

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By CHAIRMAN PECK, on January 22, 1991, at 8:00 am

ROLL CALL

Members Present:

Rep. Ray Peck, Chairman (D)
Sen. Greg Jergeson, Vice Chairman (D)
Sen. Don Bianchi (D)
Rep. Larry Grinde (R)
Sen. H.W. Hammond (R)
Rep. Mike Kadas (D)

Staff Present: Pam Joehler, Senior Fiscal Analyst (LFA)
Mary Ann Wellbank, Budget Analyst (OBPP)
Melissa Boyles, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: CHAIRMAN PECK stated that arrangements for the trip to Glendive are still being worked on. SEN. BIANCHI asked when the subcommittee would be returning. CHAIRMAN PECK said they should be back by 4:00 p.m. on Saturday.

HEARING ON COMMUNITY COLLEGES

Tape No. 1

017

Pam Joehler reviewed LFA CL Biennium Budget Analysis. **EXHIBIT 1**

084

John Hutchinson, Commissioner of Higher Education, stated that in November 1990 the Regents held a workshop in Lewistown. There was a discussion of the role of the Public Community Colleges in the Montana Higher Education Enterprise, the conclusion was that there should be a much richer connection between the Community Colleges and the rest of Public Higher Education in the state. A number of things have happened both before and after that workshop to demonstrate the commitment of the Commissioners Office and the Regents to make the community colleges a

significant part of the whole operation in Montana. There were Board meetings scheduled on the Community College Campuses over the next couple of years. At the last Regents meeting in December 1990 there were significant presentations by the Community Colleges to make sure the Regents were up to speed on recent developments on the campuses. **Commissioner Hutchinson** stated that given the funding they have the Community Colleges are strong and viable institutions and are considered a very important part of the fabric of Higher Education in Montana.

Commissioner Hutchinson said that it is important to keep in mind that the Community Colleges are the only open enrollment institutions, aside from the Vo-Techs, in Public Higher Education in Montana.

Commissioner Hutchinson stated that the Commission for the 90s recommended that the Public Community Colleges be funded at 65% from State and 35% from Local funds. The Commissioners Office feels that this can not be accomplished in one year or even in 1 biennium, the responsible approach would be to phase that in over a five year period to correspond with the five year catch-up for the University System. At the present time the Community Colleges are funded 47% state and 53% local to make the change it would move it to 51% state and 49% local in the first year of the biennium and then 55% state and 45% local in FY93.

Commissioner Hutchinson introduced David Toppin, Deputy Commissioner for Academic Affairs and Coordinator for the Community Colleges.

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Dr. Toppin stated that one surprise was the role the University System plays in interfacing with the Community Colleges, and felt it was appropriate to find out what the scope of the Community Colleges was in Montana Higher Education, and in doing so, became partially in tune with the history of the Community Colleges.

Dr. Toppin stated that in 1966 Dawson Community College was spun away from Dawson High School. Flathead Valley Community College was created in 1967 and Miles Community College was created from the former Custer County Junior College that was opened in 1939. These institutions today are fully accredited by the Northwest Association of Schools and Colleges (NWASC).

Dr. Toppin stated that the NWASC is the regional accrediting agency, there is no other agency that accredits Post Secondary Educational Institutions in most of the North Western States. The (NWASC) accredits private High Schools, Public High Schools, Public and Private Colleges and Universities, Community Colleges and Junior Colleges.

Dr. Toppin stated that in the state of California, the number of students enrolled in and educated in the Community College System exceeds the enrollment of the University of California System and the California State University System. In the State of Illinois the Community College Campuses outnumber university campuses 6 or 7 to 1. Montana views Community Colleges as a help mate to the University System, providing low cost, locally oriented education programs that are focused to place students and dealing with local needs.

254

Don Kettner, President, Dawson Community College, stated that the energy recession coupled with I-105 has beat DCC in to a corner of cuts and program and staff retrenchment. **Mr. Kettner** distributed and reviewed a handout on DCC. **EXHIBIT 2**

Mr. Kettner said that in 1988 and 1989 it was necessary for DCC to use its entire reserve fund of \$157,768 to balance a 1.5 million dollar budget. In an effort to meet these cuts the reserve fund was used, programs were cut, administration was cut by 2.5 FTE, staff was cut, travel was frozen and DCC deferred maintenance. At the same time fixed costs like insurance have doubled and tripled.

Mr. Kettner stated that in 1987-1988 an enrollment drop resulted from students going to North Dakota where tuition was less. The students went to N.D. because they didn't want to start a program at Dawson that may very well have been cut. At that time there were 4,000 to 5,000 people leaving Montana because of the oil recession. Since the drop in enrollment in 1987 and 1988 DCC has revitalized their recruiting, regrouped and recaptured students that were lost to North Dakota and are again in the growth mode.

Mr. Kettner stated that in projecting enrollment DCC is trapped by the 1988 low enrollment. This results in a loss of 7.5 FTE and \$27,000. A loss such as this in a budget that is already frozen is critical.

Mr. Kettner stated that DCC will be on line with fiber optics in late spring or early summer. This will enhance the delivery service to all rural areas in Eastern Montana. **Mr. Kettner** referred to the fiber optic map. **EXHIBIT 2**

Mr. Kettner asked the subcommittee to look at the stability of DCC prior to the 1987-1988 enrollment drop and allow the College to remain at the present FTE funding level of 389.

Mr. Kettner urged the committee to consider the regents request, increase the cost per student by the 4% and increase the state share from 47 to 51%. **Mr. Kettner** stated that in the last session the Community Colleges were left out of the pay plan and asked that the subcommittee reconsider putting them back in.

649

CHAIRMAN PECK asked if there was any Community College Legislation pending. **Mr. Kettner** said there is a bill coming out of Flathead area to include the Community Colleges in the I-105 exemption but there is no legislation. **CHAIRMAN PECK** asked **Mr. Kettner** if he is comfortable with the community college laws. **Mr. Kettner** said he is comfortable with it except the Community Colleges experience enrollment fluctuation more quickly than a four year institution, so he is uncomfortable with the two year actual enrollment formative.

CHAIRMAN PECK asked if there was ever a problem with the local board being concerned about the emphasis on systematizing the post secondary education in Montana. **Mr. Kettner** said the DCC would have no problem becoming part of the state system as long as the funding was equal to what they are getting. The local board then could serve as an advisory board. **CHAIRMAN PECK** stated that he is always surprised that there is not evidence of concern by local boards putting in the 53%. **Mr. Kettner** said there is great concern. It handicaps the school to go to the local area and puts a burden on the people.

CHAIRMAN PECK asked if DCC has made any effort to expand beyond Dawson County. **Mr. Kettner** said they have the authority to annex a continuous High School District under HB746.

741

SEN. HAMMOND asked if the Stickney Bill helped DCC. **Mr. Kettner** said it helped MCC and FVCC this time, and expect it to benefit DCC in the future. **SEN. HAMMOND** stated that they use to have satellites and asked if DCC tried to bring those people into the district before DCC had satellites. **Mr. Kettner** said yes, and that accounts for a lot of DCC enrollment now. The people at Sidney and Baker that were taking classes have now moved onto the campus or are commuting.

764

Howard Fryett, President, Flathead Valley Community College (FVCC), distributed and reviewed a handout on FVCC. **EXHIBIT 3**

856

REP. KADAS stated that the Regents have proposed increasing the \$3,900 by 4% a year and making the increase in state funding. The subcommittee is faced with making priorities, of the two, increasing the \$3,900 or increasing the state share. **REP. KADAS** asked which is more important to FVCC. **Mr. Fryett** said that the state share is more important. **REP. KADAS** asked **Mr. Fryett** if he realized that if the Subcommittee just increased the state share FVCC total budget wouldn't go up. **Mr. Fryett** said the reason they say state share is preferable because that assumes that I-105 would not be relieved for FVCC.

888

Judd Flower, President, Miles Community College, distributed and reviewed a handout on MCC. **EXHIBIT 4**

Mr. Flower stated that the Community Colleges are the only segment of education which has placed the financial burden on the local district rather than seeing that trend towards the State. **Mr. Flower** suggested to the subcommittee that it needs to be reversed.

Mr. Flower stated that from MCC perspective the increase in the base would be more important than the correcting of the I-105 situation. MCC has not yet come up against the I-105 limitations because of the dip they took four years ago.

Mr. Flower stated that they are moving in the area of tying into fiber optic telecommunications and will be on a connection from Billings to Glendive. This will put MCC back in contact with the communities they use to have with off campus offerings.

Mr. Flower stated that MCCs largest single program is the Associate Degree Nursing its a full RN program. The nature of hospital stays is prompting MCC to look further than their own local hospitals to have adequate clinical experience training sites.

Mr. Flower stated that MCC has taken advantage of Rep. Stickney's bill each of the last two years and have a net gain over the past two years of about \$49,000.

Mr. Flower stated that the Community Colleges do not participate in any of the state building plans, MCC has built all of their own facilities locally. If all of the Community Colleges were funded 100% operationally and leave us on our own for the funding of buildings that there is sufficient contribution to what we do that would merit local options in governance under that sharing of the burden alone. **Mr. Flower** stated that the board becomes more sympathetic toward the idea of moving more in the direction of the state system because the burden has become excessive for the local district tax payers.

