

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION**

#### **JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES**

**Call to Order:** By Chairman Royal Johnson, on January 20, 1993,  
at 9:30 a.m.

#### **ROLL CALL**

**Members Present:**

Rep. Royal Johnson, Chair (R)  
Sen. Don Bianchi, Vice Chair (D)  
Rep. Mike Kadas (D)  
Sen. Dennis Nathe (R)  
Rep. Ray Peck (D)  
Sen. Chuck Swysgood (R)

**Members Excused:** none

**Members Absent:** none

**Staff Present:** Taryn Purdy, Legislative Fiscal Analyst  
Skip Culver, Legislative Fiscal Analyst  
Doug Schmitz, Office of Budget & Program Planning  
Amy Carlson, Office of Budget & Program Planning  
Jacqueline Brehe, Committee Secretary

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

**Committee Business Summary:**

Hearing: COMMUNITY COLLEGES  
Executive Action: NONE

#### **HEARING ON COMMUNITY COLLEGES**

**Tape No. 1:A:000**

**Informational Testimony:** David Toppen, Associate Commissioner for Academic Affairs, OCHE, began his presentation by saying that actions of the 1991 Legislature had made a fundamental change in the funding mechanism for community colleges. It acknowledged that the state had ignored the community colleges and had increased the state's share of spending to 49%, and then 51%. He noted that the community colleges provide 8.1% of all student FTE instruction across the university system. If graduate students were removed along with the FTE of junior and senior level courses, the community colleges educate 20% of all undergraduates. He noted the close connection between the community colleges and the university system drawing the

committee's attention to the core curriculum and the transfer guide. He added that enrollment increases at the community colleges were due to their ability to give a quality education in an economical manner. He said the telecommunications network established by the METNET bill would enable all three of the community colleges to be linked closely to the university system.

**Donald Kettner, President, Dawson Community College**, stated that Dawson community college had experienced an exciting period of growth in enrollment, programs and interactive telecommunications technology. He said Dawson was starting a specialization in chemical dependency as part of the associate of applied science degree in human services, which was one of two programs in the state. Another area of growth was the two plus two program with Eastern Montana College within the human services program. He also described a unique associate degree in auto mechanics.

**Dr. Kettner** informed the committee of the actions the college took in response to the recision. All short and long-range planning was eliminated as were low enrollment classes. He noted there were only three administrators at the institution. With the recision each was taking on additional responsibilities. Maintenance of some equipment had been postponed to save money. He stated that to continue to supply a quality education, funding needed to be stabilized.

**Dr. Kettner** noted that enrollments were predicted to increase. Currently, 49% of students came from the district and 48% from other parts of the state, with the result that the local taxpayers were being unduly burdened. Students were coming in from other parts of the state because of the unique programs being offered such as the agribusiness program and the two-year law enforcement program.

**Dr. Kettner** requested a return to the pre-special session spending level: \$1163 per student FTE, 55% state share and the use of the average of the last two years actual enrollments. He noted Dawson had experienced a 24% increase in FTE since the last biennium and additional part-time faculty were needed.

**Dr. Kettner** referred to **EXHIBIT 1** which had been distributed and which described the six-year enrollment history and the six-year budget history. He noted that in six years there had been a 31% increase in enrollment while the budget had only increased 2.6%. He noted the mandatory levy had remained consistent while the local mill levy had been approved every year. The third page of the exhibit listed the budget and budget revenues. **Dr. Kettner** noted that 37% of the budget was locally generated.

**Dr. Kettner** reviewed the implications of interactive telecommunications for Dawson. **EXHIBIT 1**

**Dr. Kettner** emphasized that the community had built and maintained \$7.5 million worth of facilities through donations.

No bond issues were used.

**Questions, Responses, and Discussion :**

REP. MIKE KADAS asked where the students were from who came to Dawson from outside the district. Dr. Kettner replied that 30% came from neighboring counties and the rest came from all over the state. Less than two percent came from outside the state. He added that what attracted the students to Dawson were the two-year law enforcement program, the agribusiness program, and the human services program. REP. KADAS asked for information regarding tuition. Dr. Kettner answered that out-of-district students paid \$168 more per semester than in-district students, while out-of-state students paid \$504 more. He added that in-district students paid \$420 per semester. REP. KADAS asked what the fees and tuition were in total. Dr. Kettner said that on a semester basis in-district students paid \$619, out-of-district students paid \$786 and out-of-state students paid \$1,291.

REP. KADAS asked what the instructional costs were per student and how much tuition covered. Dr. Kettner said the annual cost of instruction was \$4200 per student and the annual tuition and fees for an in-district student were \$1238. Out-of-state students picked up 60% of their costs, but there were only 18. REP. KADAS asked how much tuition had been increased over the last few years. Dr. Kettner replied that tuition had been raised 60% over the last three years.

SEN. DON BIANCHI requested more information regarding the plan to reach into high schools with METNET. Dr. Kettner said classes were being sent to high schools for students who qualify as early start students. He said METNET was also being used to service teachers in the area who needed recertification and non-traditional aged students who wished to start their post secondary education. He added that it probably would eventually increase enrollment for the college.

CHAIRMAN ROYAL JOHNSON referred to the six-year budget history of EXHIBIT 1, and asked where the risk interest was earned. Dr. Kettner answered that all funding received from the state was given to the county treasurer who invested it along with other funds. The interest gained from this investment was indicated in EXHIBIT 1. He added that funds from the state were received in three payments. He said the treasurer also invested tuition monies when they were collected.

CHAIRMAN JOHNSON asked for more information regarding the \$49,000 reserve mentioned on the same page of the exhibit. Dr. Kettner replied that each of the three community colleges had received revenue in the early 1980's from oil revenues which came from back taxes paid by Texaco and Burlington Northern. They were expended two times in the last six-year period. These reserve funds were part of the old formula funding system which allowed a certain amount of the budget to be placed in reserve prior to

1980. They were not allowed to do it anymore. The funds were now down to a little over \$100,000, and once gone, the reserve could not be built up again.

**Howard Fryett, President, Flathead Valley Community College,** distributed EXHIBIT 2, and used it to review funding status of the college including how the general fund was determined for the college, state share of the budget, impacts of CI-105 and unfunded FTEs on the general fund budget, and the impact of salary increases. He supplied the committee with some general information on higher education in Montana. EXHIBIT 2 (pages 10 and 11) He reviewed the executive proposal for the budget, the LFA proposal and the college's request. He noted that the executive budget had omitted 126 FTEs.

**Dr. Fryett** emphasized that community colleges were "no-frills" institutions which were exclusively teaching facilities. He said 74% of the students at FVCC were from Flathead county, 21% were from outside the county but within the state, and 92 students were from outside the state. He stated that community colleges were cost effective institutions which maintained student access to higher education.

Tape No. 2:A:25

**Tom Harding, Chairman, Board of Trustees, FVCC,** said community colleges were very effective in Montana educating one fifth of the undergraduate students on two percent of the higher education general fund operating budget. The reason for the efficient nature of the institutions was that they were small, with a small number of administrators and were totally focused on teaching. If community colleges did not exist, larger numbers of students would be entering the university system at higher instructional costs. He noted that 75% of the students were receiving some form of financial aid. Some of these students could not afford to go to one of the universities.

**Michael Jenson, FVCC trustee,** stated that community colleges were doing what the legislature wanted the university system to do: accomplish more with less. He suggested using community colleges as a model for the rest of the system of post secondary education.

**Bob Waltmire, FVCC trustee,** said he knew the committee had to make cuts, but cautioned the committee to make them carefully. If a cut could not be justified, it shouldn't be made. He said taxes should be raised instead.

**Dale Henderson, Chairman of the Advisory Board of the Lincoln County Campus of FVCC,** noted that community colleges supply the training and education needed by employees in many of the new industries in Montana.

**Jerry Hudspeth, Dean, Lincoln County Campus of FVCC,** said he supported the LFA budget proposal. He noted that even if the 126

FTEs at his campus were recognized in the budget for the next biennium, the campus would still be under-funded because an enrollment of 140 students was being predicted. Due to the use of average enrollment of the previous two years, they will be under-funded because they were growing.

**Judson Flower, President, Miles Community College**, distributed **EXHIBIT 3**, and explained that the graph on the first page illustrated the lag, over a five year period, between enrollment and legislative formula funding. The second page of the exhibit supplied figures which showed the funded FTEs lagged behind the actual FTEs so that 163 students or 25% of the enrollment was unfunded. He noted the reasons for the increase in enrollment were the excellent teaching, the lower cost, and the impact of the changes in the admission policy in the university system.

