

MINUTES OF THE MEETING OF THE JOINT APPROPRIATION SUBCOMMITTEE  
ON EDUCATION

February 18, 1981

The Community College meeting of the Joint Appropriation Subcommittee on Education was called to order at 8:05 a.m. on Wednesday, February 18, 1981 by Chairman Donaldson in Room 104, Capitol Bldg., Helena, Montana.

All members were present except for Rep. Bengtson who was excused and had returned by 8:45 a.m. Bruce Shively, Fiscal Analyst was also present.

JAMES HOFFMAN, President of Dawson Community College introduced Don Kettner, Vice President; Charles Kintz, Business Manager and Russ McDonough, Chairman for the Board of Trustees.

DON KETTNER addressed specific accountability measures that have been taken at Dawson Community College in response to declining enrollments. He stated that there are two critical issues:

- (1) the accountability that they have attempted to do in the last five years and
- (2) the enrollment picture.

He reviewed the reductions that have been made in the past. This year they reduced support staff, classified personnel, and two faculty members to 1/3 time and 1/2 time. The 20 full time teaching faculty which they feel is at the marrow of bare bones instructional faculty to offer the programs necessary. In the past two years the college has reduced 15% of the full-time faculty and 20% administrative staff. He stated, "We cannot cut anymore." Last year the enrollment projections and program cuts did become a reality. Over a 15 year period Dawson has had a steady headcount enrollment of 540 students. Last year it dropped to 284 FTE. This quarter they have 582 students enrolled. He stated that they do expect an increase in part-time students based on the following factors:

- (1) the petroleum and coal impact this past year has caused an increase in population in Dawson's service area;
- (2) the unemployment rate in the Glendive area is 2.7%.

CHAIRMAN DONALDSON asked at what level of FTE does Dawson cease to be a viable college.

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MR. KETTNER stated that "from 310 to 330 we could depending on how you fund us." He also stated that the oil companies often donate instructional expertise.

SENATOR JACOBSON asked what their actual enrollment figure is.

MR. KETTNER stated that it is 582 for this quarter.

MR. HOFFMAN gave his presentation. He stated that first of all it takes 250 FTE to operate. The 310 is our predicted actual FTE this year. He explained the mill levy situation in Glendive. (EXHIBIT A) He stated that they are going to do their level best to live by this formula. But that they need the help to phase in. The formula eliminates reliance on the levy amount with the exception of Dawson. He asked that the committee look at FTE funding flexibility as a means of phasing Dawson in. He also stated that if Dawson could be given \$3,696 which is \$122 more than the 12% salary increases generated for the second year there would not have to be a voted levy the first year. This would cover the anticipated 12% increase over this year's budget. This year's budget represents a 4.9% increase over the previous year. Dawson is presently negotiating salaries and benefits with our faculty. He stated that he would urge the committee to increase the state support amount from 51% to a higher figure. Even with this level of funding and the enrollment remains constant with the budget increase of 12% in the second year there would be a deficiency over \$140,000 the second year of the biennium. This means looking at a 15% increase for the first year and a 16% increase the second year to phase us into the formula.

RUSS McDonough gave his testimony in support of Dawson Community College.

MARLIN HANSON, Chairman of the Board of Trustees for the Flathead Community College gave his presentation. He stated that in the past the college has been funded at 56% and the local support and student fees amount to 44%. He urged the committee to look at a similar funding formula for the future. The formula will result in a tax burden on the tax payers. He stated that the unemployment rate there is 9%. The capital construction needed will be paid by the tax payers. They are providing extensive outreach programs to the smaller towns in the county and have expanded to include industries.

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DR. NORBERT BERNING, Chief Executive Officer gave his testimony. He stated that they support the funding formula. It covers four areas:

- (1) the transfer of programs,
- (2) vocational education,
- (3) community service, and
- (4) adult education.

The students between the ages of 17 and 20 represent 14% of the enrollment. The large portion being people who have been in the labor force and are trying to retrain themselves. He stated that they have also gotten into the industrial community delivering in-plant training. This along with an agreement to provide release time for various employees who wish to take a course. They have also worked out an articulation agreement with Montana State University whereby individuals in the baccalaureate in nursing can take their first four quarters at the Community College and provide all their requirements that are necessary to get into the baccalaureate program at the State University. There is also an agreement with Montana Tech's Bureau of Mines to provide the students their first two years in geology and engineering and then go onto the School of Mines. He stated that they do have some apprehension as to what would be used for the FTE basis for the funding. The LFA is looking at 631 for next year's enrollment. And the following year having a decrease down to 609. Currently our projections for this year are at 705 FTE. He stated that they can live with around 700 as an FTE projection.