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CHAIRMAN PECK asked if any of the Community College Presidents had gone back and looked at what current high school equalization would do versus the current funding. **Judd Flower** stated that what moved them off of that was the old constitutional restriction of ANB going to anyone over 21. As MCC got more and more students from that upper age bracket, they were unable to count them and so it was a total loss and had to move to the other system.

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CHAIRMAN PECK asked in what areas do the Regents have the authority to override. **Mr. Flower** stated that the regents primarily govern MCC with regard to full program authorization.

CHAIRMAN PECK asked what the admission standards are for high school dropouts in the Community Colleges. **Mr. Flower** said the local government came up with an issue called "ability to benefit". They are concerned that proprietary schools are out recruiting students who have no basis for being able to succeed in their program and then they drop out. They are suggesting that before anyone can be enrolled for classes you have to have the evidence of their ability to succeed.

CHAIRMAN PECK asked if the law addresses the teaching of students via telecommunications in terms of FTE. **Mr. Flower** said the only Legislative requirement is that it has to meet certain quality criteria as established by the Regents. **Don Kettner, DCC**, stated that with fiber optics we will have the interactive connection of communities around us. Originally it was suggested that we couldn't be teaching all over. **CHAIRMAN PECK** stated that he wondered if the law provides for them to count the FTE without getting any legislation done this session. **Dr. Toppin** said the answer is not truly clear. It is the BOR policies that presently prohibit the generation of FTE counts from courses that are offered any place other than on Campus or approved delivery sites. **CHAIRMAN PECK** stated that he is concerned that the Legislature will not accept the FTE in the next Session. **Dr. Toppin** said they are aware of the possibility of that happening and intend to be scrupulous in determining the policies for the Regents. **CHAIRMAN PECK** stated that he would like to have it clearly stated than ambiguously as it is now. **Mr. Kettner** said he feels that is very important. DCC is presently teaching 100 students at Circle, Ritchey, Plentywood and are unable to count those.

Dr. Toppin said the problem is that we have been remiss in addressing these delivery capabilities and the state has found itself in a position now able, through technology to deliver high quality instruction to remote sites. **REP. KADAS** asked if it was legislative action that took away the satellite FTE or action by the Regents. **Jack Noble, Deputy Commissioner of Higher Education**, said it was a Legislative funding decision in terms of what types of enrollment or structural activity would be counted.

CHAIRMAN PECK asked if that dealt with ABE. **Mr. Noble** said yes. **Judd Flower** said that when they severed the courses, particularly from the reservations; money wasn't really being saved. The University System was recognized as having this state wide responsibility and the Legislature ended up paying for them through the University instead of the Community Colleges.

REP. KADAS agreed with **CHAIRMAN PECK** that this issue should be addressed by the Legislature. **Dr. Toppin** stated that the suggestion is very timely and will be taken to heart. **CHAIRMAN PECK** said if they have an amendment to propose the place to do so would be on the house floor, then send it over to the senate. **Judd Flower** said that each Community College has been comfortable with what the Regents have done in trying to establish a system to work within, and feel comfortable, they will continue to do that in the telecommunications mode. However, if the subcommittee sees a need on the Legislative side that some similar language needs to be included within the regents it would be a valuable safeguard.

SEN. HAMMOND asked if the people who are taking GED classes pay the same tuition. **Mr. Flower, MCC**, said the students who are taking GED courses are not charged. Some of the Basic English, and Math are not countable in the FTE funding formula but they are charged a tuition on a regular basis as other courses. **Mr. Kettner, DCC**, said any student who comes in starts a degree or certificated program is charged a regular tuition. Prior to being awarded they must receive a GED by the learning resource center. **Mr. Fryett** said he is in line with the other two schools.

SEN. HAMMOND stated that in some instances the mill levies on the local district have gone down because of HB28 and asked if Kalispell and Miles City have gone up. **Mr. Fryett** said that Kalispell went down, and **Mr. Flower** said Miles City went down.

467

REP. KADAS stated that **FVCC** was unable to generate as much revenue as they have spending authority and asked **Mr. Flower** if **MCC** has the same problem. **Mr. Flower** said no, because they haven't run into the I-105 limitation yet. **REP. KADAS** asked if the additional five mills came in under the budget authority established by the committee. **Mr. Flower** said the special levies are written into the statutes for Community colleges as a voted levy above the Legislative formula. **REP. KADAS** asked **Mr. Kettner** if he was spending all of his authority. **Mr. Kettner** said yes.

REP. KADAS asked **Mr. Flower** what the margin of the vote was in his district. **Mr. Flower** said it was 60/40. **REP. KADAS** asked if the pay plan has always been included in the base. **Mr. Kettner** said **DCC** was in the base in the early 80's and left out last session. However, it was not total inclusion, it was a percentage of the state share of the pay plan for faculty only. **Jack Noble** said the Community Colleges participated in the pay plan in 1985-1986 and 1986-1987. They were in a pay freeze the next biennium so there was no participation by anyone, and they were not picked up in the pay plan for the current biennium. The Community Colleges are budgeted out of Commissioner of Higher Educations Office under grants. They are not state classified employees nor are they budgeted under personal services. **Mr. Noble** stated that they are not currently built into the budget

directors estimates. If there is going to be a pay plan increment for the Community Colleges the Budget Director and CHE agreed that the Education subcommittee should put the amounts in once the pay plan is determined.

583

REP. KADAS asked if that adjustment is made in the \$3,900 figure. **Mr. Noble** said you would figure out the cost of the 4 1/2% and then reduce to a student factor and then pay the state what you agree on, if it comes out to \$124 per year then you take 47% of that amount and add into the formula for Community Colleges and make a note in the formula in appropriations book. **REP. KADAS** said that if you only put it in on the 47% side then it doesn't increase the schools authority to make up the rest of the pay plan out of their own funds. **Mr. Noble** said it does if the subcommittee puts it in the formula allocation here.

605

Pam Joehler, LFA, said that if you increase the 3907 by \$124 per student FTE and leave the state share alone at 47% it would increase the overall the overall current unrestricted budget. **REP. KADAS** asked if that is how it has been done in the past. **Ms. Joehler** said she was not sure. **CHAIRMAN PECK** asked Ms. Joehler to check on it.

615

SEN. HAMMOND asked how much cheaper it is to teach people by satellites. **Dr. Toppin** said once the initial capital investment has been recovered there is a great economy to be realized throughout delivery. You can touch many more students with one instructor and you are able to tape the class to give at different hours or in subsequent semesters. The Commissioners Office believes that once the initial cost have been assessed and ultimately recovered they will be able to operate much more economically.

SEN. HAMMOND asked if the students were accepted as counted enrollment, how will you come out on the cost to take care of those people. **Dr. Toppin** said the cost two years ago would have been \$10,000 per class and might cost \$1,000 per class today. The costs are falling so rapidly that we now have avenues open that have never been considered before because of the cost. **CHAIRMAN PECK** stated that information available has been improved but the cost savings is unknown.

701

REP. GRINDE asked Mr. Flower, MCC, if they have considered charging out of city tuition. **Mr. Flower** said they do have an out of district differential. The students that come out of district do pay a substantially higher tuition but it does not make up the whole difference by itself.

REP. GRINDE asked if all the units have a curriculum in nursing, RN or LPN. **Mr. Flower** said no. **Don Kettner** said there is a great demand on a nursing program.

REP. GRINDE asked if there were any grant programs, gifted programs, or donations that the Community Colleges have, if so are they figured into the budget and how do the presidents feel about I-105. **Mr. Flower, MCC**, said their concern is that there is an inequity in what was done in exempting the School Districts from I-105 and not doing the same for the Community Colleges. **Mr. Flower** said they go actively after grant sources and funding. **Howard Fryett, FVCC**, said that FVCC has been affected by I-105 approximately a quarter of a million dollars annually. **Mr. Fryett** said the intent of the voters on I-105 was appropriate; the effect of the legislation has been unequal. **Mr. Fryett** said that grants and gifts are restricted funds and are restricted to specific purposes. **Mr. Kettner, MCC**, said that he would like equality, if the Community Colleges are going to fall under to portion of public school law for districts then they should be included in I-105. **Mr. Kettner** stated that MCC has raised approximately \$10,000,000 in the past twelve years and they are restricted monies for specific purposes.

REP. GRINDE asked Commissioner Hutchinson how he feels the role of the Community Colleges should be played as we proceed into the future. **Commissioner Hutchinson** said he would like the Community Colleges to be very much a partner in the whole Higher Education Activities in Montana and feel the State funding should increase for them.

SEN. BIANCHI asked Mr. Flower what the tuition increase at MCC would be. **Mr. Flower** said the current tuition is \$756 and will go to \$864 per year.

SEN. BIANCHI asked Commissioner Hutchinson if there were any moves by the regents to get the tuition between the three Community Colleges equitable. **Commissioner Hutchinson** said that there has not been any discussion between the Regents to equalize the tuition since he has been with the Commissioners Office. **Jack Noble** said that local boards have jurisdiction in setting the tuition.