**Dr. Flower** said MCC was operating on \$3017 per FTE in '92-'93 which was significantly less than the \$3685 per student allocated in FY87-88. He referred the committee to page three of **EXHIBIT 3** which graphically displayed the origins of the students at MCC with 250 students coming from outside the district. He said it was unfair to the taxpayers in his district to subsidize these students. **Dr. Flower** said he would like the legislature to pursue legislation similar to that covering high schools, to direct counties to transfer money across county lines to support the post-secondary education students in community colleges. As an alternative, he suggested the legislature increase the state share of funding to 55%. He stated that community colleges could not offset reductions in state funding with local taxes because of CI-105.

**Dr. Flower** added that MCC had an expensive nursing program WHICH cost three dollars for every one dollar coming from the funding mechanism. The reason for the high cost was a student/faculty ratio of 10 to 1 which was required for accreditation. Enrollment in the program represented one-sixth to one-seventh of the student body. He noted that MSU and Northern Montana State received supplemental funding to offset the high costs of their nursing programs in the last legislative session. MCC had not.

**Dr. Kettner** said he wished to correct a figure supplied to the committee. The present cost of educating a student at Dawson was \$3,838, not \$4,200.

#### Questions, Responses, and Discussion:

**REP. KADAS** noted that, on average, an out-of-state student was paying 68% of his educational costs. The university system was planning to raise out-of-state tuition to 100% of the educational costs. He asked for the community colleges reaction to following a similar policy. **Dr. Flower** said it seemed logical, but, with the small number of out-of-state students, it would not significantly impact the budget. **REP. KADAS** asked if 41% was an appropriate level of cost for an out-of-district student. **Dr.**

**Flower** replied that if the out-of-district students paid more, it would cost more than attending the university system. **Dr. Kettner** suggested that redistricting the state might be helpful. He noted HB 746 allowed community colleges to annex contiguous districts and he was considering using it. He noted that Montana could be fairly easily redistricted into eight community college/technical college districts. **Dr. Fryett** informed the committee that his trustees had voiced interest in increasing the tuition for out-of-state students.

**REP. KADAS** pointed out that in-state students at the universities were going to be asked to pay 25% of their educational costs while the in-district students at the community colleges were already paying 32%.

**SEN. CHUCK SWYSGOOD** asked what the percentage of students at the community colleges was that transferred to the university system.

**Tape No. 2:B:066**

**Dr. Kettner** said that at Dawson, 51% of the enrollment transferred in the fall semester and 55% transferred in the spring. **Dr. Flower** said at MCC the range was 55-60%. **Dr. Fryett** said that 55-60% transferred at FVCC with most going on to the UofM.

**SEN. SWYSGOOD** asked if taxpayers in the area of the branch units supported the campuses. **Dr. Fryett** said it was the same percentage of support as in Flathead County. He said the people in Libby requested the facilities be placed there. **Dr. Kettner** said the taxpayers at Sydney were not paying their share, but they did pay a service fee of \$3 per credit in addition to tuition. **SEN. SWYSGOOD** asked if there were plans to have Sydney help in the support of Dawson Community College. **Dr. Kettner** said there were plans but they had not been implemented yet.

**SEN. BIANCHI** asked who determined the level of tuition. **Dr. Fryett** replied that tuition changes were initiated by the local boards and ratified by the Regents. **Dr. Flower** said there was a clear expectation that when the university system raised its tuition, the community colleges would follow suit.

**SEN. BIANCHI** asked the community colleges how many more students they could handle. **Dr. Fryett** replied that FVCC could take another 400 student FTE in the current facilities. Back-up rental facilities could also be utilized raising capacity even further. Lincoln County had the capacity for another 400. **Dr. Flower** said MCC was running close to capacity. They could handle another 100 FTE without additional buildings. **Dr. Kettner** said Dawson would build or rent facilities to meet the need, however, additional money would be needed for additional faculty. With present facilities, another 100 FTE could be accommodated.

**SEN. DENNIS NATHE** noted that the University of Nebraska nursing

programs charge the hospital at which student nurses work. He asked if there was a similar program in Montana. **Dr. Flower** said there was not and noted that student nurses had to be watched continually. **Dr. Toppen** pointed out they would not be successful at any attempt to negotiate charging hospitals for any services the nursing students might supply. **Dr. Fryett** said FVCC had a nurses aid program and had negotiated some allocation of funds from the two hospitals in the area.

**SEN. NATHE** asked where the foreign students were from. **Dr. Flower** replied they were mostly from Japan.

**REP. RAY PECK** asked if there was any conflict between the local boards and the Regents in any area, such as setting tuition levels. **Dr. Toppen** answered that there was potential for conflict, but it had not occurred. The Regents approve the academic program and budgets, while the local boards have the responsibility to run the college day to day. **John Hutchinson, Commissioner of Higher Education**, said he had not seen any problems in the distribution of responsibilities. He said the Regents rely on the local boards for setting tuition which they then review and approve.

**REP. PECK** voiced concern that the principal of charging out-of-state students the full cost of their education should be uniformly implemented and include the community colleges. **Dr. Hutchinson** stated that the Regents had discussions about extending tuition indexing to the community colleges and Vo-Techs, but had decided the process should begin with a dialogue between the local boards and the Regents. **REP. PECK** complimented the Regents on their efforts in tuition indexing and encouraged them to go forward. **Mr. Jenson** said in his nine-year association with FVCC, there had been no conflict with the Regents. There was, however, a potential conflict with the out-of-district student issue. Their tuition was essentially being subsidized by the in-district taxpayers which was unjust. **Dr. Kettner** complimented the OCHE and commented that community colleges would not be where they were now without its help.

**REP. SCOTT ORR, District 2, Libby**, said as a local businessman he testified to the important role the community colleges and their extensions play in the local economy.

**REP. KADAS** asked the OBPP staff if the omitted FTE had been added to the budget. **Amy Carlson, OBPP**, replied that they were added, but since the calculations which were used did not utilize enrollment, the addition did not impact the bottom line. **REP. KADAS** asked for more information on how the OBPP arrived at its base. **Ms. Carlson** answered that the base used was the 1992 actual amount expended plus a small incremental amount of four percent.

**REP. KADAS** noted there were three components to the funding mechanism: students, cost per student, and general fund

percentage. He asked the community college presidents if the cost factor or the general fund percent should be reduced if the committee decided to cut spending to the community colleges. Dr. Kettner said reducing the state share put more burden on the local taxpayer. If a cut had to be made, he suggested the dollar amount/FTE. REP. KADAS said that if the general fund was reduced from 55% to 50%, the total budget authority would remain the same and local districts could make up the difference of what had been removed. Dr. Fryett said at FVCC they were dealing with CI-105. He would prefer that state funding percentage remain unchanged and to cut back on the dollar cost per student. Dr. Flower said they needed to know what would happen to CI-105 before they decided. If CI-105 were no longer in effect, they would all prefer to retain the dollars/ student FTE and have the state share reduced.

SEN. SWYSGOOD asked if the local taxpayers had to vote on a tax increase if the state share reduction were to be passed on to them. Dr. Kettner said no because a portion of it was a mandatory levy. The voted levy would have to pass. SEN. SWYSGOOD noted that the motion in the House prohibited passing reductions on to the local governments. REP. KADAS explained that if a change caused an increase in mandatory millage, it would be prohibited. If a change in funding resulted in an optional increase in local millage which could be voted on, that was permitted since the voters had the option to vote it down.

SEN. BIANCHI asked if it would be helpful to use actual FTEs rather than the average of the last two years. All three community college presidents agreed. REP. KADAS stated that using the two-year average was beneficial for schools experiencing a downward turn in enrollment.

CHAIRMAN JOHNSON asked for additional information on the funding mechanism when the community colleges first started. Dr. Kettner replied that when the colleges were first funded they were asked to fund themselves through local resources because they were also given money out of the ANB funds in the state foundation program. As enrollment increased and the average age of the students increased, this policy changed. CHAIRMAN JOHNSON asked if any of the colleges had bonds outstanding. Dr. Fryett answered that FVCC had \$6 million in outstanding bonds, paying \$675,000/year. He said 40% of the bond payment came from student fees and the rest from the taxpayers. There were no outstanding bonds at MCC or Dawson.

CHAIRMAN JOHNSON asked if the presidents felt they could get the voters in their districts to raise the levy if CI-105 were not in effect. Dr. Fryett said that the voters in his district were asked to raise the levy in 1988 and at that time the trustees promised not to return with another request for a minimum of five years. The trustees were reluctant to go to the voters for additional current level support also. Dr. Flower said the local millage for the college was already at 45 mills in his district.

