

Community College Funding Formula – Base Plus Alternative

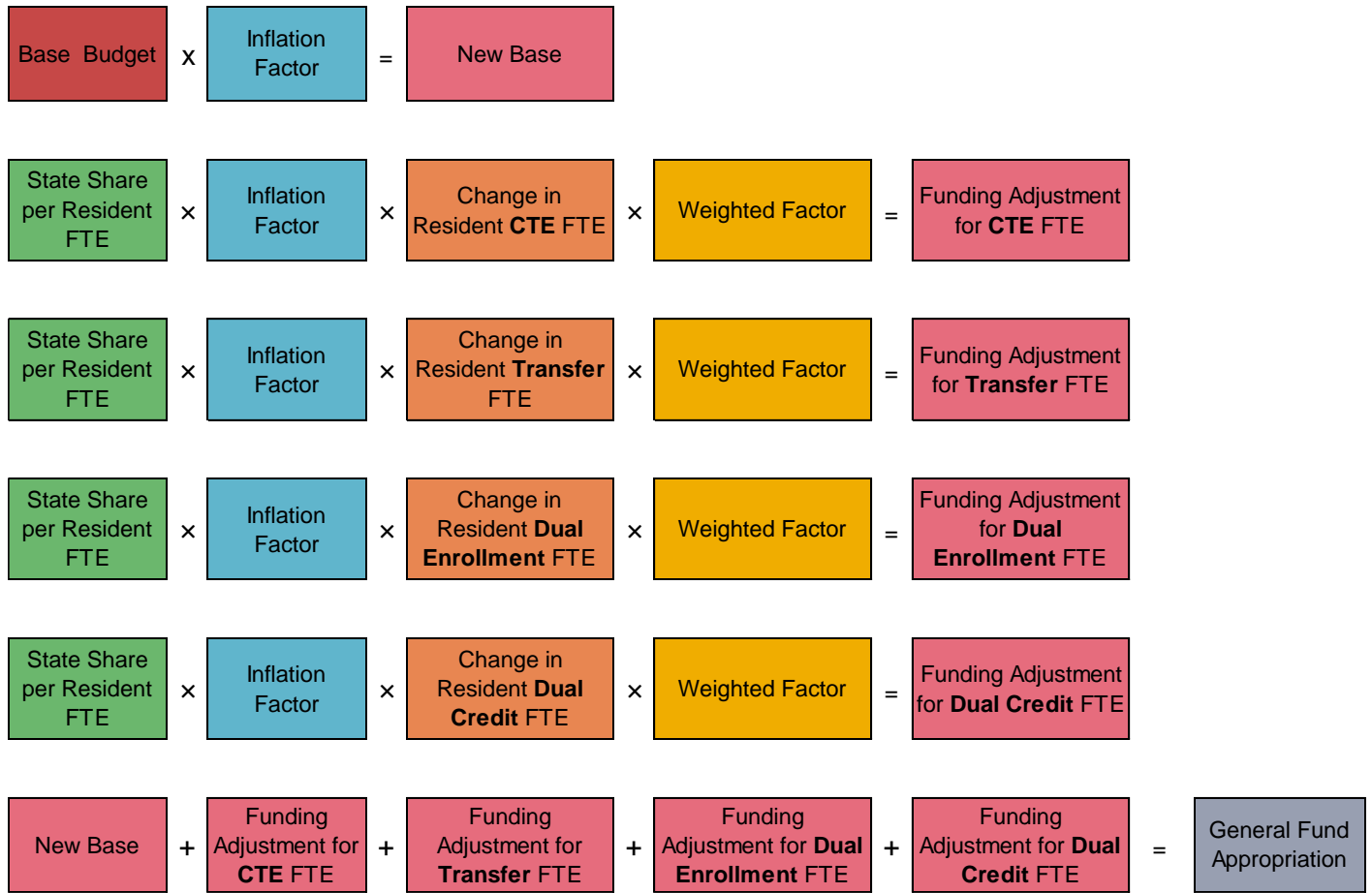
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COMMUNITY COLLEGE FUNDING FORMULA – BASE PLUS ALTERNATIVE

One potential revision to the community college funding formula is using a base plus concept. The following graphic shows a potential base plus community college funding formula. There are primarily two components to the base plus funding formula: the prior biennia base budget plus inflation and funding additional FTE by area of study.