962

Tom Harding, Trustee FVCC, said from FY82 to FY90 tuition and fees have increased 248% the mandatory levy has increased 48% and the State Share has decreased 6%. The residents of the Community College districts pay high cost in higher education. It is unfair for the state to come back and increase the local funding more. It is time for the state to take a hard look at the funding of the Community Colleges. **Mr. Harding** said the national Average shows that 63.3% is funded by the State, Montana is at 47%. **Mr. Harding** asked the subcommittee to look at the

effectiveness of the dollar spent are and look at what is done for Higher Education in the State of Montana. The three campuses provide a unique service to this state.

063

Michael Jensen said that the largest funding problem **FVCC** has had is the erosion of the state funds. The erosion has become a problem because of the instability seen in the funding sources. Fortunately there has been an encouraging offset of growth in the local area but it hasn't offset what has happened on the state level. **Mr. Jensen** said **FVCC** will be presenting the subcommittee with a supplemental request and said that it is very important that the committee realize this request is in no way linked to the recent building projects. The building project came in on time, in budget and within one half of 1% of change orders and are proud of that fact. This request is operational only, it is not linked in any manor to the building project. **Mr. Jensen** asked the subcommittee to look at this request with open eyes and the understanding that this supplement will go 100% to part-time instruction to get **FVCC** through a viable spring quarter.

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Eilleen Carlson, Trustee FVCC, said she is very encouraged that **FVCC** has progressed to being on the letterhead.

Terry Minow, MFT, stated that **MFT** represent the faculty at **DCC** and the part-time faculty and the staff of **FVCC**. **MFT** wish to go on record in support of the recommendation of the Regents and particularly the recommendations of the college presidents. During tough economic times particularly those being experienced in Eastern Montana the Community Colleges become even more important. The Community Colleges provide unique educational opportunities to the citizens of Montana that can be provided nowhere else. **Ms. Minow** stated that it is absolutely crucial to the University System including the Community Colleges that they be included in a fully funded pay plan. The Community Colleges and the students they serve have much at stake and it is time that the state show more of its rightful burden of financial support for Community Colleges.

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CHAIRMAN PECK asked **Mr. Hutchinson** if the additional appropriation for **FY90** and **FY91** of \$50,0000 went to the Regents yet. **Commissioner Hutchinson** said it has not yet gone to the Regents.

SEN. HAMMOND asked if the supplemental will throw off the balance of how much the state is going to provide. **Commissioner Hutchinson** said yes. **SEN. HAMMOND** stated that the ratio would need to be changed in order to provide for the supplemental. **Commissioner Hutchinson** said yes.

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SEN. BIANCHI asked if the supplemental will come before the subcommittee. **CHAIRMAN PECK** said it would start with the subcommittee and then go to Full House Appropriations.

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CHAIRMAN PECK stated that the earliest date for Community College Executive Action would be February 5, 1991.

Adjournment: 10:50 a.m.



REPRESENTATIVE RAY PECK, Chair



MELISSA J BOYLES, Secretary

RP/mjb

HOUSE OF REPRESENTATIVES
EDUCATION SUBCOMMITTEE

ROLL CALL

DATE 1-22-91

NAME	PRESENT	ABSENT	EXCUSED
REP. RAY PECK, CHAIRMAN	✓		
SEN. GREG JERGESON	✓		
REP. LARRY GRINDE	✓		
SEN. DON BIANCHI	✓		
REP. MIKE KADAS	✓		
SEN. H.W. "SWEDE" HAMMOND	✓		

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COMMUNITY COLLEGE ASSISTANCE

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	.00	.00	.00	.00	.00
Local Assistance	<u>3,203,911</u>	<u>3,182,291</u>	<u>3,382,091</u>	<u>3,382,091</u>	<u>5.92%</u>
Total Program	\$3,203,911	\$3,182,291	\$3,382,091	\$3,382,091	5.92%
<u>Fund Sources</u>					
General Fund	<u>3,203,911</u>	<u>3,182,291</u>	<u>3,382,091</u>	<u>3,382,091</u>	<u>5.92%</u>
Total Funds	\$3,203,911	\$3,182,291	\$3,382,091	\$3,382,091	5.92%

Program Description

The Community College program distributes funds appropriated by the legislature for the support of Montana's three community colleges: Miles Community College, Flathead Valley Community College, and Dawson Community College. Each community college district has an elected board of trustees accountable to and supervised by the Board of Regents.

Community College Funding Formula

Since 1981, the legislature has developed budgets for the community colleges using an enrollment-based formula. The total unrestricted budget of the community colleges is determined by multiplying the number of FTE students by a cost factor per student. The cost factor covers all educational costs, such as instruction, academic support, student services, institutional support, and operation and maintenance of the physical plant. Legislative audit costs are then added to the formula-generated budgets. The state general fund appropriation is calculated by multiplying the total unrestricted budget by a fixed percentage of state

support for the unrestricted budget. The remainder of the unrestricted budget is financed from a combination of local revenues including a mandatory levy, student tuition and fees, and other unrestricted revenues.

Formula Variables

Three variables impact the state general fund cost of the community college funding formula: budgeted student FTE; the cost factor; and the percentage of state support for the unrestricted budget. Table 5 summarizes these factors for the past several years. As shown on Table 5, budgeted student FTE increased 19.5 percent between fiscal years 1982 and 1990, while actual student FTE increased 13 percent. In six of the last nine years, actual student FTE exceeded budgeted student FTE. The cost factor used to set the community college budgets increased 23.8 percent from 1982 to 1990. During the same time period, the consumer price index (CPI) increased 35 percent and the higher education price index (HEPI) increased 49 percent. Finally, the percentage of state support of the unrestricted budget has declined from 53 percent to 47 percent.

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Table 5
Community College Funding
Formula Factors
An Historical Perspective
Fiscal Years 1982 - 1990

FY	-Student FTE- Budgeted	Actual	Cost Factor	Percent State Support
1982	1,450	1,646	\$3,155	53.0%
1983	1,411	1,806	\$3,435	52.7%
1984	1,752	1,634	\$3,325	53.0%
1985	1,807	1,757	\$3,388	51.9%
1986	1,714	1,740	\$3,574	49.7%
1987	1,714	1,716	\$3,611	48.9%
1988	1,740	1,730	\$3,622	48.0%
1989	1,740	1,806	\$3,642	48.0%
1990	1,733	1,860	\$3,907	47.0%

Percent Increase

1982-90	19.5%	13.0%	23.8%
CPI Increase 1982-90			35.0%
HEPI Increase 1982-90			49.0%

Current Level Budget

The current level budget uses the funding formula to develop the 1993 biennium appropriation for the community colleges. The student FTE enrollment used represents the average of the last two years' actual data, which is consistent with past practice. The average student FTE enrollment for the 1993 biennium is 1,834 or 101 higher than the student FTE budgeted for the 1991 biennium. Table 6 shows how the 1993 biennium average enrollment was derived and provides a comparison with the 1991 biennium budgeted enrollment.

Table 6
1991 & 1993 Biennium Enrollment
Montana Community Colleges

Campus	FY 89	FY 90	1993 Biennium Enroll.	1991 Biennium Enroll.	Increase (Decrease) From 1991 Biennium	% Inc. (Dec.) From 1991 Biennium
Dawson	363	400	382	389	-7	-1.8%
Flathead	973	1,001	987	931	56	6.0%
Miles City	470	459	465	413	52	12.6%
Total	1,806	1,860	1,834	1,733	101	5.8%

Table 7 shows the formula calculation for the community colleges by campus for the 1993 biennium. The current level budget does not increase the cost factor used in the 1991 biennium because: 1) personal services represents 70 to 80 percent of the total budget and the legislature did not provide pay plan

funds for the community colleges in the 1991 biennium; 2) community colleges maintain accounting records at the local level so there is insufficient detail available at the state level to determine the expenditure amounts in specific inflation categories, such as electricity, natural gas, or gasoline;

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and 3) the current level budget does not include a general inflation factor for non-specific expenditure categories.

percent in the current level budget, which is the level established by the 1989 legislature.

The percent of state support for the unrestricted budget is maintained at 47

Table 7
Community College Funding Formula
1993 Biennium

<u>Campus</u>	<u>Avg. Enroll.</u>	<u>Cost Factor</u>	<u>Unrestricted Budget</u>	<u>Audits</u>	<u>% State Support</u>	<u>General Fund*</u>
Dawson	382	\$3,907	\$1,492,474	\$ 9,000	47%	\$ 705,693
Flathead	987	3,907	3,856,209	12,500	47%	1,818,293
Miles	465	3,907	1,816,755	9,000	47%	858,105
Total	1,834		\$7,165,438	\$30,500		\$3,382,091

*For each fiscal year.

Table 8 shows the biennial budget comparison for the community colleges by campus. Because the cost factor and percent of state support were held con-

stant from the 1991 biennium, changes in budgeted student FTE is the only factor affecting 1993 biennium budgets.