He added that if the out-of-district counties picked up a fair share of the burden, the taxpayers might show some willingness to increase the levy. Dr. Kettner agreed with his colleagues that he would be reluctant to ask his district constituents for an increase in the levy.

CHAIRMAN JOHNSON commented that according to their replies, even if CI-105 were eliminated, they would not be able to go to the local constituents for help. Dr. Fryett said eliminating CI-105 would be helpful to his college. REP. KADAS commented that all three colleges had a mandatory levy. In addition, Dawson had a voted levy. The mandatory levy could go up to the CI-105 cap. Dr. Kettner remarked that his voted levy was \$7,182 below the cap.

CHAIRMAN JOHNSON asked if the community colleges were making up for the poor quality of education received in the public high schools. Dr. Fryett responded that a strong component of their program was to make up for deficits in the educational background of students. He noted that one-third to one-half of the students utilize the learning center at their campus. Dr. Flower said his skills center was also well used by the students. He added that the courses taken at the center were non-credit courses. Dr. Kettner concurred with his colleagues on the important role the skills centers play in preparing students for college-level work.


Tape No. 3:A:000

SEN. SWYSGOOD asked if the community colleges would raise the mandatory levy without a vote by the people if CI-105 were lifted. Dr. Flower said he would not be eager to do so and the trustees were reluctant also, but it would be an option.

CHAIRMAN JOHNSON closed the hearing.

ADJOURNMENT

Adjournment: 12:10 p.m.

  
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REP. ROYAL JOHNSON, Chair

  
\_\_\_\_\_  
JACQUELINE BREHE, Secretary

jb/

# HOUSE OF REPRESENTATIVES

EDUCATION

SUB-COMMITTEE

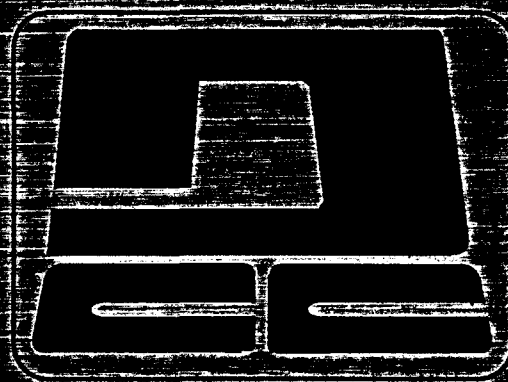
ROLL CALL

DATE

1/20/03

NAME	PRESENT	ABSENT	EXCUSED
REP. ROYAL JOHNSON, CHAIRMAN	✓		
SEN. DON BIANCHI, VICE CHAIRMAN	✓		
REP. MIKE KADAS	✓		
SEN. DENNIS NATHE	✓		
REP. RAY PECK	✓	✗	
SEN. CHUCK SWYSGOOD	✓		

# DAWSON Community College



Education Sub-Committee January 20, 1998

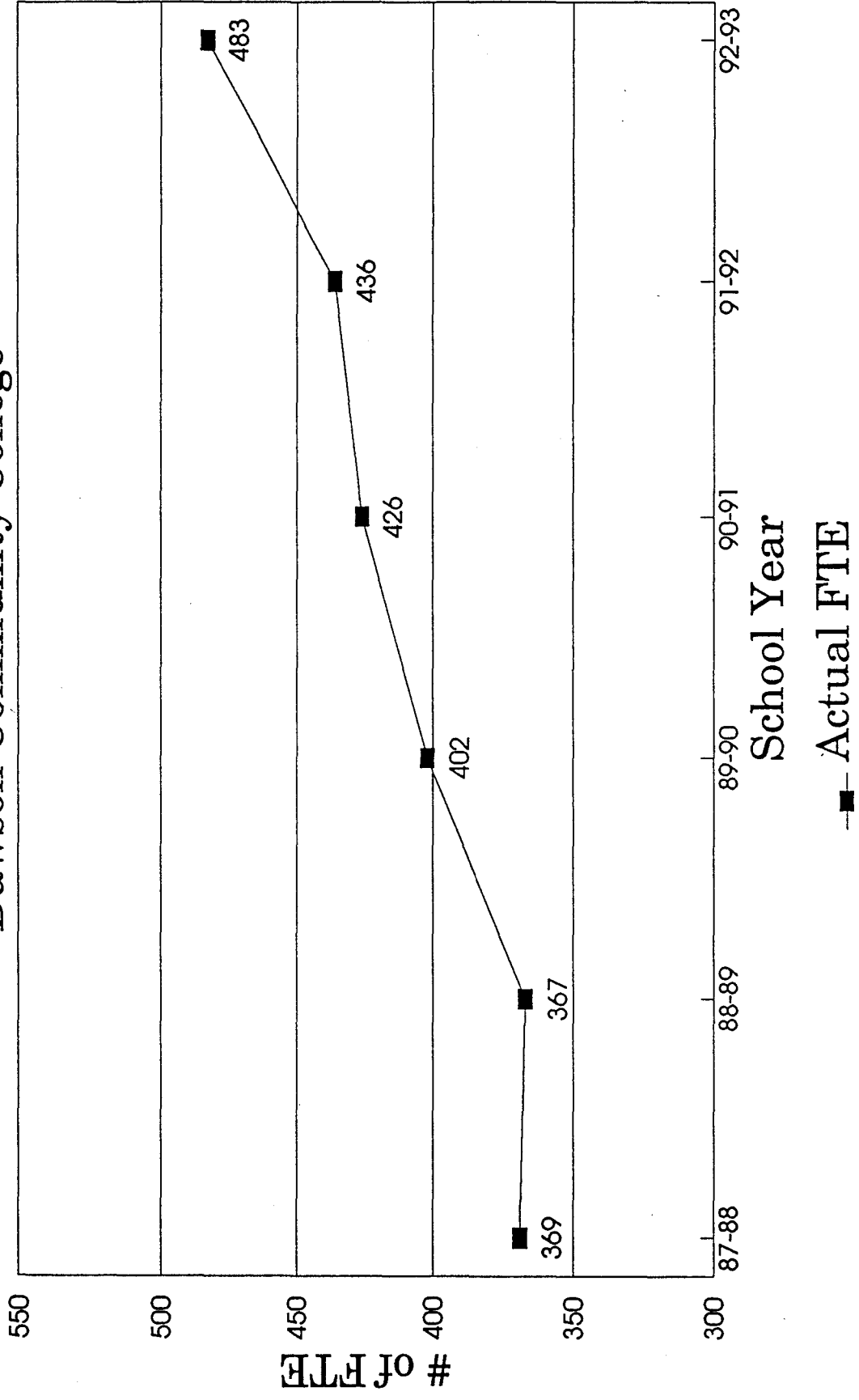
5/14/98

5/17/98

5/18

# Six Year Enrollment History

Dawson Community College



## Six Year Budget History

### Dawson Community College

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
State Share	\$704,064	\$699,264	\$722,777	\$714,317	\$808,890	\$823,985
Mandatory Levy	589,677	452,890	589,645	580,105	551,768	551,768
Voted Levy	144,000	144,378	144,378	144,378	144,378	136,574
Tutitions	127,000	112,000	203,400	203,400	203,400	278,000
Interest	12,000	18,000	22,001	22,001	22,001	15,435
Reserve	24,059	157,768	- 0 -	- 0 -	- 0 -	49,000
<b>Total:</b>	<b>\$1,600,800</b>	<b>\$1,584,300</b>	<b>\$1,682,201</b>	<b>\$1,664,201</b>	<b>\$1,730,437</b>	<b>\$1,854,762</b>