REP. BENGTON asked what their projected enrollment is for the up coming biennium.

MR. HANSON stated that for FY 82 the projected enrollment is 725 FTE and for FY 83 it is 745 FTE.

BRUCE SHIVELY stated that he revised his fiscal year enrollment projection for Flathead to be 694 consistent with the Commissioner's Office, Miles City is 480 and Dawson is 291.

DR. JUDSON FLOWER, President of Miles Community College introduced two people who will be giving testimony. They were Bob Barthelme and Jessica Stickney, both who are members of the Board of Trustees.

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BOB BARTHELMESS stated that to fund the college they are sitting on 21.4 mills. Under the new formula it would increase those levies to 24.2 mills on the local level. One mill will yield \$19,750 in their district. Less than 50% of their students are locals.

JESSICA STICKNEY stated in her testimony that they are in the process of building a dormitory on the campus. Her testimony was in support of the Community College.

DR. FLOWER gave his presentation. Of the full-time students about 2/3 are from their district. He stated that this year their budget is where it was about two years ago. \$1,060,000 of unrestricted dollars. Their enrollment has jumped to 492 up to date. It reflects a 22% increase above last year and a 27% increase in full-time students. He stated that they are serving about 100 student FTE more than two years ago but with the same budget. He does not have a concern with the projections made by the LFA. They will project a decline which he does not anticipate but if there is a contingency to offset he does see it as a major concern. The modifications he is concerned with. He stated that they do not have the ability to pick up or add programs with the formula.

WILLIAM LANNAN, Community College Coordinator for the Board of Regents gave his testimony. (EXHIBIT B & C)

REP. BENGTSON asked if the one mill levy for the adult education would be included in the 53%.

BRUCE SHIVELY stated that in all fairness that has to be pulled out. It is a restricted fund, they use that money to finance the public community service courses. It is not part of the formula nor is the mill.

CHAIRMAN DONALDSON stated that the committee needs to address contingency funds as a separate issue.

Meeting recessed at 10:35 a.m. until adjournment of the House at 8:15 p.m. at which time EXECUTIVE SESSION took place.

BRUCE SHIVELY explained the Lannan Proposal with 9% and/or 12% services cost. (EXHIBIT D) He also discussed the LFA revised proposal. The bottom line is that the Lannan at 9% will cost \$231,667 more than the LFA revised figures and \$239,439 at 12% over the LFA revised figures. He pointed out that the Lannan Proposal does not address Dawson Community College and that it must be addressed separately. The LFA recommends an expenditure per FTE of \$3,574 and a flat enrollment for both years of 310 and for the second year the expenditure per FTE is \$3,895.

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The cost for total enrollment at Flathead in FY 81 was \$2,551 per student.

GLEN LEAVITT stated that the LFA is a little low compared to the Executive Budget recommendation. But the contingency would take care of that if the contingency is based on the prior year.

Discussion was held with regard to the three proposals.

DR. FLOWER stated that their total operation in millage is 22 even and if they went off the LFA calculations it would crank out a figure of 27.36 mills that is up by 5-1/3 mills, this would add another 2.1 mills. He stated that he was concerned about the impact being very severe. "We were hopeful when we started this whole process that out of it would come some improved funding without changing much." The ratio of the burden on the local district that is happening with the formula he does not know how to offset. Another factor is there will be more adjustments to even things out. "I don't want to make big jumps and then have fall backs. I would rather have consistent growth even though it is not that great this year."

MR. HOFFMAN stated that the figures do not show the deficit at Dawson. "We are not only going to be faced with a larger mandatory levy but we have got to vote each year for the first year \$38,395 and the second year \$76,448." He stated that he did not think that it was the intent of the committee to legislate Dawson out of existence and this formula does not fit them,

CHAIRMAN DONALDSON assured that it was not the intent of the formula to eliminate the vote levy because it is included in the formula as a possibility. He also stated that they have an individual case at Dawson and that the committee is trying to address that but that the committee could not possibly rescue them from all their problems.