Table 8
Community College Budget Biennial Comparison
1991-1993 Biennium

<u>Campus</u>	<u>FY 1990 Actual</u>	<u>FY 1991 Appropriation</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>% Change</u>
Dawson	\$ 719,017	\$ 714,317	\$ 705,693	\$ 705,693	-1.53%
Flathead	1,718,046	1,709,586	1,818,293	1,818,293	6.10%
Miles	766,848	758,388	858,105	858,105	12.52%
Total	\$3,203,911	\$3,182,291	\$3,382,091	\$3,382,091	5.92%

Board of Regents Budget Modification

Increase Community College Funding

The Board of Regents requests \$1,729,580 general fund in the 1993 biennium for the community colleges to: 1) allow 4 percent annual inflation to the cost factor; and 2) to increase the state support for the unrestricted budget from 47 percent in the 1991 biennium to 51

percent in fiscal 1992 and 55 percent in fiscal 1993. The Board of Regents proposes increasing state support for the unrestricted budget to 65 percent over a five-year period, or approximately 4 percent annually. This budget modification would increase state support for the community college budgets 27 percent over the 1991 biennium.

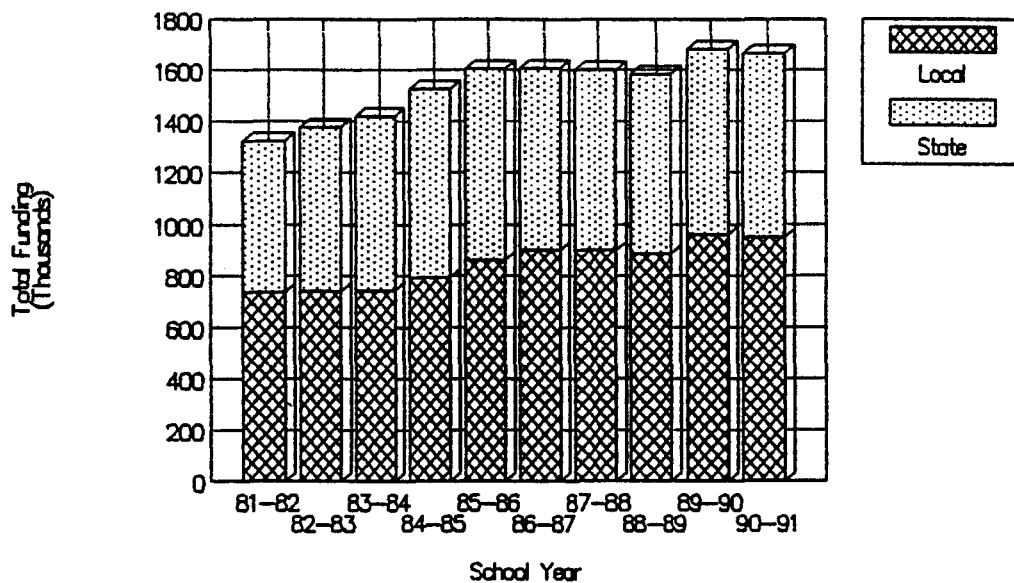
EXHIBIT 2
DATE 1-22-91
HB Ed. & Curr. Dev. Sub.

Dawson Community College



Education Sub Committee - January 22, 1991

Dawson Community College Budget History

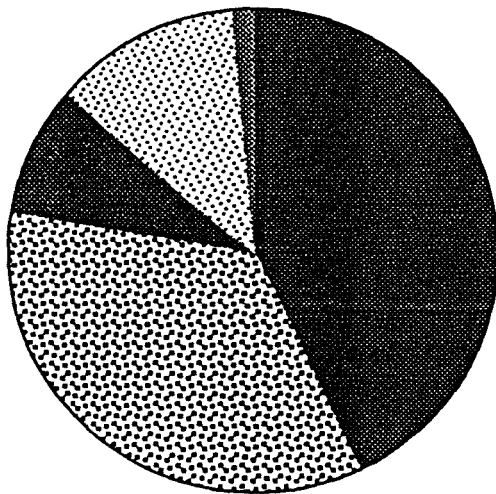


SIX-YEAR BUDGET HISTORY Dawson Community College

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
State Share	\$ 761,712	\$ 723,768	\$ 704,064	\$ 699,264	\$ 722,777	\$ 714,317
Mandatory Levy	580,119	589,585	589,677	452,890	589,645	580,105
Voted Levy	135,416	44,438	144,000	144,378	144,378	144,378
Tuitions	112,000	115,000	127,000	112,000	203,400	203,400
Interest	15,000	12,000	12,000	18,000	22,001	22,001
Carryover	-0-	23,668	-0-	-0-	-0-	-0-
Reserve	-0-	-0-	24,059	157,768	-0-	-0-
Total:	\$1,604,247	\$1,608,459	\$1,600,800	\$1,584,300	\$1,682,201	\$1,664,201

1990-91 General Budget		
Dawson Community College		
REVENUES		
State Appropriation	\$714,317.00	42.90%
Mandatory Levy	\$580,105.00	34.90%
Voted Levy	\$144,378.00	8.70%
Tuitions	\$203,400.00	12.20%
Interest	\$22,001.00	1.30%
Reserve	\$0.00	
	\$1,664,201.00	100.00%

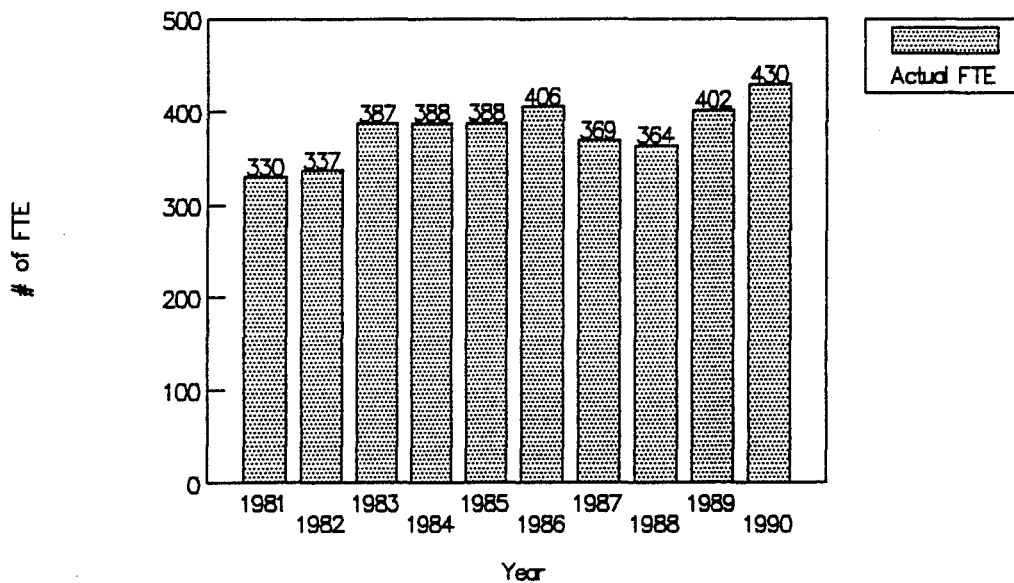
DCC BUDGET 90/91 - REVENUES



■ State Appropriation	42.9%
▣ Mandatory Levy	34.9%
■ Voted Levy	8.7%
▣ Tuitions	12.2%
▣ Interest	1.3%