## Six Year Budget History

### Dawson Community College

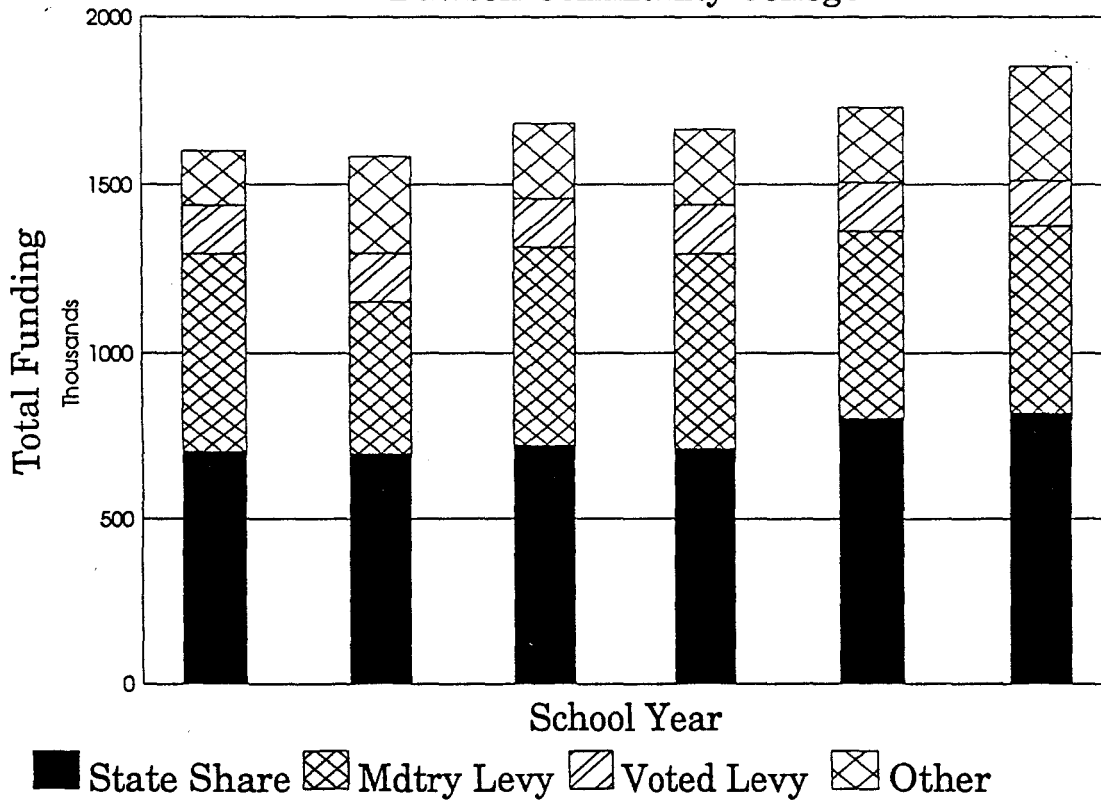
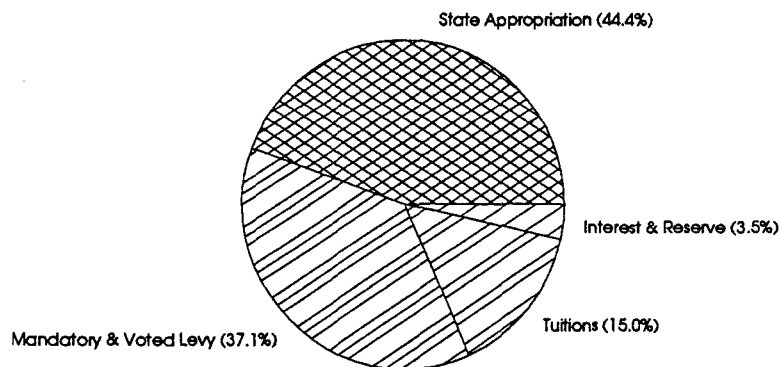


EXHIBIT 1  
DATE 1-20-93  
35

## 1992-93 General Budget Dawson Community College

Revenues	Amount	Percentage
State Share	\$823,985	44.4%
Mandatory Levy	551,768	29.7%
Voted Levy	136,574	7.4%
Tutitions	278,000	15.0%
Interest	15,435	0.8%
Reserve	49,000	2.6%
<b>Total</b>	<b>\$1,854,762</b>	<b>100.0%</b>

## 1992-93 Budget Revenues Dawson Community College





## High-Tech Improves Access to Higher Ed

January 1993

Dawson Community College has emerged as a leader in the use of cutting-edge telecommunications technology to provide expanded access to higher education for the citizens of rural Montana. With the 1992-93 academic year, DCC has put into operation a fiber-optic interactive television (ITV) network. The ITV network provides DCC with increased flexibility in bringing course offerings to its primary extension site in Sidney, and creates the potential for delivery of services to communities where this would not be possible without ITV. The project is the result of an exemplary collaboration between local educational and healthcare institutions, and the Mid-Rivers Telephone Cooperative.

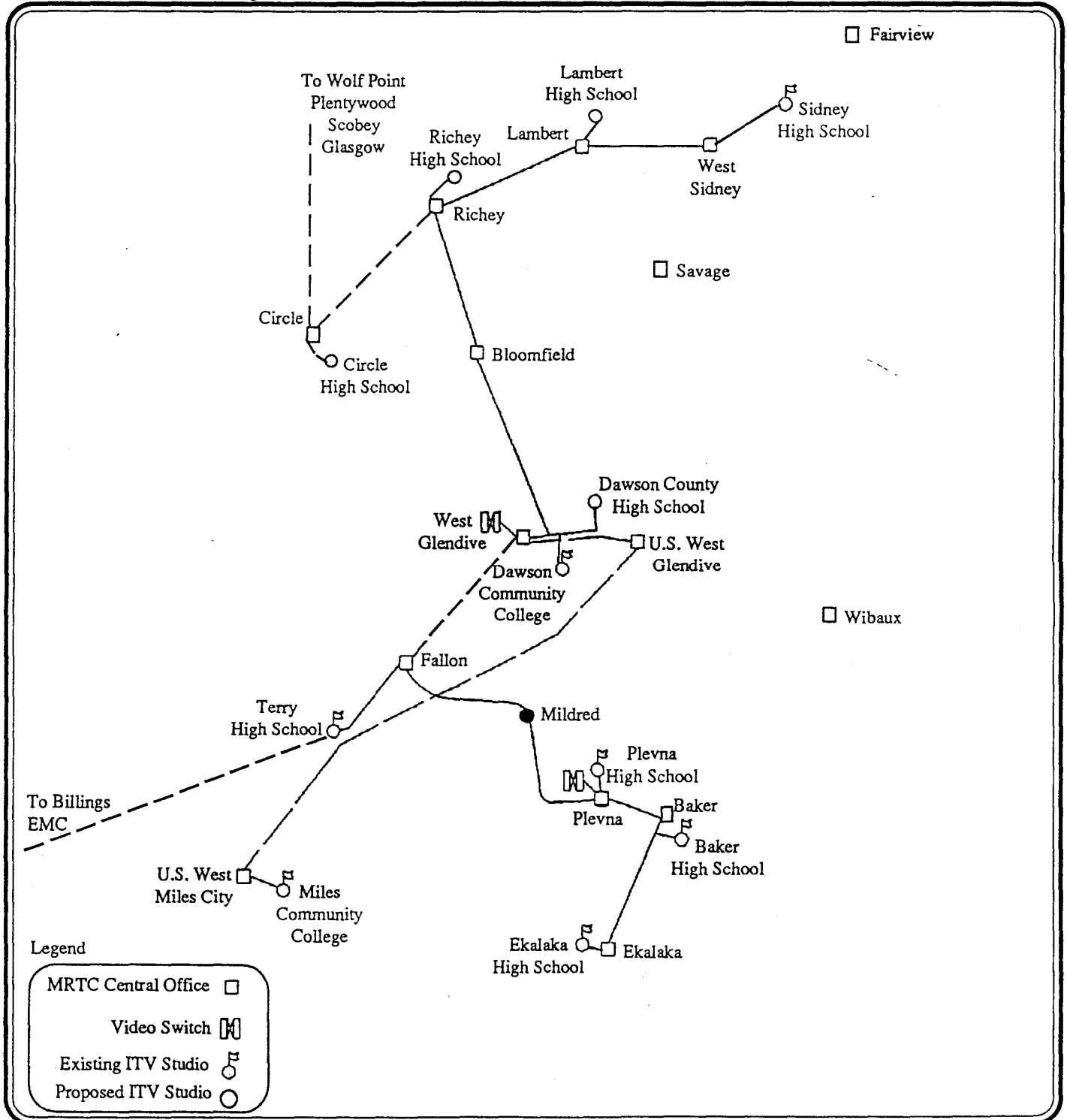
DCC's mission includes the provision of higher education and community services to an 11-county area at the eastern edge of Montana. In the past, however, the barriers of distance and sparse population prevented the College from reaching out to much of this service area. For several years, DCC has offered courses in Sidney, 50 miles distant and the only other center with more than 3000 residents in the region. But even there, offering college courses was a problem: Most courses had to be offered at night by instructors traveling from Glendive, who faced a 100-mile nighttime roundtrip on rural roads throughout the winter.

