total Funds	\$11,014,820	\$10,905,955	\$13,013,177	\$12,940,785	\$21,920,775	\$25,953,962	\$4,033,187	18.40%

Program Description

This program distributes funds appropriated by the Legislature in support of the three community colleges:

- o Miles Community College located in Miles City
- o Dawson Community College located in Glendive
- o Flathead Valley Community College located in Kalispell.

Each community college district has an elected board of trustees. The trustees are subject to the supervision of the Board of Regents, as directed by Title 20, Chapter 15, MCA.

The funding formula and methodology for the state general fund appropriation to the community colleges is outlined in statute at 20-15-310, MCA. The general operating budgets of the community colleges are funded from a state general fund appropriation, student tuition and fees, a mandatory property tax levy, a retirement levy, an optional voted levy, and other miscellaneous funds. Only the state general fund is appropriated in HB 2.

Program Highlights

Community College Assistance Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature approved a \$4.0 million increase in state funds for the 2015 biennium <ul style="list-style-type: none"> • \$1.0 million is a one-time-only appropriation to be equally shared between Dawson Community College and Miles Community College to develop workforce development programs to meet workforce needs in Eastern Montana • \$3.0 million is a permanent addition to the budget and includes additional funds for increased costs of education (\$2.6 million) and additional funds to support the recent conversion of 2 community colleges to the same accounting system used by the Montana University System ◆ Statute requires the use of a formula to estimate the state’s contribution toward the projected cost of education. The statutory formula factors are: <ul style="list-style-type: none"> • Resident and total student full-time equivalent enrollment • The cost of education, which is rebased biennially • The state percent share ◆ The legislature funded the state share of the cost of education at 50.8%, which is the same percentage used by the 2011 Legislature

Program Narrative

The general fund appropriation level is determined by a three-factor funding formula that is a calculation of the cost of education, the resident student enrollment level, and the state percent share of funding as determined by the legislature as a matter of public policy.

Student Enrollment

Resident student enrollment is an integral factor in the funding formula. The resident student enrollment at all three community colleges has decreased significantly since the 2011 Legislature. In the 2013 biennium, the actual resident student enrollment reported by the community colleges was less than the enrollment projections used by the legislature to establish the state general fund appropriation. As a result, the community colleges will be required to revert state general fund at the end of FY 2013 due to not meeting the resident student FTE projections for the 2013 biennium.

For the 2015 biennium, the 2013 Legislature projected enrollment at 2,288 FTE each year and included language in HB 2 that requires a reversion of state general fund if the enrollment projections are not met. The table below includes historical and projected resident enrollment for the three community colleges for FY 2000 through FY 2015.

Community College Resident Enrollment History				
FY 2000 Actual through FY 2015 Projected				
FY	Dawson	Flathead	Miles	Total
2000	384	1,157	452	1,993
2001	363	1,144	494	2,001
2002	388	1,269	495	2,152
2003	363	1,380	455	2,198
2004	392	1,605	489	2,486
2005	442	1,407	513	2,362
2006	442	1,332	442	2,216
2007	353	1,223	442	2,018
2008	344	1,310	405	2,059
2009	382	1,516	398	2,296
2010	380	2,020	425	2,825
2011	327	2,053	372	2,752
2012	274	1,845	352	2,471
2013	219	1,704	326	2,249
2014*	255	1,692	341	2,288
2015*	255	1,692	341	2,288
2003 - 2013 Annual Avg Growth	-4.9%	2.1%	-3.3%	

*FY 2014 - 2015 legislative projection

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority							
2015 Biennium Budget - Community College Assistance							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$25,953,962	\$0	\$0	\$25,953,962	100.0%		
Total All Funds	\$25,953,962	\$0	\$0	\$25,953,962	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Community College Assistance program is funded entirely with general fund in HB 2. The state appropriation for the community colleges is a separate line item and is not part of the lump sum appropriation to the Montana University System educational units.

The formula calculation for the state funding appropriated to the community colleges is shown in the table below. In addition to the statutory formula calculations, the legislature also adjusted the budget for audit costs, increased computer system support, and one-time funding for workforce program development. These adjustments are shown as “below the line” adjustments in the table.

Community College Assistance Program -Legislative Calculation of General Fund Appropriation for the 2015 Biennium									
Using Statutory Funding Formula									
Includes a Fixed/Variable Cost Calculation at a 75/25 Ratio									
Budget Item Factors	Fiscal Year 2014				Fiscal Year 2015				Total Biennial Approp.
	Dawson	Flathead Valley	Miles	Total	Dawson	Flathead Valley	Miles	Total	
Projected Resident Student FTE	255	1,692	341	2,288	255	1,692	341	2,288	
Variable Cost of Education per FTE	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	
Fixed Cost of Education	\$2,793,481	\$12,185,385	\$3,885,830	\$18,864,695	\$2,793,481	\$12,185,385	\$3,885,830	\$18,864,695	
Variable Cost of Education	\$590,070	\$3,915,288	\$789,074	\$5,294,432	\$590,070	\$3,915,288	\$789,074	\$5,294,432	
Total Cost of Education	\$3,383,551	\$16,100,673	\$4,674,904	\$24,159,127	\$3,383,551	\$16,100,673	\$4,674,904	\$24,159,127	
State % Share of Cost of Education	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	
Calculated Total Funding Budget	<u>\$1,718,844</u>	<u>\$8,179,142</u>	<u>\$2,374,851</u>	<u>\$12,272,837</u>	<u>\$1,718,844</u>	<u>\$8,179,142</u>	<u>\$2,374,851</u>	<u>\$12,272,837</u>	\$24,545,674
Other Funding:									
Legislative Audit (DP 403)	\$27,940	\$23,296	\$22,616	\$73,852	\$0	\$0	\$0	\$0	\$73,852
Banner Ongoing Support (DP 401)	83,244	0	83,244	166,488	83,974	0	83,974	167,948	334,436
Workforce Development Pgms (DP 406)	<u>250,000</u>	<u>0</u>	<u>250,000</u>	<u>500,000</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>	<u>500,000</u>	<u>1,000,000</u>
Total General Fund Budget	<u>\$2,080,028</u>	<u>\$8,202,438</u>	<u>\$2,730,711</u>	<u>\$13,013,177</u>	<u>\$2,052,818</u>	<u>\$8,179,142</u>	<u>\$2,708,825</u>	<u>\$12,940,785</u>	<u>\$25,953,962</u>