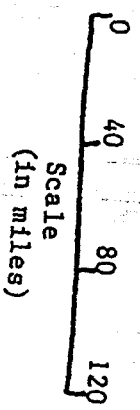
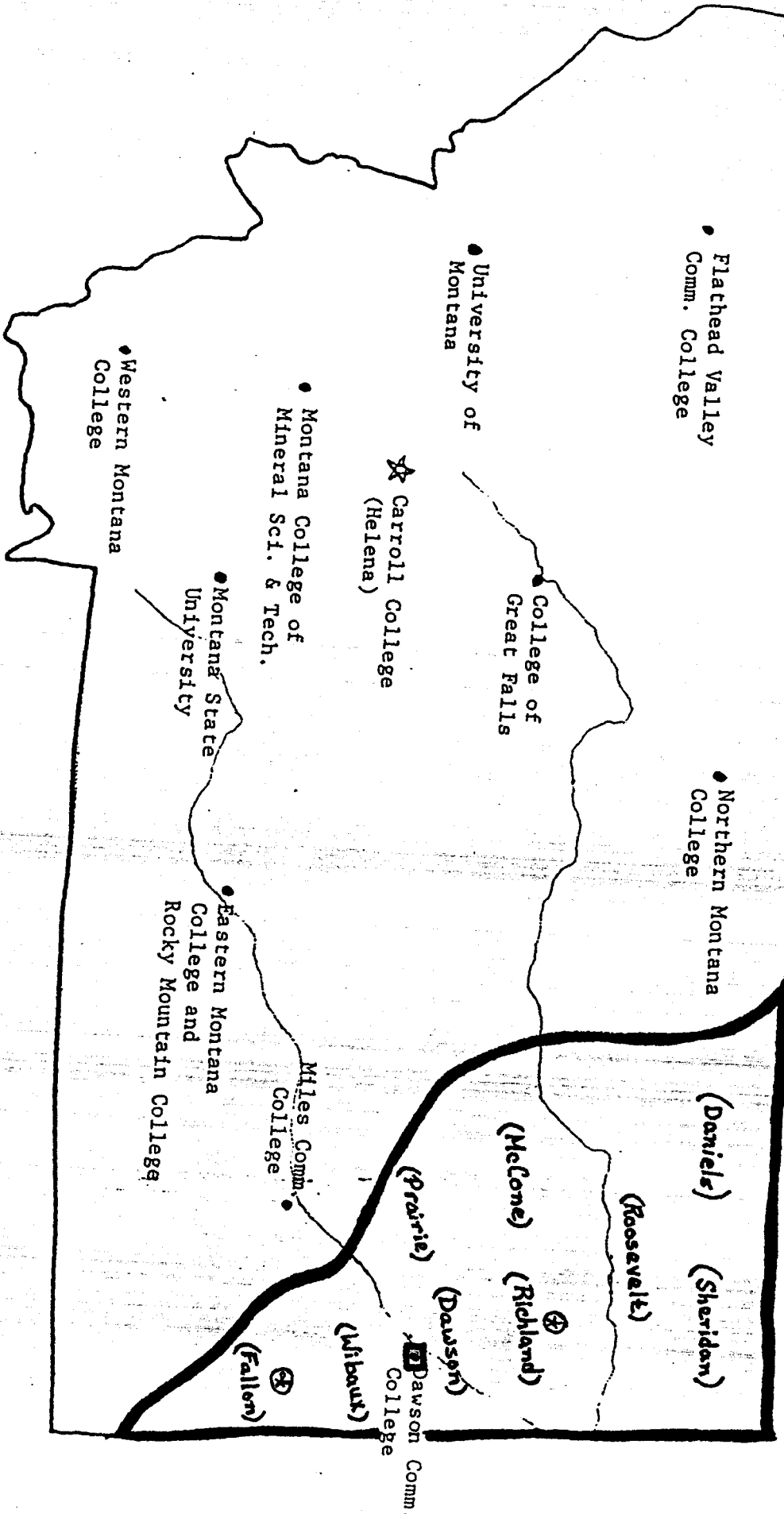
Dawson Community College

FTE Summary

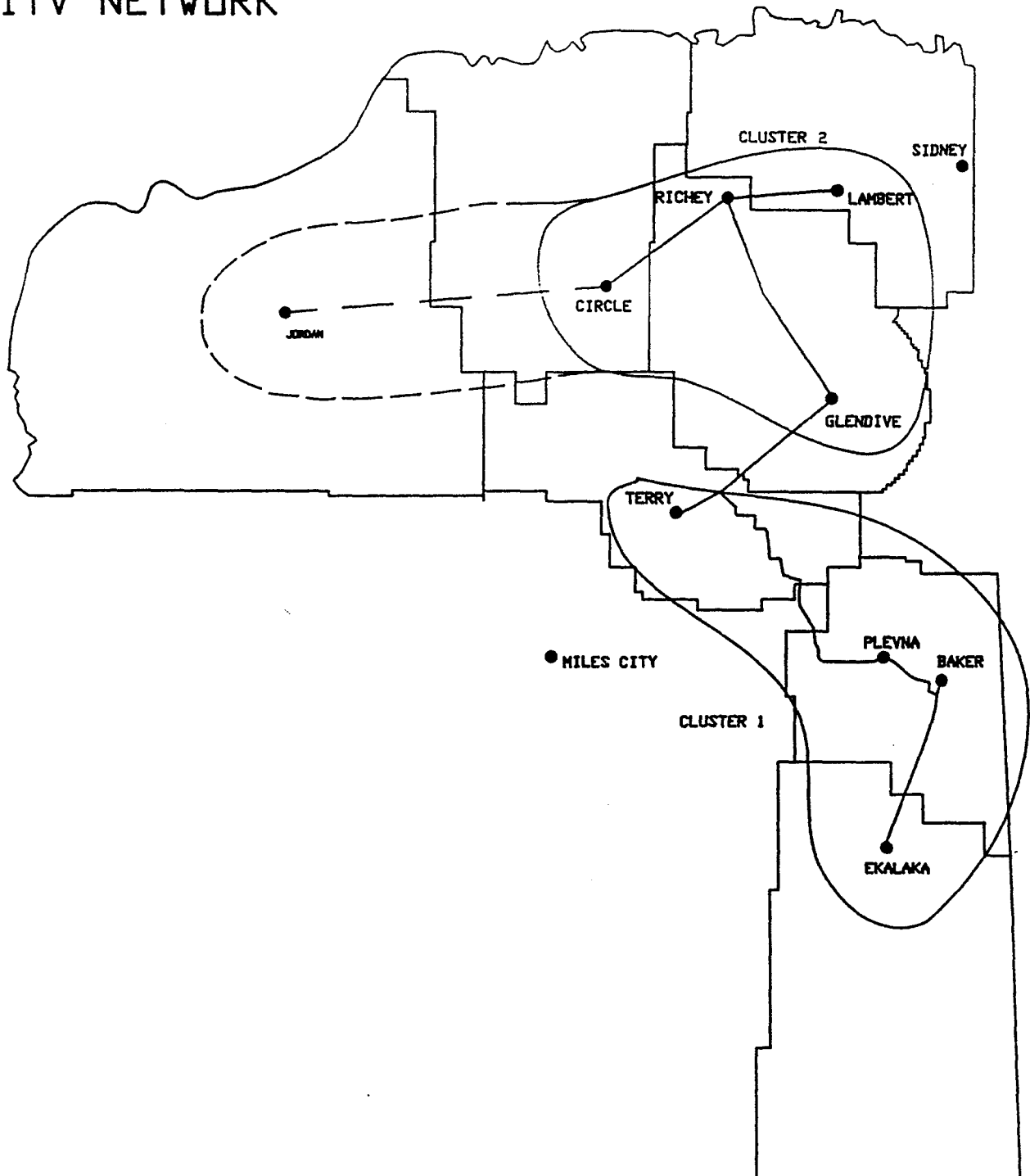


	Per Student	FTE Funding Level	Actual
1981-82	\$3,574	310	330
1982-83	3,895	310	337
1983-84	3,325	380	387
1984-85	3,388	400	388
1985-86	3,583	400	388
1986-87	3,633	400	406
1987-88	3,622	400	369
1988-89	3,642	400	363
1989-90	3,907	389	400
1990-91	3,907	389	430
(1991-92)		(382)	
(1992-93)		(382)	

POSTSECONDARY INSTITUTIONS IN MONTANA



PROPOSED ITV NETWORK



MID-RIVERS TELEPHONE
COOPERATIVE, INC.

COMMUNITIES THAT WILL
SERVED BY MID-RIVERS
FIBER OPTIC CABLE.

EXHIBIT 2
DATE 1-22-97
HB Ed. & Cur. Div. Sup.

EXHIBIT 3
DATE 1-22-91
HB Ed. & Gov. P. & L.



PRIDE IN EXCELLENCE

FLATHEAD VALLEY COMMUNITY COLLEGE
Education Subcommittee Hearing
January 22, 1991

Flathead Valley Community College
1991 and 1993 Biennium Enrollments

The following budget requests assume an increase in budgeted student FTE from 931 to 987.

Fiscal Year 89:	973
Fiscal Year 90:	1,001
1993 Biennium Enrollment*	987
1991 Budgeted Enrollment	931
Biennial Change	56
% Increase from 1991 Biennium	6%

*Formula calculation - no variations in Regents', Stephens', and LFA recommendations.

EXHIBIT 3
DATE 1-22-91
HB Ed. & CULV. Res. Sub.

FLATHEAD VALLEY COMMUNITY COLLEGE
Education Subcommittee Hearing

REQUEST

Increase the funding per student FTE by a minimum of four (4%) percent each year (from \$3907 to \$4063 in FY 92 and to \$4226 in FY 93.)