ITV has broken down these barriers to higher education access: it allows DCC instructors--literally--to be "in two places at the same time". Courses can be transmitted throughout the day, providing a greater variety of offerings; courses can be offered in Sidney despite low enrollments there; and students can attend classes without relocating or spending long days away from home. ITV has made possible the establishment of a growing extension program in Sidney, offering Associate degree programs in General Education, Business Management, and Registered Nursing. DCC's participation in a cooperative arrangement with Miles Community College and local hospitals brought registered nursing classes to both Glendive and Sidney for the first time--impossible without ITV. And the ITV network has already been used by a number of community service organizations, offering them new possibilities for regional cooperation and information-sharing.

Although the ITV program at DCC is still new, plans are already underway to expand the services it provides. DCC is exploring a cooperative arrangement with Eastern Montana College to offer upper-division and graduate courses over the ITV network. This would bring re-certification courses directly to a large audience of teachers in rural schools. And the ITV network is growing--plans are underway to connect studio classrooms at a number of area high schools, which would bring college courses to even more communities, and allow rural high schools to pool resources for the improvement of K-12 education as well.

Dawson Community College has made a significant long-term financial commitment to the ITV project, but the potential benefits in terms of increased access for citizens throughout the region far outweigh these costs. DCC is committed to providing the citizens of eastern Montana with innovative approaches to higher education and community service--tools which can serve as models for statewide efforts to preserve our rural heritage and develop a better future for all.

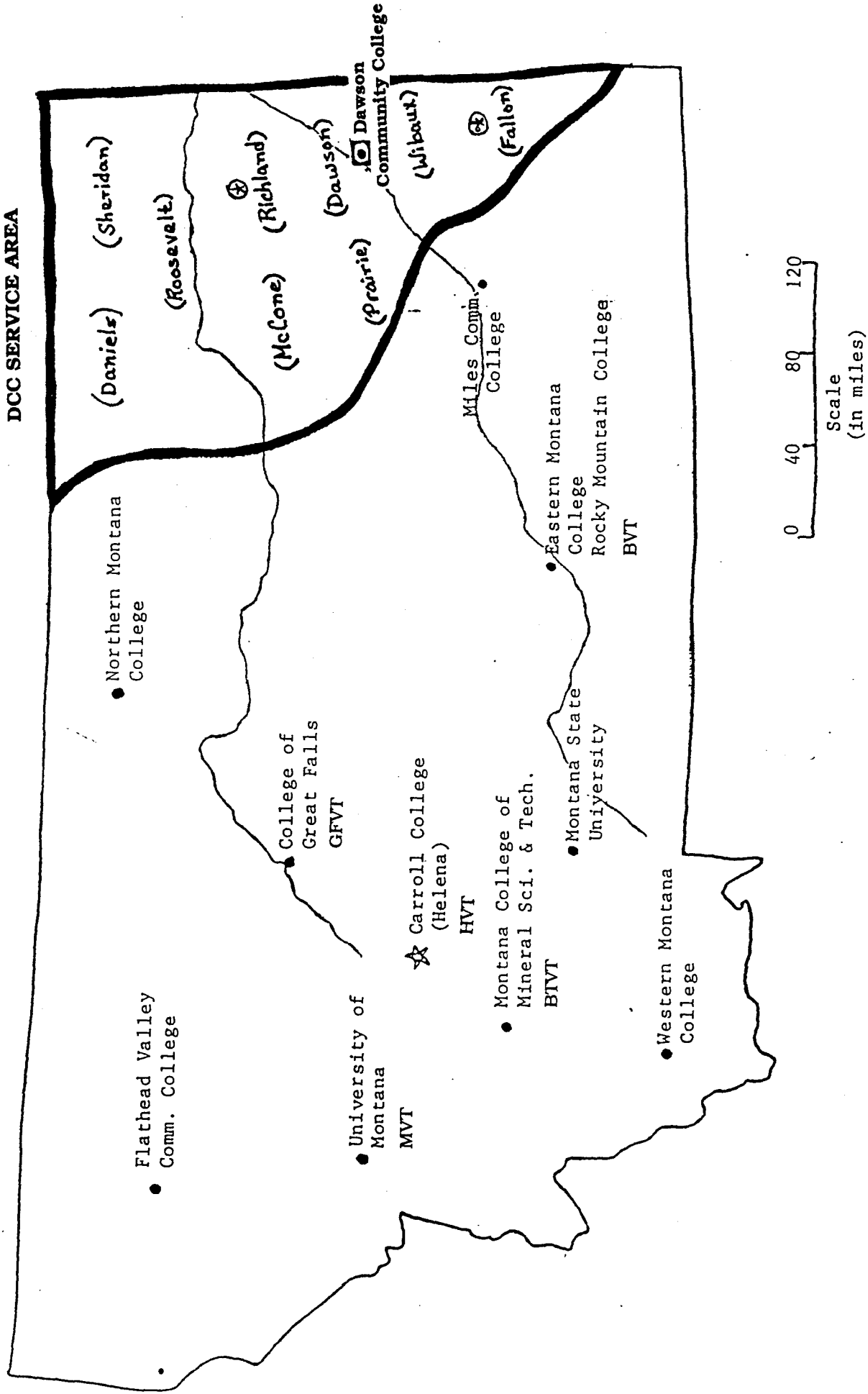
### Eastern Montana ITV Higher Education Network

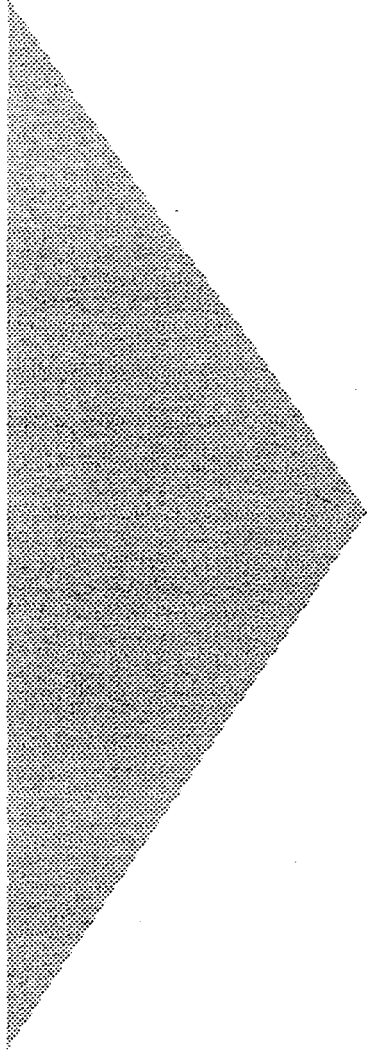


		<b>Dawson Community College</b> <b>Miles Community College</b> <b>DCC Center - Sidney High School</b> <b>ITV Class Schedule - Spring 1993</b>				
	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>
7:00	MCC Nursing					
8:00	Faculty M-G-S	BI 202 Reichelt	EN 101 Robins	BI 202 Reichelt	EN 101 Robins	
9:00		G-S	G-S	G-S	G-S	
10:00	BU 165 Foreman G-S	GE 120 Curtis	BU 165 Foreman G-S	GE 120 Curtis	BU 165 Foreman G-S	
11:00	EN 216 Schultz G-S	G-S	EN 216 Schultz G-S	G-S	EN 216 Schultz G-S	
12:00						
1:00	NR 122 MCC M-G-S	ID 102 Matteson G-S	NR 122 MCC M-G-S	ID 102 Matteson G-S	NR 122 MCC M-G-S	
2:00	NR 222 MCC	EN 102 Fritsch	NR 222 MCC M-G-S	EN 102 Fritsch	NR 222 MCC	
3:00	M-G-S NR 112	G-S	BI 202 Lab G-S	G-S	M-G-S	
4:00	MCC M-G-S	FL 118 Harper S-G	Reichelt			
5:00			MA 103 Hunter			
6:00			G-S	PY 203 Farinelli		
7:00	NA 201 Robins			G-S		
8:00	G-S					
9:00						
10:00						
					JWC	01/13/93
		Regular class		Extra session		
	G = DCC					
	M = MCC					
	S = DCC-SHS					
	(Originating site listed first)					

EXHIBIT 11  
DATE 1-20-93  
CS \_\_\_\_\_

POSTSECONDARY INSTITUTIONS IN MONTANA





# Flathead Valley Community College

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Funding for Fiscal Years 1994-95

Prepared: January 1993



EXHIBIT 2A  
DATE 1-20-93  
SB \_\_\_\_\_



# Agenda

1. Determining the General Fund Budget
2. Impacts on the General Fund Budget
3. General Information on the Funding of Higher Education in Montana
4. Funding Proposals
  - The Governor's Proposal
  - The Legislative Fiscal Analyst's Proposal
  - FVCC's Proposal

# Determining the General Fund Budget

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The total general fund budget for community colleges is determined through a formula which is influenced by two variables:

$$\text{FTE} \times \text{Cost Factor/FTE} = \text{Total General Fund Budget}$$

These two variables are determined by the legislature at their regular sessions each biennium, or every two years. Each variable can be defined as follows:

1. FTE: The average number of full-time equivalent students for the last year of the previous biennium and the first year of the current biennium.

