

**Program Base Budget Comparison**

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
General Fund	17,635,881	18,027,670	18,743,843	1,499,751	4.3%
<b>Total Funds</b>	<b>17,635,881</b>	<b>18,027,670</b>	<b>18,743,843</b>	<b>1,499,751</b>	<b>4.3%</b>
Local Assistance	17,635,881	18,027,670	18,743,843	1,499,751	4.3%
<b>Total Expenditures</b>	<b>17,635,881</b>	<b>18,027,670</b>	<b>18,743,843</b>	<b>1,499,751</b>	<b>4.3%</b>
<b>Total Ongoing</b>	<b>17,635,881</b>	<b>18,027,670</b>	<b>18,743,843</b>	<b>1,499,751</b>	<b>4.3%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

**Program Highlights**

<b>Community College Assistance Program Major Budget Highlights</b>
<p>The Community College Assistance Program’s 2027 biennium budget request is approximately \$1.5 million, or 4.3% higher than the base FY 2025 budget. This request includes:</p> <ul style="list-style-type: none"> <li>• Increased general fund appropriations of approximately \$33,000 in FY 2026 and \$1.1 million in FY 2027 for present law adjustments for Dawson Community College, Flathead Valley Community College, and Miles City Community College</li> <li>• \$359,000 of appropriations for audit costs in FY 2026</li> <li>• The executive request includes several modifications to the community college funding formula from the formula used in the 2025 biennium. These include:                         <ul style="list-style-type: none"> <li>◦ An increase in the weight used for general education Full Time Equivalent (FTE) is from 1.00 to 1.35</li> <li>◦ An higher "FTE increase funding factor" of \$6,500, as opposed to \$6,250 used previously</li> </ul> </li> </ul>
<b>Legislative Action Items</b>
<ul style="list-style-type: none"> <li>• The executive's request calculation for the adjusted base of each community college uses the unweighted FTE difference in the calculation, rather than the weighted FTE difference</li> <li>• The executive's request uses different FTE weights and a different FTE increase than was approved by the 2023 legislature. These changes should be reviewed by the legislature</li> </ul>

**Executive Request**

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Community College Assistance 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>17,635,881</b>	<b>0</b>	<b>0</b>	<b>17,635,881</b>	<b>97.8%</b>	<b>17,635,881</b>	<b>0</b>	<b>0</b>	<b>17,635,881</b>	<b>94.1%</b>
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total Statewide PL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
Present Law (PL)	391,789	0	0	391,789	2.2%	1,107,962	0	0	1,107,962	5.9%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total HB 2 Adjustments</b>	<b>391,789</b>	<b>0</b>	<b>0</b>	<b>391,789</b>	<b>2.2%</b>	<b>1,107,962</b>	<b>0</b>	<b>0</b>	<b>1,107,962</b>	<b>5.9%</b>
<b>Total Requested Budget</b>	<b>18,027,670</b>	<b>0</b>	<b>0</b>	<b>18,027,670</b>		<b>18,743,843</b>	<b>0</b>	<b>0</b>	<b>18,743,843</b>	

The executive is requesting an increase of approximately \$392,000 in FY 2026 and \$1.1 million in FY 2027 above the FY 2025 base appropriations. The executive calculated a present law adjustment for Dawson, Flathead Valley, and Miles community colleges using the funding formula included in statute.

The executive is proposing the following factors in the community college funding formula:

- FTE funding factor
  - \$6,500 – Increase in FTE
  - \$3,125 – Decrease in FTE
- FTE Weights
  - 1.50 – Career and Technical Education (CTE)
  - 1.35 – General Education
  - 0.50 – Dual Enrollment – College
  - 0.25 – Dual Credit – High School

Using these factors, the executive proposes present law adjustment increases that total approximately \$1.1 million throughout the 2027 biennium. In addition, the executive request includes funding for community college audit costs that total approximately \$359,000 in FY 2026.