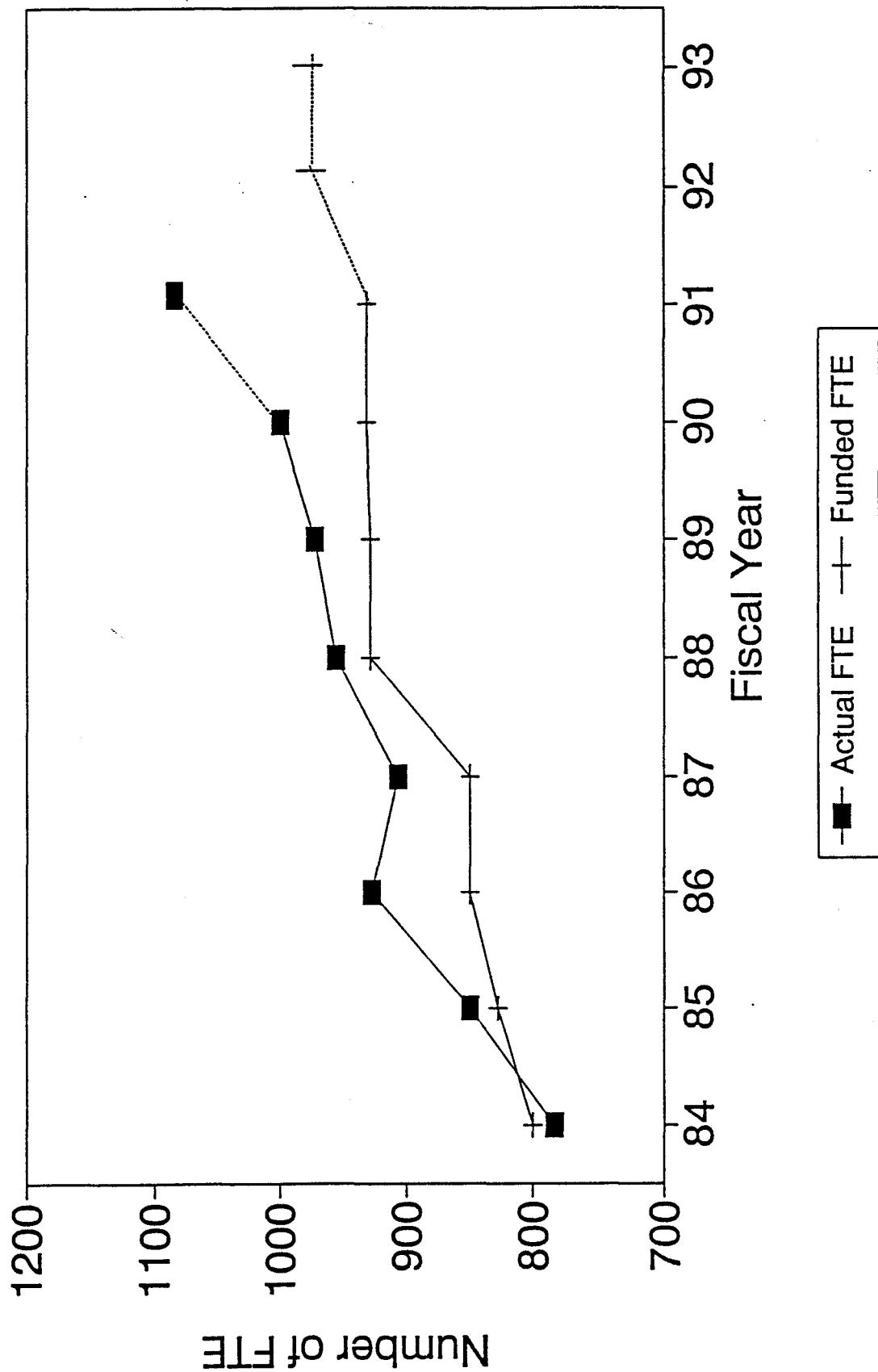
JUSTIFICATION

- a. According to the LFA report, Montana's community colleges' current expenditure of \$3907 per student FTE is only 68% of expenditures of peer institutions; these institutions average \$5778 per student FTE.
- b. The budgeted amount per student has not kept pace with inflation. According to the LFA report, the budgeted cost per student increased 23.8% between fiscal years 1982 and 1990. This rate compares with a 49% increase in the HEPI and a 35% increase in the CPI during the same time period.
- c. In addition to increases in fixed costs, such as utilities and supplies, FVCC employees received a four (4%) percent salary increase in 1989-90 and another four (4%) percent increase in 1990-91; they had had their salaries frozen during the prior three years. A four (4%) percent inflationary increase in the allocation per student FTE is necessary to continue programs and services at the current level.

- d. Additional instructional and administrative outlay is necessary to meet the needs of a steadily increasing enrollment. Actual and projected enrollment increases are significantly in excess of the enrollment for which FVCC is budgeted.

Flathead Valley Community College

FUNDED VS. ACTUAL FTE FUNDING



Montana and Regional Public Post-Secondary Institutions

Tuition and Fees Comparison

4 Year Institutions

Northern Montana	\$1,272
Montana Tech	1,321
Montana State University	1,376
University of Montana	1,450
Western	1,274
Eastern	1,308

Community Colleges

Dawson	\$ 864
Miles	756
Flathead Valley	936

Vocational-Technical Centers

\$ 876

Regional Public Community Colleges

Idaho

Northern Idaho - Coeur d'Alene	\$ 760
College of So. Idaho - Twin Falls	800

Washington

Spokane and Spokane Falls	\$ 867
Everett	858
Grays Harbor - Aberdeen	822

Wyoming

Eastern Wyoming - Torrington	\$ 858
NW College- Powell	760
Sheridan	532

North Dakota

ND State College at Devils Lake	\$1,332
U of ND - Williston	1,334
ND State University - Bottineau	1,283

South Dakota

Sisseton - Wahpeton	\$2,070
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FLATHEAD VALLEY COMMUNITY COLLEGE
Education Subcommittee Hearing

REQUEST

Increase the percentage of state funding by four (4%) percent each year (from 47% to 51% in FY 92 and to 55% in FY 93).

JUSTIFICATION

- a. The 1981 legislature determined that 53% was the appropriate state support level for community colleges. Since the formula was implemented, the percentage of state support has dropped to the current 47%.
- b. The Montana Education Commission for the Nineties and Beyond recommended a return to the original state policy of funding 65% of the community college general fund budget. (The Commission recognized that this will require a phasing-in program.) This recommendation was made in recognition of community colleges' service to the state, to allow community colleges to maintain their quality, and to meet the increasing need for two-year institutions in the future.
- c. Nationally, the median state appropriation to institutions with less than 1000 FTE is 63.3% (according to a 1989 NACUBO report, "Comparative Financial Statistics for Public Community and Junior Colleges 1987-88.")

- d. Unless CI-105 is amended to exclude community colleges, FVCC is prevented from collecting the full share of local support because the local mandatory levy is frozen at the 1986 level. Increases in inflation have continued, however, and enrollments have increased. To compensate for this shortfall, tuition has been doubled during the last two years. Tuition at FVCC is presently the highest among the three community colleges in Montana and higher than public community colleges in Idaho, Washington and Wyoming. Despite the tuition increase, a significant shortfall exists.

Flathead Valley Community College
Education Subcommittee Hearing

Budget Request Summary

In recognition of the tight fiscal restraints on the state budget, Flathead Valley Community College budget requests are very conservative and are consistent with the two other Montana community colleges.

Flathead Valley Community College's budget requests are the absolute minimum necessary to continue to meet the needs of our students. They are:

Budget Requests

1. Increase funding per student FTE by a minimum of four (4%) percent each year (from \$3907 to \$4063 in FY 92 and to \$4226 in FY 93).
- 2.) Increase the percentage of state funding by four (4%) percent each year (from 47% to 51% in FY 92 and to 55% in FY 93).

Additional Requests

The following requests will be made of the legislature:

- 1.) Remove community colleges from the property tax limitation set in 1986 by CI-105, thereby allowing community colleges to actually collect monies authorized by the legislature.

- 2.) Include an appropriation for salary increases for community college employees in the state pay plan bill.

FLATHEAD VALLEY COMMUNITY COLLEGE BUDGET REQUEST

Actual FY90	Budgeted FY91	Regents FY92	Regents FY93	\$Biennial Change	%Biennial Change
\$ 1,001	\$ 931	\$ 987	\$ 987	\$ 56	6.0 %
3,907	3,907	4,063	4,226	475	6.08%
18,000	0	25,000	0	7,000	38.89%
\$3,655,417	\$3,637,417	\$4,035,181	\$4,171,062	\$ 913,409	12.52%

Student FTE
Support per Student
Audit
Total Budget

Funding Sources

General Fund	\$1,718,046	\$1,709,586	\$2,057,942	\$2,294,084	\$ 924,394	26.97%
Mandatory Levy	1,161,307	1,161,307	1,161,307	1,161,307	0	0.00%
Tuition & Fees	528,702	600,102	600,102	600,102	71,400	6.33%
Other	10,000	25,000	25,000	25,000	15,000	42.86%
IL05 Limitation	\$ 237,362	\$ 141,422	\$ 190,830	\$ 90,569	\$ (97,385)	100.00%

TOTAL

\$3,655,417	\$3,637,417	\$4,035,181	\$4,171,062	\$ 913,409	12.52%
-------------	-------------	-------------	-------------	------------	--------

State %
Local %
TOTAL

47%	47%	51%	55%
47%	49%	49%	45%
94%	96%	100%	100%

1993 BIENNIAL BUDGET COMPARISONS

FY90 ESTIMATED	FY91 BUDGETED	STEPHENS FY92	STEPHENS FY93	LFA FY92	LFA FY93	REGENTS FY92	REGENTS FY93
\$1,718,046	\$1,709,586	\$1,818,293	\$1,818,293	\$1,818,293	\$1,818,293	\$2,057,942	\$2,294,084