Example: The funding for Fiscal Years 1992 and 1993 was determined at the 1991 legislative session by averaging the FTE levels of FY 1989 and FY 1990:

FY 1989	972.81 FTE
FY 1990	<u>1000.59 FTE</u>
1973.40/2 = 986.7, or 987 FTE	

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2. Cost Factor per FTE: The number of dollars of support for each FTE.

**Example:** In this biennium, each FTE at community colleges was supported at \$4,031/FTE in FY 1992 and at \$4,163 in FY 1993.

By comparison, Governor Stephens' recommendation for students registered at one of the four-year colleges or universities within the University System at the current level is \$5,476 (Governor's Executive Budget, page E67).

Using the previous formula, this year's general fund budget was determined to be:

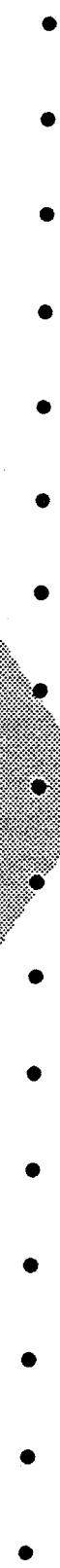
**987 FTE X \$4,163 = \$4,108,881**

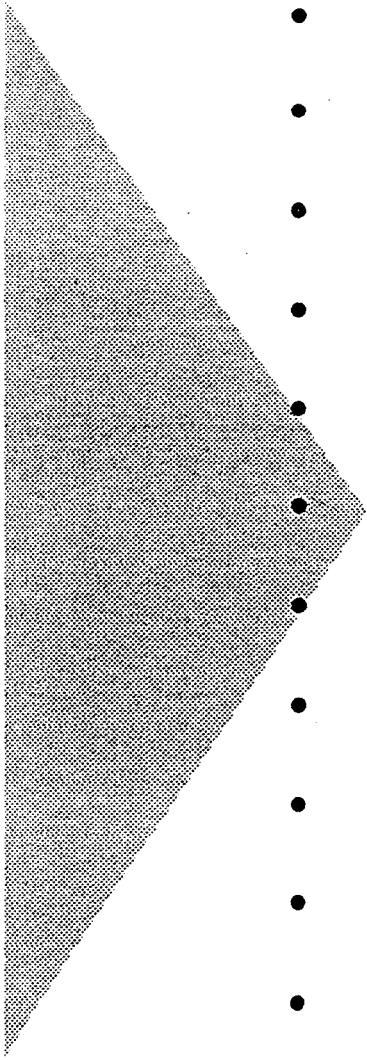
The total general fund budget is appropriated through state support, a mandatory local levy, tuition and fees, and miscellaneous revenue, such as interest.

A third variable which is approved each session by the legislature is the state's percentage level of support.

**Example:** The 1991 legislature increased the state's funding percentage level from 47% of the total general fund budget to 51% in FY 1992 and to 55% in FY 1993. (At one time, Montana's community colleges received 65% of their funding from the state.) After the rescission this last year, the 55% diminished to the equivalent of 51%.

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The three components, then, which are critical to FVCC's funding level and which will be addressed by this year's legislature are:

1. FTE
2. Cost Factor per FTE
3. The state's percentage level of support

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# Impacts on the General Fund Budget

. . . . .

## The Impact of CI-105 and Unfunded FTE

Community colleges are the only educational institutions in Montana that are still impacted by CI-105, a legislative referendum which froze local taxes at the 1986 level. This freeze has resulted in FVCC's not being able to collect all of the local funds approved for appropriation. Since 1986, over two million dollars have been lost to FVCC due to CI-105 and three million dollars lost due to unfunded FTE--for a total loss of over five million dollars!

	Actual FTE	Funded FTE	Student Cost Factor	% State Funded	Effect of Reduction Percentage	I-105 Impact	Unfunded FTE
86	927	850	3574	49.7		\$ 285,885	\$ 275,198
87	906	864	3611	48.9		324,884	151,662
88	949	928	3622	48		278,885	76,062
89	972	928	3642	48		407,903	160,248
90	1000	931	3907	47		237,362	269,583
91	1081	931	3907	47		166,422	586,050
92	1161	987	4031	51	49.3	287,055	701,394
93	1187	987	4163	55	50.9	<u>82,001</u>	<u>832,600</u>
						<b>\$2,070,396</b>	<b>\$3,052,797</b>

## The Impact of Salary Increases

After the last legislative session, legislators indicated that it had been their intent to add community colleges to the Pay Plan and they indicated that this oversight would be corrected at this legislative session. However, this is not likely to occur. Because community colleges are not included in the Pay Plan, salary increases must be provided for within the general fund. Including benefit costs, each percentage increase results in a considerable number of dollars:

	<u>FY 1994</u>	<u>FY 1995</u>
A 1% salary increase*	\$30,500	\$32,400

### \* Assumptions:

- The number of employees will be the same in FY 1994 and FY 1995.
- Increases in percentage and driven benefits will be the same in FY 1994 and FY 1995 as they were in FY 1993.
- The FY 1995 figure was derived assuming college employees will receive a 3.5% increase in FY 1994.

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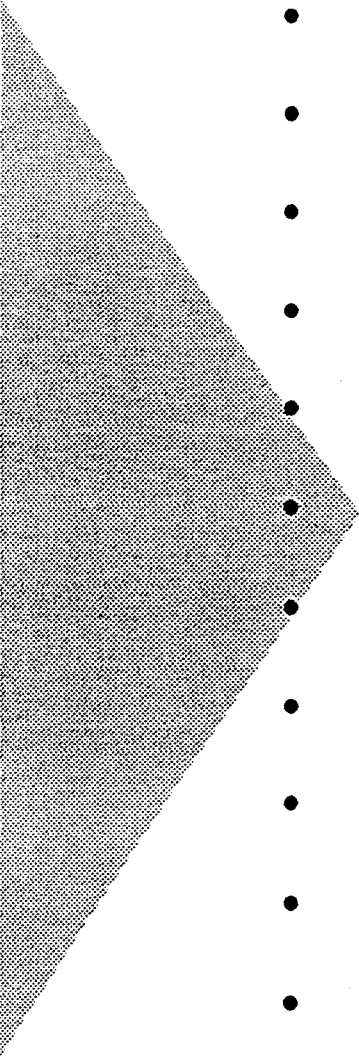
- Montana spends more than the U.S. average--and more than most of its neighboring states--on K-12 education. The reverse is true for higher education.
- Richard Barrett, "Financing Higher Education in Montana," *The Montana Professor*, Fall 1992.
- Montana's level of spending on higher education in 1990 is lower than any of its neighbors and 66% below the national average. This results from both a relatively low level of expenditure per capita (78% of the national average) and from a relatively high number of students per capita.

Richard Barrett, "Financing Higher Education in Montana," *The Montana Professor*, Fall 1992.

Douglas J. Young, "Montana Taxation and Expenditures: Trends and Comparisons," *Montana Business Quarterly*, Autumn 1992.

- Compared to a national index of 100, Montana's higher educational appropriation index is at 108; more of Montana's tax revenue is spent for higher education than across the nation as a whole.

"Education," Governor's Executive Budget, page E66.



## Higher Education Enrollment Distribution Comparisons\*

### Montana's Higher Education Enrollment Distribution

Montana University System	65.4%
Public Community Colleges	7.9%

### National Higher Education Enrollment Distribution

Public Four-Year	35.1%
Public Two-Year	36.0%

\*Richard Barrett, "Financing Higher Education in Montana," *The Montana Professor*, Fall 1992.

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## The Education Commission's Recommendation

In the 1990 report prepared for the Governor by the Education Commission for the Nineties and Beyond, the following recommendation (page 21) was made regarding community college funding:

**7.c. We recommend that the state restore the policy of providing 65% of the per-student instructional funding for Montana's community colleges.**

Montana's community colleges provide an important service to students and the state, with local communities assuming a portion of the cost. Originally community colleges' instructional budgets were supported at a ratio of 65% state funds to 35% local. As pressures have increased on state budgets this ratio has shifted to require more and more local support. In recognition of community colleges' service to the state, to maintain their quality, and ensure programs to meet the increasing need for two-year institution enrollments in the future, we recommend a return to the state policy of providing 65% of the per-student funding. Return to this level of state participation also will require a phasing program similar to the one we recommend for the four-year units in the preceding recommendation.