**Funding**

The following table shows proposed program funding for all sources of authority.

Commissioner of Higher Education, 04-Community College Assistance Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	36,771,513	0	0	0	36,771,513	100.0%
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total All Funds</b>	<b>\$36,771,513</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,771,513</b>	

HB 2 Appropriations

The Community College Assistance Program is entirely funded in HB 2 with general fund. The state general fund appropriations for each community college are primarily provided using a funding formula that is defined in Montana statute (20-15-310, MCA). The purpose of the community college funding formula is to provide a tool for the legislature to establish the state general fund appropriation for the community colleges each biennium. There are two primary components to the funding formula: the prior biennia base budget plus inflation, and funding for additional FTE by area of study.

For the 2027 biennium, the community college funding formula begins with state appropriations from FY 2024 for each community college. This base is then adjusted for legislative audit appropriations and reversions as calculated in 20-15-328, MCA. The result is then multiplied by inflation factors.

The community college funding formula includes weighted FTE in certain areas of study. The community colleges estimate resident FTE in four areas: career and technical education (CTE), general education, early college, and concurrent enrollment. The legislature establishes weights to apply to each area of study. Weighted FTE are then multiplied by either a decreasing or increasing FTE funding factor. The factors adopted by the 2023 legislature include:

- FTE weighting factor
  - 1.50 – career and technical education
  - 1.00 – general education
  - 0.50 – early college
  - 0.25 – concurrent enrollment
- FTE funding factor
  - \$3,125 – decrease in FTE
  - \$6,250 – increase in FTE

The following graphic represents the funding formula:



The table below shows actual resident FTE in FY 2024 for each community college and projected resident FTE in FY 2026 and FY 2027 by area of study.

Community College Assistance Program Community College Funding Formula Actual and Projected Resident FTE			
	Actual FY 2024	Projected FY 2026	Projected FY 2027
<b>Dawson Community College</b>			
Career and Technical Education	80	90	95
General Education	76	105	105
Early College	5	10	10
Concurrent Enrollment	39	40	50
<b>Total</b>	<b>200</b>	<b>245</b>	<b>260</b>
<b>Flathead Valley Community College</b>			
Career and Technical Education	601	700	700
General Education	401	430	440
Early College	71	90	95
Concurrent Enrollment	80	112	131
<b>Total</b>	<b>1,153</b>	<b>1,332</b>	<b>1,366</b>
<b>Miles Community College</b>			
Career and Technical Education	155	155	160
General Education	176	185	195
Early College	22	28	30
Concurrent Enrollment	45	40	45
<b>Total</b>	<b>398</b>	<b>408</b>	<b>430</b>

The tables below show the community college funding formula calculation for the 2027 biennium using the FTE projections provided by the community colleges.

Community College Assistance Program 2027 Biennium General Fund Appropriation Statutory Funding Formula and Legislative Audit Appropriations				
FY 2026				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	39	80	45	164
Total	200	1,152	399	1,751
FY 2026 Projected Resident Student FTE				
Career and Technical Education	90	626	155	871
General Education	105	430	185	720
Early College	10	90	28	128
Concurrent Enrollment	40	112	40	192
Total	245	1,258	408	1,911
FY 2024 Appropriation	2,252,424	10,262,889	3,458,079	15,973,392
FY 2024 Projected Resident FTE - 25B	270.00	1,203.00	392.00	1,865.00
FY 2024 Actual Resident FTE - 25B	200.00	1,152.00	399.00	1,751
FY 2024 Actual FTE Adjustment	(218,750)	(159,375)	45,500	(332,625)
Adjusted Base	\$ 2,094,684	\$ 10,406,619	\$ 3,608,686	\$ 16,109,990
FY 2024 Inflationary Factor	3.0%	3.0%	3.0%	3.0%
FY 2026 Adjusted Base with Inflationary Factor	\$ 2,157,525	\$ 10,718,818	\$ 3,716,947	\$ 16,593,290
Adjustment for Weighted FTE				
Career and Technical Education	\$ 99,158	\$ 245,408	\$ (1,950)	\$ 342,615
General Education	256,230	258,599	75,728	590,558
Early College	15,600	63,148	18,298	97,045
Concurrent Enrollment	1,788	51,399	(7,524)	45,663
Total	\$ 372,775	\$ 618,553	\$ 84,552	\$ 1,075,880
Funding Formula Total	\$ 2,530,300	\$ 11,337,371	\$ 3,801,499	\$ 17,669,170
Other State Funding				
Legislative Audit	\$ 110,000	\$ 60,500	\$ 188,000	\$ 358,500
Total FY 2026 Appropriation	<u>\$ 2,640,300</u>	<u>\$ 11,397,871</u>	<u>\$ 3,989,499</u>	<u>\$ 18,027,670</u>