REP. BENGTON moved that the committee accept the LFA recommendation with the 9% increase and that we establish a contingency fund. A total of \$5,137,382 for the biennium. MOTION PASSED UNANIMOUSLY.

Discussion was held in regard to the modifications.

REP. BENGTON moved that the committee accept the two modifications recommended by the Executive Budget Office. For Building Rental at Flathead for \$13,250 for FY 82 and \$7,950 for FY 83 in General Fund and operating costs for the P.E. building at Miles for \$25,036 for FY 82 and \$26,917 for FY 83 in General Fund.

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MOTION PASSED UNANIMOUSLY.

Discussion was held in regard to the computer request made by Flathead Community College. The committee also discussed HB69 relative to the one mill levy.

SENATOR HAFHEY moved that the one mill levy be removed from the unrestricted budget calculation. MOTION PASSED UNANIMOUSLY.

Meeting adjourned at 10:15 p.m.

  
REP. GENE DONALDSON, Chairman

pb

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2-18-81

G L E N D I V E   T A X   P I C T U R E

**PUBLIC SCHOOL OPERATIONAL LEVY ELECTION**

Saturday, April 12, 1980

ANB 1,000	Elementary	36 mills	\$445,060	299 for	102 against
ANB 730	High School	48 mills	\$844,900	284 for	143 against
ANB 300	Junior High				

**COLLEGE OPERATIONAL LEVY ELECTION**

April 1, 1980      \$68,257      (3.9 mills)                      530 for      312 against

**TAX BURDEN--GLENDDIVE      319.27 mills**

	<u>Mills</u>	
University System	5.65	
Dawson College	20.76	(Dist. 16.7 + 4.06 Ret.) 7% of Total Burden 319.27 mls.
Elementary	95.53	(Dist. 59.09, Gen. 25.00: Ret. 11.44)
High School	79.92	(Dist. 55.80, Gen. 15.00: Ret. 6.74, Trans. 2.38)
	<u>201.86</u>	--63.2% (10.3% D.C.C. portion of this 63.2% Educ. burden at all levels)
	75.30	--City (24%)
	<u>42.11</u>	--County (13%)
	<u>319.27</u>	

**DAWSON COMMUNITY COLLEGE BUDGET 1980-81**

<u>Budget Sources</u>	<u>Proportion of Budget</u>
Tuitions	\$ 57,357      6.2%
Mandatory	235,690 (11.7 mills)      25.7%
Voted Amount	68,257 (3.9 mills)      7.4%
State Amount	553,311      60.2%
Addnl. Carry-Over	4,890      .5%
Budget--	<u>\$919,505</u> 99.0%

NOTE: 73.3% of the Budget = Personnel Cost, Salaries & Benefits  
 30% of our instructional faculty are topped out on the extreme upper limits of the salary schedule. Another 20% have topped out in their respective columns. Thus, our faculty is basically a senior, tenured faculty centralizing in the upper limits of the salary schedule. Instructional costs are higher, but we have a stabler institution because of it. The faculty is represented by AFL-CIO #3402 (AFT--American Federation of Teachers)

**THE PRESENT DAWSON COMMUNITY COLLEGE  
 EMPLOYEE BENEFITS PACKAGE 1980-81**

	<u>Budget--\$89,235</u>
Social Security	\$43,500
Teachers Retirement	34,325
Unemployment Compensation	5,395
P.E.R.S.	<u>6,015</u>
	<u>\$89,235</u>

NOTE: Presently, this is spread on the county with public, elementary and high school teacher retirement amounts. (Statute 20-9-501)  
 New funding statute repeals this authority and puts retirement into the budgeting process for proportional state sharing.

**COLLEGE TAX BURDEN--1980**

General	15.03 mills	
Sinking	.65 mills	H.S. District I only--we share common
Adult Education	1.00 mills	tax boundaries--does not encompass all
Insurance	.02 mills	of Dawson County.
Teacher Benefits	<u>4.06 mills</u>	1 mill = \$20,224.81
	<u>20.76 mills</u>	Taxable Valuation = \$20,224,828

B

TESTIMONY

Educational Appropriations Subcommittee

February 18, 1981

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Mr. Chairman, members of the Committee, I am William J. Lannan, and I work for the Board of Regents as the Community College Coordinator. I have a number of recommendations that I would like to add to the testimony that was presented here today.