# Funding Proposals

## The Governor's Proposal\*

Formula Item	FY 1993 Appropriated	FY 1993 Actual	FY 1994	FY 1995
Student FTE Enrollment	987	987	1121	1121
Cost Factor per FTE	\$4163	\$4163	\$4031	\$4031
Current Budget	\$4,108,881	\$4,108,881	\$4,518,751	\$4,518,751
Percent State Support	55%	50.9%	49%	49%
State General Fund Cost	\$2,259,885	\$2,091,420	\$2,214,188	\$2,214,188

\* Although the Governor's proposal inadvertently excluded funding for LCC, their FTE of 126 has been added here for comparative purposes. Without LCC's FTE, the Current Budget amount is \$4,010,845, or \$507,906 less than that which is indicated.

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## The Legislative Fiscal Analyst's Proposal\*

Formula Item	FY 1993 Appropriated	FY 1993 Actual	FY 1994	FY 1995
Student FTE Enrollment	987	987	1121	1121
Cost Factor per FTE	\$4163	\$4163	\$4163	\$4163
Current Budget	\$4,108,881	\$4,108,881	\$4,666,723	\$4,666,723
Percent State Support	55%	50.9%	55%	55%
State General Fund Cost	\$2,259,885	\$2,091,420	\$2,566,698	\$2,566,698

\*Although the LFA's proposal inadvertently excluded funding for LCC, their FTE of 126 has been added here for comparative purposes. Without LCC's FTE, the Current Budget amount is \$4,142,185, or \$524,538 less than that which is indicated.

# FVCC's Proposal: Minimum Required for Operation

Formula Item	FY 1993 Appropriated	FY 1993 Actual	FY 1994	FY 1995
Student FTE Enrollment	987	987	1121	1121
Cost Factor per FTE	\$4163	\$4163	4163	4163
Current Budget	\$4,108,881	\$4,108,881	\$4,666,723	\$4,666,723
Percent State Support	55%	50.9%	55%	55%
State General Fund Cost	\$2,259,885	\$2,091,420	\$2,566,698	\$2,566,698

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# Study Sheet

FTE	Student Cost Factor*	Budget	% State Funded	Amount State Funded	Budget Unfunded	Funds for Reduction of Local Levy
1121	X \$4163	=	49%	\$2,286,694	\$302,515	
1121	X \$4163	=	51	2,380,029	209,180	
1121	X \$4163	=	53	2,473,363	115,846	
1121	X \$4163	=	55	2,566,698	22,511	\$210,825
1121	X \$4163	=	60	2,800,034		444,161
1121	X \$4163	=	65	3,033,370		
1121	X \$4205	=	49%	\$2,309,784	\$326,527	
1121	X \$4205	=	51	2,404,041	232,250	
1121	X \$4205	=	53	2,498,317	137,974	
1121	X \$4205	=	55	2,592,593	43,698	
1121	X \$4205	=	60	2,828,283		\$191,992
1121	X \$4205	=	65	3,063,973		427,682
1121	X \$4247	=	49%	\$2,332,835	\$350,538	
1121	X \$4247	=	51	2,428,052	255,321	
1121	X \$4247	=	53	2,523,270	160,103	
1121	X \$4247	=	55	2,618,488	64,885	
1121	X \$4247	=	60	2,856,532		\$173,159
1121	X \$4247	=	65	3,094,577		411,204

\*The Student Cost Factor is calculated in intervals of one percentage point.

FTE	Student Cost Factor	Budget	% State Funded	Amount State Funded	Budget Unfunded	Funds for Reduction of Local Levy
1121	X \$4289	= \$4,807,969	X 49%	= \$2,355,905	\$ 374,549	
1121	X \$4289	= \$4,807,969	X 51	= 2,452,064	278,390	
1121	X \$4289	= \$4,807,969	X 53	= 2,548,223	182,231	
1121	X \$4289	= \$4,807,969	X 55	= 2,644,382	86,072	
1121	X \$4289	= \$4,807,969	X 60	= 2,884,781		\$154,327
1121	X \$4289	= \$4,807,969	X 65	= 3,125,179		394,725
1121	X \$4331	= \$4,855,051	X 49%	= \$2,378,975	\$398,562	
1121	X \$4331	= \$4,855,051	X 51	= 2,476,076	301,461	
1121	X \$4331	= \$4,855,051	X 53	= 2,573,177	204,360	
1121	X \$4331	= \$4,855,051	X 55	= 2,670,278	107,259	
1121	X \$4331	= \$4,855,051	X 60	= 2,913,031		\$135,494
1121	X \$4331	= \$4,855,051	X 65	= 3,155,783		378,246
1121	X \$4373	= \$4,902,133	X 49%	= \$2,402,045	\$422,574	
1121	X \$4373	= \$4,902,133	X 51	= 2,500,088	324,531	
1121	X \$4373	= \$4,902,133	X 53	= 2,598,130	226,489	
1121	X \$4373	= \$4,902,133	X 55	= 2,696,173	128,446	
1121	X \$4373	= \$4,902,133	X 60	= 2,941,280		\$116,661
1121	X \$4373	= \$4,902,133	X 65	= 3,186,386		361,767

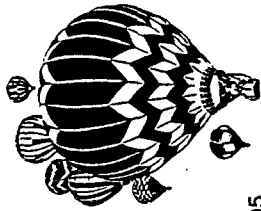
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Summary of Revenue Data Based on FVCC's Proposal  
(4163 FTE, 55% State Funding)

	FY 1992	FY 1993	FY 1994	FY 1995
State General Fund	\$1,960,877	\$2,091,420	\$2,566,698	\$2,566,698
Tuition & Fees In-District Out-of-District Out-of-State	\$ 415,884 56,257 62,621	\$ 572,484 65,258 72,640	\$ 645,696 80,712 80,712	\$ 645,696 80,712 80,712
Total Tuition & Fees	\$ 534,762	\$ 710,382	\$ 807,120	\$ 807,120
Mandatory Levy	\$1,214,581	\$1,225,078	\$1,270,394	\$1,292,905
Unfunded	\$ 268,377	\$ 82,001	\$ 22,511	\$ --
Total Unrestricted Funding	\$3,978,597	\$4,108,881	\$4,666,723	\$4,666,723
Scholarships & Fellowships	\$ 115,315	\$ 115,315	\$ 161,424	\$ 161,424
Total	\$4,093,912	\$4,224,196	\$4,828,147	\$4,828,147



"PATHWAY TO SUCCESS"