FY 2027				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	39	80	45	164
<b>Total</b>	<b>200</b>	<b>1,152</b>	<b>399</b>	<b>1,751</b>
FY 2027 Projected Resident Student FTE				
Career and Technical Education	95	651	160	906
General Education	105	440	195	740
Early College	10	95	30	135
Concurrent Enrollment	50	120	45	215
<b>Total</b>	<b>260</b>	<b>1,306</b>	<b>430</b>	<b>1,996</b>
Adjusted Base with FY 2026 Inflationary Factor	\$ 2,157,525	\$ 10,718,818	\$ 3,716,947	\$ 16,593,290
FY 2027 Inflationary Factor	3.0%	3.0%	3.0%	3.0%
FY 2027 Adjusted Base with Inflationary Factor	\$ 2,222,250	\$ 11,040,383	\$ 3,828,455	\$ 17,091,088
Adjustment for Weighted FTE				
Career and Technical Education	\$ 147,908	\$ 489,158	\$ 46,800	\$ 683,865
General Education	256,230	346,349	163,478	766,058
Early College	15,600	79,398	24,798	119,795
Concurrent Enrollment	18,038	64,399	601	83,038
<b>Total</b>	<b>\$ 437,775</b>	<b>\$ 979,303</b>	<b>\$ 235,677</b>	<b>\$ 1,652,755</b>
Funding Formula Total	\$ 2,660,025	\$ 12,019,686	\$ 4,064,132	\$ 18,743,843
Other State Funding	\$ -	\$ -	\$ -	\$ -
<b>Total FY 2027 Appropriation</b>	<b>\$ 2,660,025</b>	<b>\$ 12,019,686</b>	<b>\$ 4,064,132</b>	<b>\$ 18,743,843</b>

**LFD ISSUE**

The Adjusted Base Calculation Uses an Incorrect Measurement for the FTE Adjustment Calculation

The executive used unweighted FTE in the FTE adjustment step to establish an adjusted base for each college and for each fiscal year. 12-15-310, MCA, specifies that actual weighted FTE should be used to establish an adjusted base. This is directed in 20-15-328, MCA which specifies that the difference in funding between colleges' projected weighted FTE and the funding that would have resulted had actual weighted FTE been used shall determine any overpayment or underpayment to the community college for that fiscal year. The executive calculation uses unweighted actual FTE multiplied by the appropriate FTE increase or decrease factors, rather than weighted FTE. Using the weighted FTE adjustment in the statutory formula with the same proposed weights and funding factors results in appropriations that are approximately \$210,000 lower in FY 2026 and \$215,000 lower in FY 2027. The tables below lay out the calculations using the weighted FTE calculation to determine the adjusted base.

The tables below show the community college funding formula calculation for the 2027 biennium using a weighted FTE adjustment to adjust the FY 2025 base appropriations and using the weights and FTE funding factors proposed by the executive.