First, I recommend the state share be increased to 53 percent. The overall estimates from the papers developed by Bruce Shivley during the funding study indicate that the increased burden on the local community college district is significant. Each president and trustee that testified at those hearings, as well as today, has expressed concern regarding the local mill levy in support of the community college district. I remind you that in the past the local support for the community college district was a mandatory levy based on 35 percent of their budget less student fees plus retirement levy plus an adult education levy, and in two out of the three colleges, a voted levy. The present recommendation in the funding formula would combine the mandatory and retirement levy into a single mandatory levy and allow up to one mill for adult education, which is a restricted fund program that we have been calling community service. Since the adult education levy is recommended as a restricted fund program, it should generate an increase in the state share from 1.3 to 1.6.

My second recommendation concerns the modifieds that were approved by the Board of Regents. Two modifieds were approved by the Board in preparation for the biennial budget at Dawson Community College and these were their Indian Studies program and their Resource Study Center. Four modifieds were approved for Flathead Valley Community College and that was two instructors, one in business administration/accounting and another in forestry/surveying plus a computer system and the rental of a building for their arts program. And finally, two modifieds were approved for Miles Community College which were for the increased costs



of operation of their P.E. facility and a new program called Power Plant Technology. The amount of these modifieds for the three community colleges for Fiscal Year '82 is \$241,000 and for Fiscal Year '83 is \$205,121.

I can agree with the chairman's philosophy that the modifieds are essentially instructional-related and should be funded out of the formula to generate the state appropriation, but as I have indicated in the past, that that depends upon the bottom line or the amount of money that the formula generates. Realistically, this means that there are sufficient enrollments estimateds in the formula to support these expenses. Heretofore, I have doubted that. Therefore, I am recommending the Committee fund the modifieds if you continue to project what we consider unrealistic and too conservative enrollment estimates.

My third recommendation is a phase-in possibility for the funding formula. As you know, we have expressed concern over the ability of the community colleges to change from the existing 65/35 state-to-local funding program to one that is totally enrollment driven. In this regard, there are only three variables that you control in the formula. I suggest that only one of those variables, the expenditure per FTE, is the only one that you give special consideration. Therefore, I recommend that the expenditure per FTE for Dawson Community College for the first year of the biennium be increased \$280 per FTE. In other words, the expenditure per FTE for Dawson be \$3,435 for each year of the coming biennium.

My final recommendation concerns the enrollment projections and the enrollment contingency fund. As I have indicated before, the most important element in the funding formula is the fiscal year full time equivalent enrollment. That figure establishes the unrestricted budget for each community college. The state share and the expenditure per FTE provides equity among the three colleges. Your staff has recommended conservative enrollment estimates that I feel are not realistic. You also heard the three community colleges plead their individual cases for larger enrollment estimates.

I am not sure you feel satisfied that whichever one you choose you are doing justice to either the college or the taxpayers. But I do

Let me start with the funding formula. I would like to recommend that community college funding formula be driven by the previous year FTE enrollment. Before you leave Helena at the close of the session, the campuses should have completed their count of the spring quarter enrollments. Thus, for the first year of the biennium you will know the actual figures to be used in the funding formula. There would be no need for a contingency fund. Further, if you would feel more comfortable, before any mill levies are set or state dollars sent to the campuses, an audit of their enrollments could be made to certify what their enrollments actually are which, in turn, would generate the state share.

Secondly I recommend that for the second year of the biennium the same enrollment figures be used to generate the general fund appropriation and then a 5 percent contingency fund be established to allow for enrollment growth at the community colleges. The contingency fund would not be spent unless there is an actual enrollment increase on a campus. If enrollments increase beyond 5 percent, the campuses would receive their prorated share of the fund. If enrollments declined, the state share that is sent to the colleges would be an amount generated by their actual FTE enrollments. In either case the actual enrollments could be audited and certified. The attached schedule gives you an idea of what I am recommending. Please note I have taken the liberty of including (1) the 53 percent state share and, (2) the phase-in recommendation for Dawson Community College. The contingency fund amounting to \$~~125,438~~<sup>135,085</sup> would only be used if enrollments went beyond the actuals for this present year. Further, each campus would receive their state share only in an amount that was generated by the formula from their actual FTE figures. The Board of Regents would be obligated to return to the general fund the balance of the funds appropriated and not generated by the formula using their FTE enrollments.

