EXHIBIT 1
DATE 1/18/07
HB 2

Community Colleges Funding in the Executive Budget

Overall, the EB increases state funding to the Community Colleges by more than 20% from the true base in the state's budgeting system (MBARS) which does not reflect reversions. These increases are significantly higher than what the MUS campuses received in state support increases.

State Funding Increases					
	FY 2006 (Base)	FY 2008 EB Recomm.	% Inc.	FY 2009 EB Recomm.	% Inc.
C.C.[1]	6,823,254	8,237,813	21%	8,399,972	23%
MUS	123,579,694	134,371,656	9%	138,339,837	12%

[1] FY 2006 base was adjusted for $659,162 in reversions.

The Budget Office dealt with the funding for the Community Colleges after establishing a tuition CAP plan for the MUS.

- Abbreviated discussions were held a month before the Executive Budget was released.
- Our objective was to treat the Community Colleges fairly in arriving at a budget proposal.

The Budget Office chose the following method for funding the Community Colleges:

Cost Based

- Used the higher of the 3 Yrs or Actual for Enrollment and grew enrollment about 1%.
- Grew the Operating Budgets from the base year by 8% for FY 2008 and additional 1% for FY 2009. Same calculation as the MUS education Units
- Reduced this increase by the anticipated FY 2007 Tuition and Mill Levy increases. These estimates were conservative.
- Funded 95% of the "net increases" with state funds.
- Also funded 95% additional state share of Pay Plan for Community Colleges in HB 13.
- Remaining 5% is intended to be paid by non-resident tuition.

We believed that our proposal provided the most solid and stable funding package for the community college to be able to CAP tuition.

Also, the budget deadline arrived before the community colleges could get firm commitments from their respective board of trustees. Therefore, the community colleges have not agreed, as the MUS has, that they will CAP tuition should the legislature appropriate these funds.

Community Colleges

	FY 2006			Highest of 3yr or Actual FY 2008	Highest of 3yr or Actual FY 2009
Background					
FY 2006 Actual expenditures	17,069,276				
FY 2006 state share	6,823,254				
FY 2006 Enrollment		2,217	2,217	2,392	2,392
State funding per student		3,078	3,078	2,852	2,852

Offer from Governor's Budget Director

Cost Based - same calculation as the MUS educational units		Reversion Option	
Increase in higher education - pool without pay plan assumes an approx 1% increase in enrollment		8%	9%
Enrollment equivalent		2,411	2,411
New budget		18,434,818	18,605,511
Increased level		1,365,542	1,536,235
Less FY 2007 Tuition funding the increase		198,953	198,953
Less FY 2007 Mill levy funding the increase		151,263	151,263
Net increased level to be funded		**1,015,326**	**1,186,018**
State share of net increase	95%	964,559	1,126,717
New state share level		7,787,813	7,949,971
Additional state share of pay plan (HB 13)	95%	427,948	1,030,007
State Share for 1% higher number of students		**8,215,761**	**8,979,979**
$150,000 per campus - not contingent on enrollment		**450,000**	**450,000**
Total Appropriations		**8,665,761**	**9,429,979**
Average cost per student		**3,408**	**3,725**