Community College Assistance Program 2027 Biennium General Fund Appropriation Statutory Funding Formula and Legislative Audit Appropriations				
FY 2026				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	39	80	45	164
Total	200	1,152	399	1,751
FY 2026 Projected Resident Student FTE				
Career and Technical Education	90	626	155	871
General Education	105	430	185	720
Early College	10	90	28	128
Concurrent Enrollment	40	112	40	192
Total	245	1,258	408	1,911
FY 2024 Appropriation	2,252,424	10,262,889	3,458,079	15,973,392
FY 2024 Projected Weighted Student FTE Change	12.50	48.75	47.25	108.50
FY 2024 Actual Weighted Student FTE Change	(70.88)	0.65	58.51	(12)
FY 2024 Actual Weighted FTE Adjustment	(299,625)	(300,625)	70,375	(529,875)
Adjusted Base	\$ 2,011,383	\$ 10,261,132	\$ 3,634,308	\$ 15,906,823
FY 2024 Inflationary Factor	3.0%	3.0%	3.0%	3.0%
FY 2026 Adjusted Base with Inflationary Factor	\$ 2,071,724	\$ 10,568,966	\$ 3,743,337	\$ 16,384,027
Adjustment for Weighted FTE				
Career and Technical Education	\$ 99,158	\$ 245,408	\$ (1,950)	\$ 342,615
General Education	256,230	258,599	75,728	590,558
Early College	15,600	63,148	18,298	97,045
Concurrent Enrollment	1,788	51,399	(7,524)	45,663
Total	\$ 372,775	\$ 618,553	\$ 84,552	\$ 1,075,880
Funding Formula Total	\$ 2,444,499	\$ 11,187,519	\$ 3,827,889	\$ 17,459,907
Other State Funding				
Legislative Audit	\$ 110,000	\$ 60,500	\$ 188,000	\$ 358,500
Total FY 2026 Appropriation	\$ 2,554,499	\$ 11,248,019	\$ 4,015,889	\$ 17,818,407



FY 2027				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	<u>39</u>	<u>80</u>	<u>45</u>	<u>164</u>
Total	200	1,152	399	1,751
FY 2027 Projected Resident Student FTE				
Career and Technical Education	95	651	160	906
General Education	105	440	195	740
Early College	10	95	30	135
Concurrent Enrollment	<u>50</u>	<u>120</u>	<u>45</u>	<u>215</u>
Total	260	1,306	430	1,996
Adjusted Base with FY 2026 Inflationary Factor	\$ 2,071,724	\$ 10,568,966	\$ 3,743,337	\$ 16,384,027
FY 2027 Inflationary Factor	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
FY 2027 Adjusted Base with Inflationary Factor	\$ 2,133,876	\$ 10,886,035	\$ 3,855,637	\$ 16,875,548
Adjustment for Weighted FTE				
Career and Technical Education	\$ 147,908	\$ 489,158	\$ 46,800	\$ 683,865
General Education	256,230	346,349	163,478	766,058
Early College	15,600	79,398	24,798	119,795
Concurrent Enrollment	<u>18,038</u>	<u>64,399</u>	<u>601</u>	<u>83,038</u>
Total	\$ 437,775	\$ 979,303	\$ 235,677	\$ 1,652,755
Funding Formula Total	\$ 2,571,651	\$ 11,865,338	\$ 4,091,314	\$ 18,528,303
Other State Funding	\$ -	\$ -	\$ -	\$ -
Total FY 2027 Appropriation	<u>\$ 2,571,651</u>	<u>\$ 11,865,338</u>	<u>\$ 4,091,314</u>	<u>\$ 18,528,303</u>

*FTE Adjustment Account*

State statute (20-15-328, MCA) establishes a statutorily appropriated state special revenue account. At the end of each fiscal year, there is a reconciliation of the appropriation distributed using projected weighted FTE and actual weighted FTE. OCHE will determine the fiscal impacts that would have resulted had the actual weighted FTE been used to determine the appropriation and determine any overpayment or underpayment to each community college for the fiscal year. Any overpayment is deposited into the state special revenue account. Any underpayment will be distributed from the state special revenue account to the applicable community college.