The base plus community college funding formula above starts with the adopted budget from the prior biennium for each community college and multiplies it by an inflation factor. State statute, 20-9-326, MCA, provides a mechanism for an annual inflation adjustment for K-12 funding. The inflation factor is calculated using the consumer price index and cannot exceed 3% in each year. The established K-12 inflation calculation could be used for determining inflation as part of the community college funding formula.

Additionally, the base plus funding formula includes additional funding for FTE in certain areas of study. This part of the funding formula starts with the state share per resident FTE and multiplies it by the inflation factor. The state share per FTE would be the same for all community colleges and the inflation factor would be the same one that is applied to the base budget. The inflated state share per resident FTE is then applied to the increase or decrease of resident FTE at each community college. The increases and decreases in resident FTE are then weighted by specific areas of study.

The inflated base is added to the funding for increases or decreases in FTE in specific areas of study. This provides the total general fund appropriation for each community college.

LEGISLATIVE CONSIDERATIONS

This section discusses a few areas for legislators to consider when establishing a base plus community college funding formula. Three major areas include:

- Determining the base budget
- Establishing the state support per resident FTE
- Determining the weighted FTE factors

Determining the Base Budget

One area for further legislative consideration will be determining the base budget. Two options for the upcoming biennium would include:

- Using the actual state general fund expenditures for the first year of the preceding biennium for each community college. This would be inclusive of reversions
- Using budgeted state general fund appropriations for the second year of the preceding biennium for each community college

Establishing the State Share per Resident FTE

Another area for further legislative consideration will be establishing the initial state share per resident FTE. Options would include:

- Using state share per resident FTE calculated collectively for the community colleges
 - The most recent actual state share per resident FTE is for FY 2019 and totals \$6,441
 - The most recent budgeted state share per resident FTE is for FY 2021 and totals \$6,275
- Using the state share per resident FTE calculated collectively for Great Falls College and Helena College
 - The most recent actual state share per resident FTE is for FY 2019 and totals \$6,790
 - The most recent budgeted state share per resident FTE is for FY 2021 and totals \$7,190
 - Note: the 2-year colleges do not have local support
- Using the state share per FTE calculated nationally
 - The state share per FTE for public 2-year colleges with local funding and less the 2,500 students totals \$5,872
 - Note: this includes all FTE, not just resident FTE
- Using the state share per resident FTE calculated collectively for the community colleges, excluding waivers
 - The most recent budgeted state share per resident FTE is for FY 2021 and totals \$5,982

Determining the Weighted FTE Factors

And the last area of legislative consideration addressed in this report will be determining the areas of study that should be weighted and the factor to weight each area of study.

Flathead Valley Community College

Using the assumptions detailed above, Flathead Valley Community College would see a year-over-year increase in state support of approximately \$388,000 or 4.3% in FY 2022 and \$366,000 or 3.9% in FY 2023. The state share per resident FTE would be \$6,493 in FY 2022 and \$6,616 in FY 2023.

BASE YEAR		Flathead Valley Community College							
							FY 2019 Actual Total Resident FTE	State Share per Resident FTE	FY 2021 Budgeted State Support
							1,408	5,872	8,936,574
BUDGET YEAR									
FY 2022 Resident FTE Projection	1,436						Funding for Additional WFTE	2.16% Base Plus Inflation	Total State Support
State Share Per Resident FTE	5,872								
FY 2022 Projections									
	Base FTE	Projected FTE	Change in FTE	Weights	WFTE				
Career Technical Education	556	567	11	1.50	17	97,903			
Transfer	696	710	14	1.00	14	81,726			
Dual Enrollment - College	53	54	1	1.00	1	6,178			
Dual Credit - High School	104	106	2	0.75	2	9,137			
Total	1,408	1,436	28		33	194,944	9,129,604	9,324,548	
BUDGET YEAR									
FY 2023 Resident FTE Projection	1,465						Funding for Additional WFTE	1.76% Base Plus Inflation	Total State Support
State Share Per Resident FTE	5,975								
FY 2023 Projections									
	Base FTE	Projected FTE	Change in FTE	Weights	WFTE				
Career Technical Education	556	578	22	1.50	34	201,246			
Transfer	696	724	28	1.00	28	167,992			
Dual Enrollment - College	53	55	2	1.00	2	12,699			
Dual Credit - High School	104	108	4	0.75	3	18,781			
Total	1,408	1,465	57		67	400,718	9,290,285	9,691,003	