Thank you, and if you have any questions, I would be more than happy to answer them.

Schedule A  
 Community College General Fund Estimates  
 February 18, 1981

	<u>Revised Enrollment Estimates FY</u>	<u>Expenditures Per FTE</u>	<u>Total Unrestricted Budget</u>	<u>State Share</u>	<u>General Fund Appropriations</u>
<u>Total</u>					
Danson Community College	298	3,435	1,023,630	.53	542,524
Flathead Valley Community College	694	3,155	2,189,570	.53	1,160,472
Missoula Community College	492	3,155	1,552,260	.53	822,699
<u>Total</u>					
Danson Community College	298	3,435	1,023,630	.53	542,524
Flathead Valley Community College	694	3,435	2,383,890	.53	1,263,462
Missoula Community College	492	3,435	1,690,020	.53	895,711
5% Contingency Fund (5% x 1,477)	74.2	3,435	254,877	.53	135,085

Various Requests 7 To Personal Services

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Miles Community College

Davison Community College

Furthest Valley Community College

Total General Fund App. FY 82

53

Miles Community College

Davison Community College

Furthest Valley Community College

Total General Fund App. FY 82

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Total Gen Fund App. Budget

To Increase over Budget

Establishment	F / FLE	Total Budget	Gen Fund Fraction	Gen Fund Apport
4972	3155	1552266	.53	822698
310	3574	1167546	.53	587268
654	3155	2185570	.53	1160472
				2570378
4972	3435	1690020	.53	895711
310	3895 3474	1267450	.53	634458
654	3435	2323290	.53	1263462
				2792671
				5369045
				33.5

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97% Federal Services

Miles Community College

Dawson Community College

Flatthead Valley Community College

Total General Fund FY-82

Miles Community College

Dawson Community College

Flatthead Valley Community College

Total General Fund Afford FY 83

Total General Fund Afford - Bismarck

% Increase over Bismarck

Enrollment x % / FTE = Total Budget x Gen Fund FTE % = Gen Fund Afford

466 x 3155 = 1470230 x .53 = 779222

310 x 3574 = 1107940 x .53 = 587208

674 x 3155 = 2126470 x .53 = 1127029

2493454

450 x 3435 = 1545750 x .53 = 819247

310 x ~~3435~~ 3895 = 1207450 x .53 = 639498

651 x 3435 = 2236185 x .53 = 1185178

2643923

5137382

27.7

Based on:

1. LEA Enrollment Projections For Miles and Flatthead

2. Final Enrollment - Dawson

3. LEA Cost Per FTE 3155 / 3435 For Miles and Flatthead - 9% Fed. Services

4. 53% State Support

5. Adjustment in The Last year FTE For Dawson in both years of Bismarck with understanding they will be on Ferguson beginning next biennium

82

83

27.7

12% Personal Services

Miles Community College

Dawson Community College

Furthhead Valley Community College

Total General Fund Appropr FY-2014

Miles Community College

Dawson Community College

Furthhead Valley Comm. College

Total General Fund Appropr FY-2014

Total General Fund Appropr - Bismarck

% Increase over Bismarck

1	2	3	4	5	6	7	8	9
Enrollment	\$ / FTE	Total Budget	Gen Fund Alloc	Gen Fund Alloc				
466	3217	1481122	.53	794535				
310	3574	1107940	.53	587208				
674	3217	2168258	.53	1149177				
				2530920	3117100			
450	3574	1608300	.53	852399				
30	3895	1207450	.53	639498				
651	3574	2326674	.53	1233137				
				2725034	1261010			
				5255454				
				30.7				

Budget cas:

1. LEA Enrollment Projections for Miles and Furthhead

2. Fixed Enrollment Dollars each year of Bismarck

3. Cost per student - 3217 / 3574

4. 53% State Support

5. Adjustment in the cost per FTE for Dawson in both years of Bismarck with understanding they will be as Bismarck beginning next bismarck

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