Payments from Dawson Community College and Flathead Valley Community College are anticipated for FY 2024, and the first payments will be made by October 15, 2025.

The table below shows resident FTE by community college from FY 2013 through FY 2027.

Commissioner of Higher Education Community College Assistance Program Resident FTE History				
	Dawson Community College	Flathead Valley Community College	Miles Community College	Total
FY 2013	234	1,714	311	2,259
FY 2014	220	1,557	288	2,065
FY 2015	201	1,458	277	1,936
FY 2016	154	1,414	317	1,885
FY 2017	165	1,452	348	1,965
FY 2018	183	1,414	361	1,958
FY 2019	205	1,406	383	1,994
FY 2020	224	1,364	396	1,984
FY 2021	249	1,223	375	1,847
FY 2022	259	1,114	355	1,728
FY 2023	203	1,097	384	1,684
FY 2024	200	1,152	399	1,751
FY 2025*	134	1,118	334	1,587
FY 2026*	245	1,258	408	1,911
FY 2027*	260	1,306	430	1,996

\* FY 2025 through FY 2027 resident FTE are the projections used to establish HB 2 appropriations

**Program Actuals and Budget Comparison**

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Local Assistance	16,151,492	16,151,492	17,635,881	18,027,670	18,743,843
<b>Total Expenditures</b>	<b>\$16,151,492</b>	<b>\$16,151,492</b>	<b>\$17,635,881</b>	<b>\$18,027,670</b>	<b>\$18,743,843</b>
General Fund	16,151,492	16,151,492	17,635,881	18,027,670	18,743,843
<b>Total Funds</b>	<b>\$16,151,492</b>	<b>\$16,151,492</b>	<b>\$17,635,881</b>	<b>\$18,027,670</b>	<b>\$18,743,843</b>
<b>Total Ongoing</b>	<b>\$16,151,492</b>	<b>\$16,151,492</b>	<b>\$17,635,881</b>	<b>\$18,027,670</b>	<b>\$18,743,843</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Program Description*

The funds appropriated by the legislature for this program are distributed to support Montana's three community colleges: Miles Community College, Dawson Community College, and Flathead Valley Community College. Each community college district has an elected board of trustees. The Regents have statutory authority to control the community colleges in Title 20,

Chapter 15, MCA.

*Bitterroot Valley Community College*

The registered voters of the proposed community college district in Ravalli County approved the establishment of a community college district in May 2020. Following this approval, the 2021 Legislature passed and approved Senate Joint Resolution 15, which approved the establishment of the Bitterroot Valley Community College. No operational levy has since been passed in Ravalli County and the community college does not have a set date to open.

*FY 2024 Appropriation Compared to FY 2024 Actuals*

The FY 2024 appropriations of approximately \$16.2 million are entirely funded in HB 2 with general fund and were 100.0% expended as of the end of FY 2024.

*FY 2024 Appropriations Compared to FY 2025 Appropriations*

Overall, the FY 2025 appropriation is approximately \$1.5 million, or 9.2% higher than the FY 2024 appropriation. This was primarily due to higher enrollment projections for each community college and an upwards inflationary adjustment for base funding calculated in the community college funding formula.

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 401 - Community College PLA	0.00	33,289	0	0	33,289	0.00	1,107,962	0	0	1,107,962
DP 402 - Community College Audit Costs	0.00	358,500	0	0	358,500	0.00	0	0	0	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$391,789</b>	<b>\$0</b>	<b>\$0</b>	<b>\$391,789</b>	<b>0.00</b>	<b>\$1,107,962</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,107,962</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 401 - Community College PLA -

The executive requests increased funding based on the statutory funding formula for Community Colleges.

DP 402 - Community College Audit Costs -

The executive requests appropriations for audit costs for the Community Colleges. The estimated costs are provided by the community colleges per 5-13-402, MCA.