# Community College Funding Formula – Base Plus Alternative

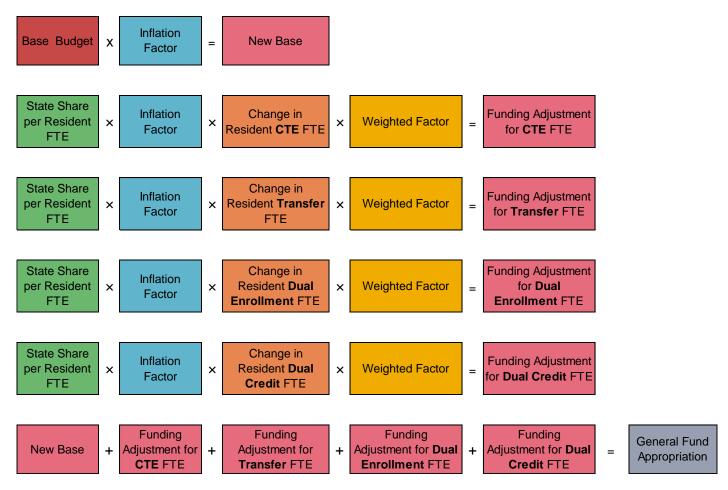
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JUNE 8, 2020



## 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
  - o The most recent actual state share per resident FTE is for FY 2019 and totals \$6,441
  - o 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
  - o 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
  - $\circ$  The state share per FTE for public 2-year colleges with local funding and less the 2,500 students totals \$5,872
  - o Note: this includes all FTE, not just resident FTE
- Using the state share per resident FTE calculated collectively for the community colleges, excluding waivers
  - o 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.

### **EXAMPLE CALCULATION FOR EACH COMMUNITY COLLEGE**

The follow sections provide examples of the base plus funding formula for each community college for the 2023 biennium. These use specific assumptions for illustrative purposes and will change as decisions are made regarding individual factors. The assumptions used include:

- FY 2021 appropriated state support as the base budget for each community college
- K-12 inflation factors, which are estimated to be 2.16% in the first year of the biennium and 1.76% in the second year of the biennium
- The national aggregate state share per FTE
- FTE growth of 2%
- Weighting FTE
  - o CTE at 1.50
  - o Transfer at 1.00
  - o Dual Enrollment at 1.00
  - o Dual Credit at 0.75

## **Dawson Community College**

Using the assumptions detailed above, Dawson Community College would see a year-over-year increase in state support of approximately \$67,000 or 3.7% in FY 2022 and \$62,000 or 3.3% in FY 2023. The state share per resident FTE would be \$8,951 in FY 2022 and \$9,065 in FY 2023.

BASE YEAR	Dawson Comn	nunity College						
						FY 2019	State Share	FY 2021
						Actual Total	per Resident	Budgeted
						Resident FTE	FTE	State Support
						205	5,872	1,804,975
BUDGET YEAR								
FY 2022 Resident FTE Projection	209							
State Share Per Resident FTE	5,872					Funding for	2.16%	
		FY 2022 Projections					Base Plus	Total State
	Base FTE	Projected FTE	Change in FTE	Weights	WFTE	WFTE	Inflation	Support
Career Technical Education	67	68	1	1.50	2	11,746		
Transfer	125	127	2	1.00	2	14,662		
Dual Enrollment - College	3	3	0	1.00	0	378		
Dual Credit - High School	10	10	0	0.75	0	903		
Total	205	209	4		5	27,689	1,843,962	1,871,652
BUDGET YEAR								
FY 2023 Resident FTE Projection	213							
State Share Per Resident FTE	5,975					Funding for	1.76%	
	FY 2023 Projections					Additional	Base Plus	Total State
	Base FTE	Projected FTE	Change in FTE	Weights	WFTE	WFTE	Inflation	Support
Career Technical Education	67	69	3	1.50	4	24,145	-	
Transfer	125	130	5	1.00	5	30,138		
Dual Enrollment - College	3	3	0	1.00	0	778		
Dual Credit - High School	10	11	0	0.75	0	1,857		
Total	205	213	8		10	56,917	1,876,416	1,933,333

# **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	е					
						FY 2019	State Share	FY 2021
						Actual Total	per Resident	Budgeted
						Resident FTE	FTE	State Support
						1,408	5,872	8,936,574
BUDGET YEAR								
FY 2022 Resident FTE Projection	1,436							
State Share Per Resident FTE	5,872					Funding for	2.16%	
	FY 2022 Projections					Additional	Base Plus	Total State
	Base FTE	Projected FTE	Change in FTE	Weights	WFTE	WFTE	Inflation	Support
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							
State Share Per Resident FTE	5,975					Funding for	1.76%	
	FY 2023 Projections					Additional	Base Plus	Total State
	Base FTE	Projected FTE	Change in FTE	Weights	WFTE	WFTE	Inflation	Support
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

# **Miles Community College**

Using the assumptions detailed above, Miles Community College would see a year-over-year increase in state support of approximately \$110,000 or 4.1% in FY 2022 and \$103,000 or 3.7% in FY 2023. The state share per resident FTE would be \$7,210 in FY 2022 and \$7,328 in FY 2023.

BASE YEAR	Miles Communit	y College						
						FY 2019	State Share	FY 2021
						Actual Total	per Resident	Budgeted
						Resident FTE	FTE	State Support
						383	5,872	2,706,576
BUDGET YEAR								
FY 2022 Resident FTE Projection	391				1		T	
State Share Per Resident FTE	5,872					Funding for	2.16%	
		FY 2022 Projections					Base Plus	Total State
	Base FTE	Projected FTE	Change in FTE	Weights	WFTE	WFTE	Inflation	Support
Career Technical Education	133	136	3	1.50	4	23,433		
Transfer	192	196	4	1.00	4	22,542		
Dual Enrollment - College	23	23	0	1.00	0	2,705		
Dual Credit - High School	35	36	1	0.75	1	3,083		
Total	383	391	8		9	51,763	2,765,038	2,816,801
BUDGET YEAR								
FY 2023 Resident FTE Projection	398							
State Share Per Resident FTE	5,975					Funding for	1.76%	
	FY 2023 Projections					Additional	Base Plus	Total State
	Base FTE	Projected FTE	Change in FTE	Weights	WFTE	WFTE	Inflation	Support
Career Technical Education	133	138	5	1.50	8	48,169		· · · · · · · · · · · · · · · · · · ·
Transfer	192	200	8	1.00	8	46,337		
Dual Enrollment - College	23	24	1	1.00	1	5,560		
Dual Credit - High School	35	36	1	0.75	1	6,336		
Total	383	398	15		18	106,402	2,813,703	2,920,105