Flathead Valley
Community College

FY92

FY93

\$2,057,942	(Regents)	\$2,294,084	(Regents)
(1,818,293)	(Stephens/LFA)	(1,818,293)	(Stephens/LFA)
\$ 239,649	+	\$ 475,791	=
			\$ 715,440

EXHIBIT

DATE

HB

Ed. J. Curr. Per

3

1-22-91

FLATHEAD VALLEY COMMUNITY COLLEGE
BUDGET ANALYSIS
FY 81-82 TO 90-91

	FY81-82	FY 82-83	FY 83-84	FY 84-85	FY 85-86	FY 86-87	FY 87-88	FY 88-89	FY89-90	FY 90-91	
Funding											
General Fund	1,127,029	1,185,178	1,414,040	1,484,994	1,555,827	1,485,934	1,613,384	1,622,292	1,718,046	1,709,586	52 %
Pay Plan				36,676	22,000	22,064					
Total State	1,127,029	1,185,178	1,414,040	1,521,670	1,577,827	1,507,998	1,613,384	1,622,292	1,718,046	1,709,586	52 %
Approp.											
Tuition &											
Fees	175,000	205,000	232,000	249,000	270,246	264,700	292,000	336,632	510,702	600,102	243%
Mandatory Levy	782,441	793,174	978,860	1,051,892	1,213,892	1,133,507	1,161,307	1,155,122	1,161,307	1,161,307	48 %
Interest	7,000	15,000	10,000	20,000	24,374	15,000	10,000	2,500	2,500	10,000	
Others Funds	35,000	37,833	33,100	153,514	140,082	10,000	15,000	19,000	7,500	15,000	
Carryover Funds						150,666	269,525	244,230	237,362	141,422	
Total	2,126,470	2,236,185	2,668,000	2,996,076	3,226,421	3,081,871	3,379,216	3,379,776	3,637,417	3,637,417	71 %
"Restricted"											
Voted Levy			81,000								
State General Fund											
as % of Total	53	52.7	53	51	49.7	48.9	48	48	47	47	(-6%)
Budgeted FTE Students	674	674	792	827	850	850	928	928	931	931	38 %
Budgeted Amt per FTE	3,155	3,325	3,325	3,388	3,574	3,611	3,622	3,642	3,907	3,907	24 %

41.

Flathead Valley Community College
1990-91 Supplemental Appropriation

Flathead Valley Community College needs an additional appropriation for the 1990-91 fiscal year of \$50,000. This money is necessary to enable the college to offer the anticipated course schedule for the 1991 spring quarter.

1. The completion of the new campus has resulted in significant enrollment increases which necessitate additional course offerings.
2. Flathead Valley Community College is currently budgeted based on 931 student FTE. The actual student FTE increased from 964 during the 1989 fall quarter to 1024 FTE during the 1990 fall quarter, a 9.5% increase. The estimated winter quarter FTE is 1076 compared to 957 in winter quarter 1989.
3. During winter quarter, most core courses were completely filled during pre-registration. Students waiting to enroll during regular registration found needed core classes closed and are expecting to take these classes during the spring quarter.
4. Monies available to hire part-time instructors have been depleted. Without additional funding, courses available to students during spring quarter will be sorely limited.

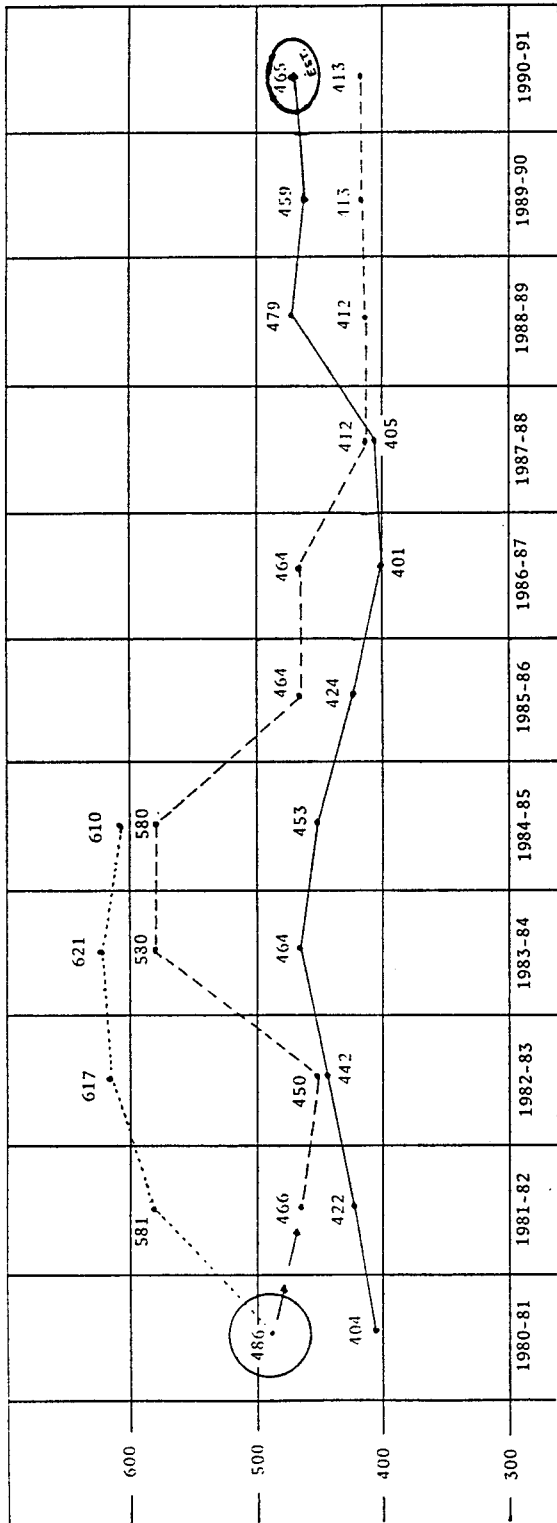
MILES COMMUNITY COLLEGE

EXHIBIT 4

DATE 1-22-91

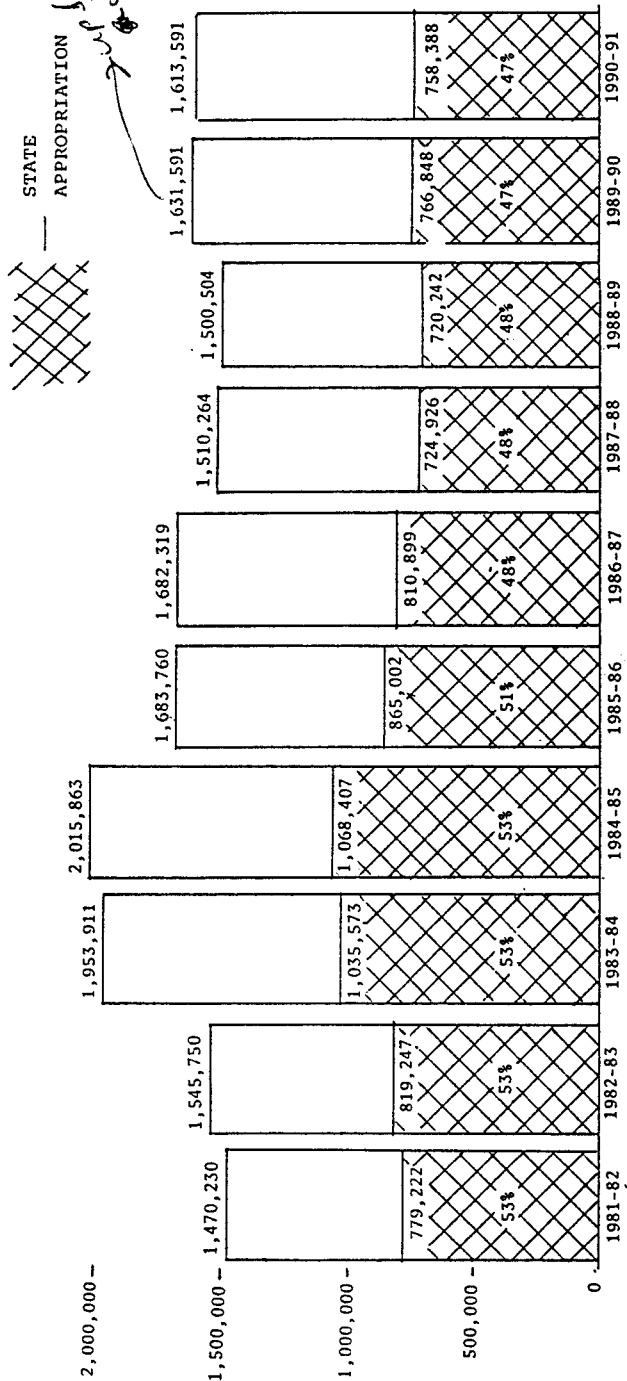
HB _____

ANNUAL FTE ENROLLMENT SUMMARY



LEGEND:
 Total on/extended campus enrollment
 ——— On-campus unrestricted enrollment
 - - - - - Legislature/funded enrollment

