

SENATE BILL NO. 12

INTRODUCED BY C. WILLIAMS

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE COMMUNITY COLLEGE FUNDING STATUTES TO PROVIDE FOR CALCULATION OF THE STATE GENERAL FUND APPROPRIATION BASED ON VARIABLE AND FIXED COSTS; CLARIFYING THAT THE VARIABLE AND FIXED COSTS AND THE STATE SHARE ARE DETERMINED BY THE LEGISLATURE; PROVIDING DEFINITIONS; AMENDING SECTIONS 20-15-310 AND 20-15-312, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-15-310, MCA, is amended to read:

"20-15-310. Appropriation -- DEFINITIONS. (1) It is the intent of the legislature that all community college spending, other than from restricted funds, designated funds, or funds generated by an optional, voted levy, be governed by the provisions of this part and the state general appropriations act.

(2) (a) The state general fund appropriation must be ~~based on a budget amount per full-time equivalent student, as determined by the legislature~~ determined as follows:

(i) multiply the variable cost of education per student by the full-time equivalent student count and add the budget amount for the fixed cost of education; and

(ii) multiply the total in subsection (2)(a)(i) by the state share.

(b) The variable cost of education per student, the budget amount for fixed costs, and the state share must be determined by the legislature. The state share, expressed as a percentage, and the variable cost of education per student must be specified in the appropriations act appropriating funds to the community colleges for each biennium.

(3) The student count may not include those enrolled in community service courses as defined by the board of regents.

(4) AS USED IN THIS SECTION, THE FOLLOWING DEFINITIONS APPLY:

(A) "COST OF EDUCATION" MEANS THE ACTUAL COSTS INCURRED BY THE COMMUNITY COLLEGES DURING THE BUDGET BASE FISCAL YEAR, AS REPORTED ON THE CURRENT UNRESTRICTED OPERATING FUND SCHEDULE THAT IS

1 STATUTORILY REQUIRED TO BE SUBMITTED TO THE COMMISSIONER OF HIGHER EDUCATION, MINUS ANY REVERSION AND
2 ONE-TIME-ONLY EXPENDITURES THAT ARE INCLUDED.

3 (B) "FIXED COST OF EDUCATION" MEANS THAT PORTION OF THE COST OF EDUCATION, AS DETERMINED BY THE
4 LEGISLATURE, THAT IS NOT INFLUENCED BY INCREASES OR DECREASES IN STUDENT ENROLLMENT.

5 (C) "VARIABLE COST OF EDUCATION PER STUDENT" MEANS THAT PORTION OF THE COST OF EDUCATION, AS
6 DETERMINED BY THE LEGISLATURE, THAT IS SUBJECT TO CHANGE AS A RESULT OF INCREASES OR DECREASES IN STUDENT
7 ENROLLMENT, DIVIDED BY THE ACTUAL STUDENT ENROLLMENT DURING THE BUDGET BASE FISCAL YEAR."

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9 **Section 2.** Section 20-15-312, MCA, is amended to read:

10 **"20-15-312. Calculation and approval of operating budget.** (1) Annually by September 1, the board
11 of trustees of a community college shall submit an operating budget to the board of regents for their review. The
12 operating budget of the community college must be financed in the following manner:

13 (a) The general fund appropriation must ~~represent a specific percentage of the budget amount per~~
14 ~~full-time equivalent student, as determined by the legislature. This percentage must be specified in the~~
15 ~~appropriations act appropriating funds to the community colleges for each biennium. This percentage does not~~
16 ~~apply to any portion of the unrestricted budget in excess of the budget amount per full-time equivalent student;~~
17 ~~as determined by the legislature~~ be determined pursuant to 20-15-310.

18 (b) The mandatory levy amount must represent a specific percentage of the ~~budget amount per full-time~~
19 ~~equivalent student~~ combined total of the fixed cost of education and the variable cost of education, AS THOSE
20 TERMS ARE DEFINED IN 20-15-310, AND as determined by the legislature. This percentage must be specified for
21 each community college by the board of trustees of the district and approved by the board of regents.

22 (c) The funding obtained in pursuant to subsections (1)(a) and (1)(b) plus the revenue derived from
23 tuition and fee schedules approved by the board of regents and unrestricted income from any other source is the
24 amount of the unrestricted budget. A detailed expenditure schedule for the unrestricted budget must be submitted
25 to the board of regents for their review and approval.

26 (d) The amount estimated to be raised by the voted levy must be detailed separately in an expenditure
27 schedule.

28 (e) The spending of each restricted or designated funding source must be detailed separately in an
29 expenditure schedule.

30 (f) The expenditure schedules provided in subsections (1)(c) through (1)(e) represent the total operating

1 budget of the community college.

2 (2) The board of regents shall review the proposed total operating budget and all its components and
3 make any changes it determines necessary. The board of trustees of a community college district shall operate
4 within the limits of the operating budget approved by the board of regents."

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6 ~~NEW SECTION. SECTION 3. CONTINGENT VOIDNESS. IF HOUSE BILL NO. 807 IS NOT PASSED AND APPROVED,~~
7 ~~THEN [THIS ACT] IS VOID.~~

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9 NEW SECTION. Section 3. Effective date -- applicability. [This act] is effective July 1, 2007, and
10 applies to funds appropriated on or after July 1, 2007.

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