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	11,014,820	11,014,820	22,029,640	84.88%	11,014,820	11,014,820	22,029,640	84.88%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	1,331,869	1,258,017	2,589,886	9.98%	1,331,869	1,258,017	2,589,886	9.98%
New Proposals	666,488	667,948	1,334,436	5.14%	666,488	667,948	1,334,436	5.14%
Total Budget	\$13,013,177	\$12,940,785	\$25,953,962		\$13,013,177	\$12,940,785	\$25,953,962	

Other Legislation

HB 25 - This bill corrects an unintended consequence of the community college statutory funding formula. Prior to passage of this bill, specific costs at the community colleges were funded twice -- once through mandatory and/or permissive mill levies for a specific purpose (i.e. retirement levy, employer health insurance contribution), and an additional 50% (approximately) by the state appropriation.

To prevent this double funding, this bill excludes expenditures funded from these local mill levies from the formula budget base. The legislature held the community colleges "harmless" through 2012 by excluding expenditures from these mill levies that are in excess of the 2012 mill levy levels.

For the 2017 biennium budget, the FY 2014 budget base will include expenditures from the retirement levy and employer health insurance contribution levy capped at the 2012 mill levy levels.

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Total Statewide Present Law Adjustments		\$0			\$0		\$0			\$0
DP 403 - Community College Audit Costs (BIEN-OTO)	0.00	73,852	0	0	73,852	0.00	0	0	0	0
DP 404 - Remove Audit from Base	0.00	(61,316)	0	0	(61,316)	0.00	(61,316)	0	0	(61,316)
DP 405 - State Assistance to Community Colleges	0.00	1,319,333	0	0	1,319,333	0.00	1,319,333	0	0	1,319,333
Total Other Present Law Adjustments	0.00	\$1,331,869	\$0	\$0	\$1,331,869	0.00	\$1,258,017	\$0	\$0	\$1,258,017
Grand Total All Present Law Adjustments	0.00	\$1,331,869	\$0	\$0	\$1,331,869	0.00	\$1,258,017	\$0	\$0	\$1,258,017

DP 403 - Community College Audit Costs (BIEN-OTO) - The legislative budget includes the legislative audit costs as a biennial, one-time-only appropriation at a 50.8% state share.

DP 404 - Remove Audit from Base - The legislature adjusted the budget to remove the legislative audit costs from the FY 2014 and FY 2015 adjusted base.

DP 405 - State Assistance to Community Colleges - The legislature used the statutory funding formula to establish the state appropriation for the state's three community colleges. The legislature continued to use 50.8% of the cost of education as the state percent share. Resident student FTE enrollment is estimated to be 2,288 each year of the 2015 biennium.

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - Ongoing Banner Support										
04	0.00	166,488	0	0	166,488	0.00	167,948	0	0	167,948
DP 406 - Workforce Development Programs (OTO)										
04	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
Total	0.00	\$666,488	\$0	\$0	\$666,488	0.00	\$667,948	\$0	\$0	\$667,948

DP 401 - Ongoing Banner Support - The legislature increased base funding to Dawson and Miles City Community Colleges for operational costs of the Banner data system.

DP 406 - Workforce Development Programs (OTO) - The legislature added one-time-only general fund for the eastern Montana community colleges for workforce development programs. The funding will be shared equally between Dawson Community College and Miles Community college. This funding will be excluded from the cost of education base for the community college funding formula in the 2017 biennium.

Language and Statutory Authority

The legislature included the following language in HB 2.

1. *Section 20-15-310 requires the appropriations act appropriating funds to the community colleges to include the variable cost of education and the state percent share of the cost of education*

"The variable cost of education for each full-time equivalent student at the community colleges is \$2,314 each year of the 2015 biennium. The general fund appropriation for OCHE--Community College Assistance (04) provides 50.8% of the fixed costs of education plus 50.8% of the variable cost of education for each full-time equivalent student in each year of the 2015 biennium. The remaining percentage of the budget must be paid from funds other than those appropriated for OCHE--Community College Assistance."

2. *Enrollment reversion language*

"The general fund appropriation for OCHE -- Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,288 resident FTE students each year of the 2015 biennium. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated numbers for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142."

3. *Legislative audit cost*

"Total audit costs are estimated to be \$145,378 for the community colleges for the biennium. The general fund appropriation for each community college provides 50.8% of the total audit costs in the 2015 biennium. The remaining 49.2% of these costs must be paid from funds other than those appropriated for OCHE -- Community College Assistance -- Legislative Audit. Audit costs charged to the community colleges for the biennium may not exceed \$55,000 for Dawson, \$44,520 for Miles and \$45,858 for Flathead Valley community colleges."