BUDGET HISTORY



MILES COMMUNITY COLLEGE
CHART OF BUDGET/FUNDING HISTORY

WP4.2

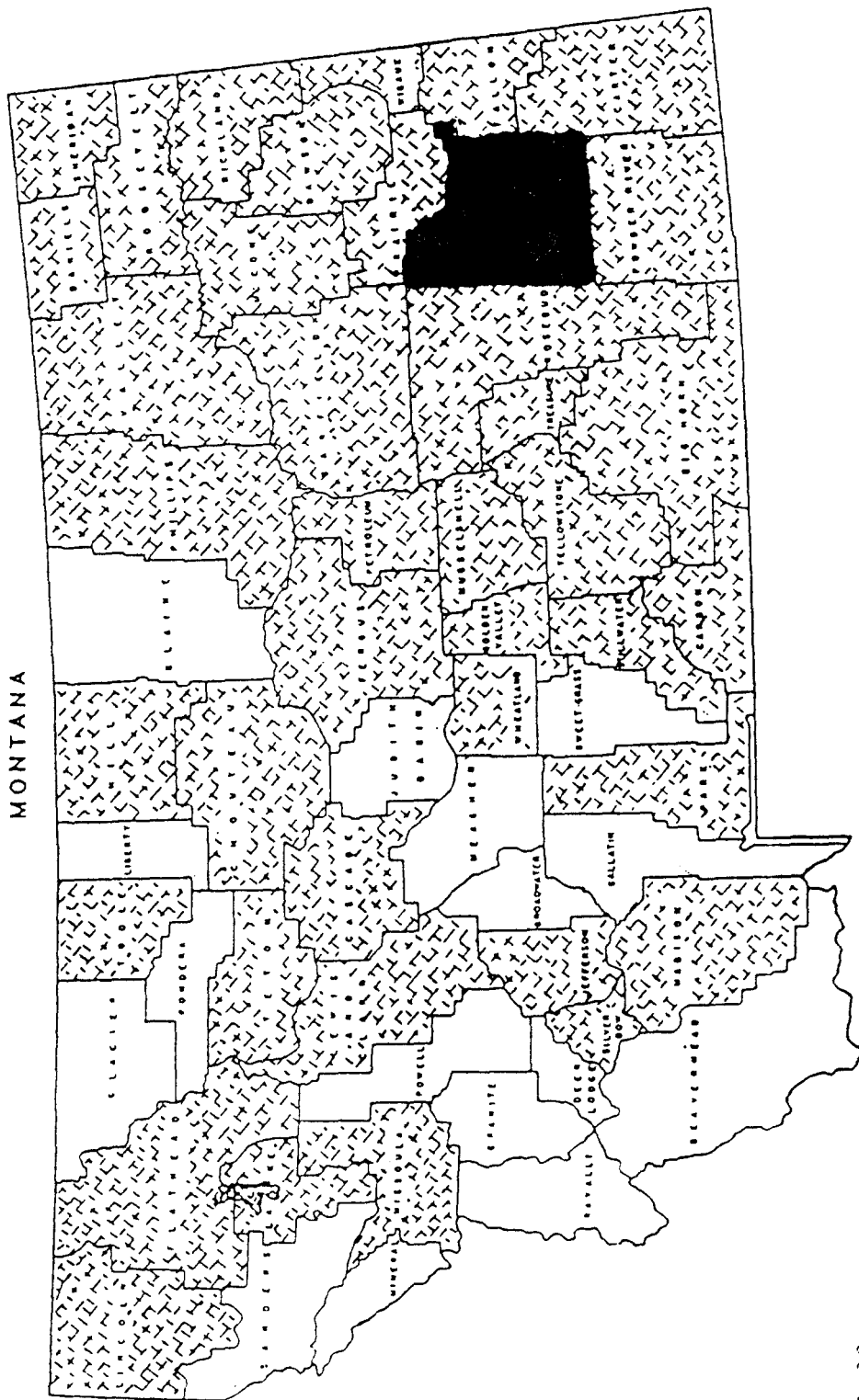
			-----Local District Levy-----			
Gen. Fund Budget	% Change + or -	State Appropriation	Gen. Fund Operations*	Retirement	Total (Dollars)	Total (Mills)
<u>FINAL YEAR UNDER ANB/EQUALIZATION PROGRAM</u>						
1970-71	\$ 312,557	N/A	\$ 103,127	\$ 78,383	\$ 11,966	\$ 90,349 6.47
<u>STATE APPROPRIATION/3-MILL BASIC LEVY</u>						
1971-72	\$ 345,200	+10.44%	\$ 201,388	\$ 83,353	\$ 9,215	\$ 92,568 6.41
1972-73	\$ 378,585	+9.67%	\$ 224,842	\$ 87,743	\$ 11,600	\$ 99,343 6.68
1973-74	\$ 406,504	+7.37%	\$ 245,000	\$ 93,904	\$ 34,175	\$ 128,079 8.32
1974-75	\$ 490,205	+20.59%	\$ 267,000	\$ 154,205	\$ 41,955	\$ 196,190 11.20
<u>65/35 STATE/LOCAL FUNDING</u>						
1975-76	\$ 587,986	+19.95%	\$ 350,642	\$ 227,818	\$ 55,230	\$ 283,048 12.80
1976-77	\$ 679,903	+15.63%	\$ 350,595	\$ 250,308	\$ 96,140	\$ 346,448 19.79**
1977-78	\$ 803,988	+18.25%	\$ 485,250	\$ 201,586	\$ 78,697	\$ 280,283 14.82
1978-79	\$ 944,640	+17.49%	\$ 547,673	\$ 300,939	\$ 81,694	\$ 382,663 19.87
1979-80	\$ 896,948	<5.05%	\$ 512,350	\$ 305,598	\$ 92,576	\$ 398,174 20.43
1980-81	\$ 1,058,015	+17.96%	\$ 551,907	\$ 314,084	\$ 101,235	\$ 415,319 21.03
<u>FTE FORMULA - 53/47 STATE/LOCAL</u>						
1981-82	\$ 1,470,230	+38.96%	\$ 779,222	(Retirement now included....)		
1982-83	\$ 1,545,750	+5.14%	\$ 819,247	\$ 546,825	\$ 583,505	\$ 1,130,330 27.79
1983-84	\$ 1,953,911	+26.40%	\$ 1,035,573	\$ 669,683	\$ 669,683	\$ 1,339,366 38.27
1984-85	\$ 2,015,863	+3.17%	\$ 1,068,407	\$ 642,522	\$ 642,522	\$ 1,290,949 35.16+
<u>FTE FORMULA - 52-48 STATE/LOCAL</u>						
1985-86	\$ 1,701,413++	<15.60%	\$ 882,655	\$ 622,358	\$ 622,358	\$ 1,244,716 33.56
Revised	\$ 1,683,760	<1.04%	\$ 865,002 (2% cutback/Governor)	"	"	"
1986-87	\$ 1,742,812	+3.51%	\$ 906,262	N/A	N/A	N/A
Revised	\$ "	"	\$ 871,161 (PayPlan 49.5/50.6 S/L share)	\$ 636,522	\$ 636,522	\$ 1,271,684 37.02
Revised	\$ 1,699,119	+0.9%	\$ 827,699 (Special Session - 5% reduction)	\$ 659,112	\$ 659,112	\$ 1,318,801 38.33
Revised	\$ 1,682,319	<.09%	\$ 810,799 (2% cutback/Governor)	\$ 652,589	\$ 652,589	\$ 1,305,388 38.04
<u>FTE FORMULA - 48/52 STATE/LOCAL</u>						
1987-88	\$ 1,510,264	<10.23%	\$ 724,926	\$ 637,589	\$ 637,589	\$ 1,265,175 37.94
1988-89	\$ 1,500,504	<.65%	\$ 720,242	\$ 641,262	\$ 641,262	\$ 1,281,504 42.92
<u><25.57% Cumulative Reduction, 1984-85 through 1988-89</u>						
<u>FTE FORMULA - 47/53 STATE /LOCAL</u>						
1989-90	\$ 1,631,591	+8.67%	\$ 766,048	\$ 636,598	\$ 636,598	\$ 1,302,746 39.68
1990-91	\$ 1,613,591	<1.19%	\$ 758,388	\$ 582,488	\$ 582,488	\$ 1,290,949 43.15
Revised	\$ 1,738,828	+6.57%	\$ "	\$ "	\$ "	\$ 1,305,388 48.78
(\$49,237 tuit/fees increase; \$76,000 special levy)						

* Includes Basic and Special Voted Levies through 1980-81.

** Higher-than-usual Special Levy for operational equipment.

+ Carryover funds reduced levy from prior year.

++ Significant loss of FTE from Legislative severance of off-campus offerings.



1987-88

FULL-TIME STUDENTS
ENROLLED FROM
OUT-OF-DISTRICT
MONTANA COUNTIES

FALL QTR	-	165	Students	from	36	Counties
WINTER QTR	-	172	Students	from	37	Counties
SPRING QTR	-	131	Students	from	35	Counties
<hr/>						
AVERAGE	-	156	Students	from	36	Counties

Education

AGENCY (S)

Community Colleges

DATE 1-22-91

DEPARTMENT

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT
IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.