# MILES COMMUNITY COLLEGE

2715 DICKINSON ST. MILES CITY, MT 59301 (406) 232-3031 FAX (406) 232-5705

## FIVE-YEAR FTE ENROLLMENT / FUNDING INCREASE COMPARISON

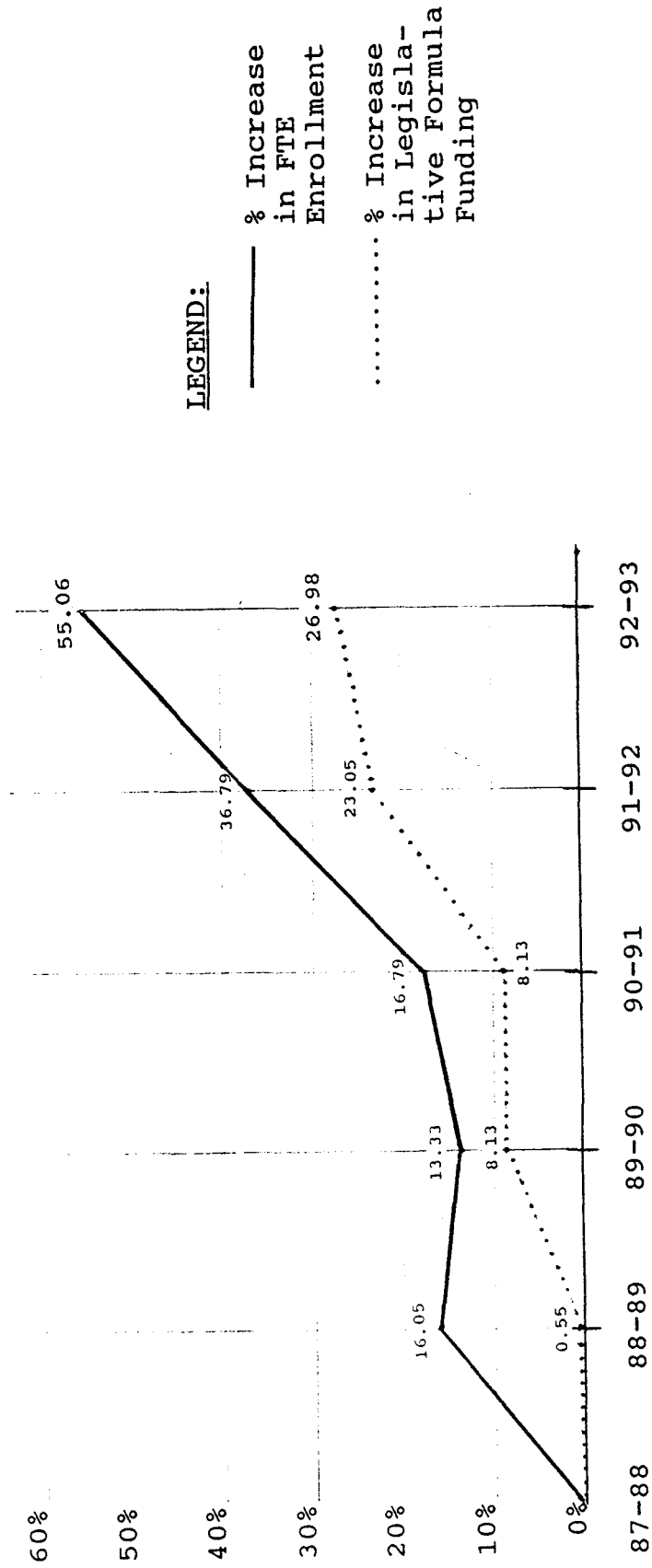


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# MILES COMMUNITY COLLEGE

	87-88	88-89	89-90	90-91	91-92	92-93
LEGIS. \$\$ PER FTE	3,622	3,642	3,907	3,907	4,031	4,163
LEGIS. FUNDED FTE	412	412	413	413	465	465
LEGIS. AUTH. BUDGET	1,492,264	1,500,504	1,613,591	1,613,591	1,874,415	1,935,795
						163 Unfunded FTE (25.96%)
STATE SHARE	48%	48%	47%	47%	49% (51%)	51% (55%)
ACTUAL FTE	405	470	459	473	554	628
ACTUAL \$\$ PER FTE	3,685	3,193	3,515	3,411	3,383	3,082
PLUS OR MINUS	+63	-449	-392	-496	-648	-1,081
ADJUSTED (SPECIAL SESSIONS) BUDGET					1,836,177	1,894,863
ADJUSTED (SPECIAL SESSIONS) \$\$ PER FTE					3,314	3,017
ADJUSTED (SPECIAL SESSIONS) PLUS OR MINUS					-717	-1,146

CUMULATIVE BUDGET INCREASE, 87-88 TO 92-93: ..... 26.98%

CUMULATIVE FTE ENROLLMENT INCREASE, 87-88 TO 92-93: ... 55.06%

# MONTANA

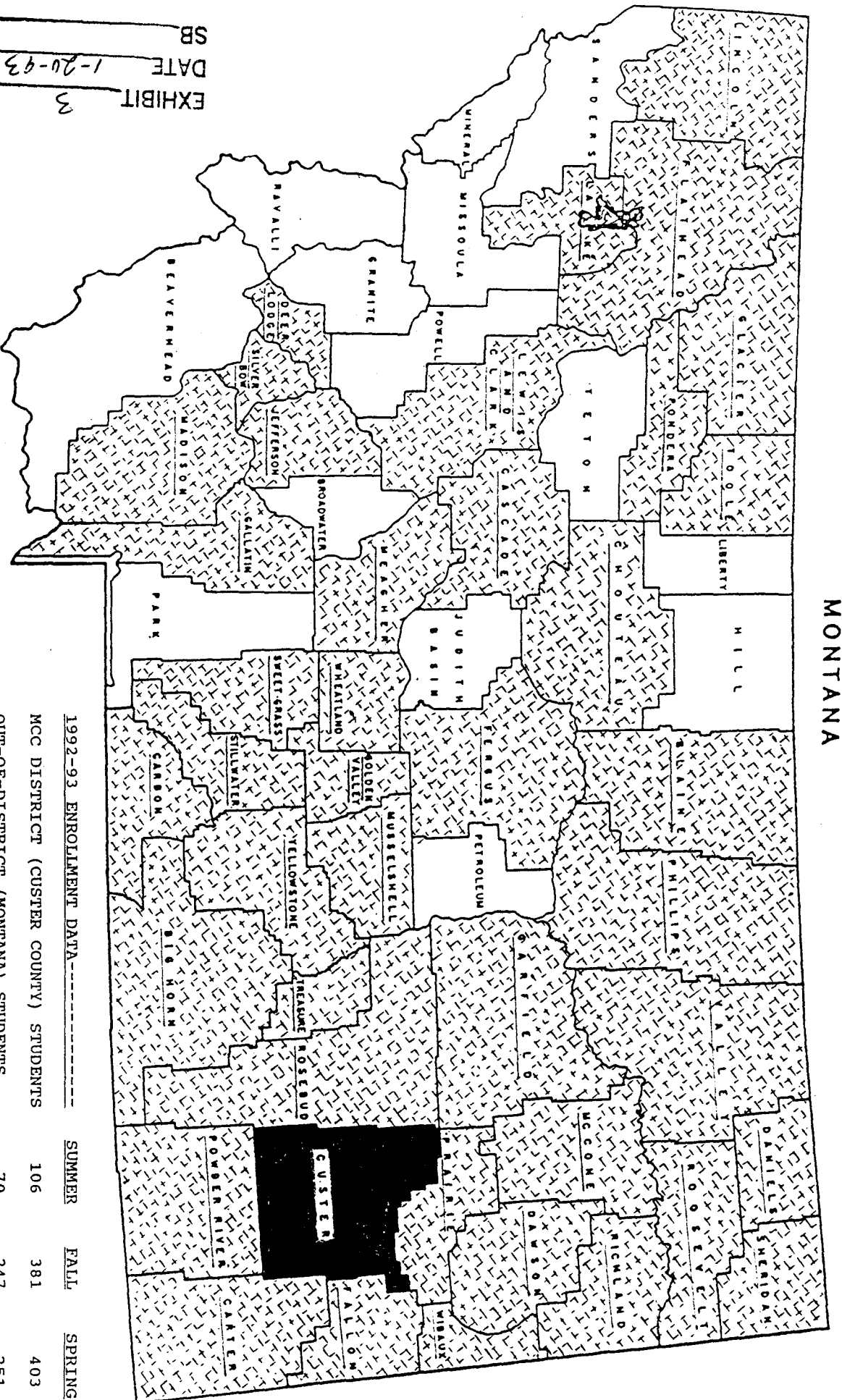


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"PATHWAY TO SUCCESS"

MILES COMMUNITY COLLEGE

2715 DICKINSON ST. MILES CITY, MT 59301 (406) 232-3031 FAX (406) 232-5705



## 1992-93 ENROLLMENT DATA-----

MCC DISTRICT (CUSTER COUNTY) STUDENTS

OUT-OF-DISTRICT (MONTANA) STUDENTS...  
(Out-of-District Counties Represented)  
Sub-Total Montana Students.

OUT-OF-STATE STUDENTS.....

FOREIGN STUDENTS.....

Total Students...

[1/14/93] Total FTE... 68.3 604.7 583.1

Annualized 92-93 FTE.. \*\*\*\*\* 628.0 \*\*\*\*\*

SUMMER FALL SPRING

106 381 403

70 247 251  
(19) (39) (39)  
176 628 654

7 15 18

0 28 20

183 671 692

HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

EDUCATION \_\_\_\_\_ SUBCOMMITTEE \_\_\_\_\_ DATE 1-20-93  
DEPARTMENT(S) \_\_\_\_\_ DIVISION \_\_\_\_\_

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NAME	REPRESENTING	
WALTMIRE ROBERT	FVCC	
Christine Tremaine	Central Mt. Med Center	
D. H. Kettner	DCC	
Judson H. Flomson	MCC	
Gerald H. Hudspeth	LCC / FVCC	
M. R. Larson	FVCC	
Jan Darling	FVCC	
Steve Riley	MFT	
DALE HENDERSON	LCC / FVCC	
SCOTT GRR	REP. HD 2	
Jodie Turner	MAS President ABMSL	
WALTMIRE, Robert	FVCC	
TOM HARDINT	FVCC	
Jodie Turner	MAS Pres.	

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