

**LFD
ISSUE**

Executive Budget Technical Error Overstates 2013 Biennium General Fund \$9,253

The executive budget contains a technical error that overstates the 2013 general fund needed in the 2013 biennium by \$9,253. The executive budget included \$8,324 of one-time-only expenditures for common course numbering that should have been removed as this cost was funded from one-time-only funding. The impact of leaving the one-time expenditures in the expenditure base is that the fixed and variable cost calculations are overstated and, with projected enrollment growth for the 2013 biennium, the general fund requirements for the 2013 biennium are overstated \$9,253.

Options

- o Adjust the executive budget to correct the technical errors and increase the 2013 biennial general fund budget by \$9,253
- o Accept the executive budget as proposed

The Legislative Fiscal Division calculations for the community college funding formula and the difference from the executive budget are presented below:

Community College Assistance Program - LFD Calculation of General Fund Appropriation for the 2013 Biennium										
Using Statutory Funding Formula										
Comparison to the Executive Budget										
Includes a Fixed/Variable Cost Calculation at a 75/25 Ratio										
Budget Item Factors	Fiscal Year 2012				Fiscal Year 2013				Total Biennial Approp.	
	Dawson	Flathead Valley	Miles	Total	Dawson	Flathead Valley	Miles	Total		
Projected Resident Student FTE	380	2,060	418	2,858	380	2,010	418	2,808		
Fixed Cost of Education	\$2,790,046	\$10,326,790	\$3,795,997	\$16,912,832	\$2,790,046	\$10,326,790	\$3,795,997	\$16,912,832		
Variable Cost of Education per FTE	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872	\$1,872		
Total Cost of Education per Formula	\$3,501,406	\$14,183,110	\$4,578,493	\$22,263,009	\$3,501,406	\$14,089,510	\$4,578,493	\$22,169,409		
State % Share of Cost of Education	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%		
Calculated State Share Amount	\$1,778,714	\$7,205,020	\$2,325,874	\$11,309,608	\$1,778,714	\$7,157,471	\$2,325,874	\$11,262,059		\$22,571,667
Legislative Audit	19,668	23,202	18,446	61,316						
Banner Support Costs	35,000	0	35,000	70,000	35,000	0	35,000	70,000		
Carryforward GF Reductions	(12,298)	(37,347)	(16,164)	(65,809)	(12,298)	(37,347)	(16,164)	(65,809)		
Total General Fund Budget	\$1,821,084	\$7,190,875	\$2,363,156	\$11,375,115	\$1,801,416	\$7,120,124	\$2,344,710	\$11,266,250		\$22,641,365
Executive Budget Proposal	\$1,854,896	\$7,191,921	\$2,363,369	\$11,410,186	\$1,833,325	\$7,121,145	\$2,344,923	\$11,299,393		\$22,709,579
Difference	(\$33,812)	(\$1,046)	(\$213)	(\$35,071)	(\$31,909)	(\$1,021)	(\$213)	(\$33,143)		(\$68,214)

Enrollment Reversions

The 2001 Legislature passed HB 505, which provides for the calculation of reversions for funded resident enrollment growth in the Montana University System in those years when the legislature funds resident enrollment growth based upon resident enrollment projections and requires a reversion if resident enrollment projections are not met. The 2003 Legislature passed HB 23 that added this provision for community colleges. Since the laws have been passed, every biennium that the legislature has used resident enrollment projections to fund resident enrollment growth it has required a reversion if resident enrollment projections are not met. This requirement is expressed in HB 2 language.

Section 17-7-142, MCA, allows the reversion to be based on the lower of the FTE resident enrollment projection and the actual FTE resident enrollment or the FTE resident enrollment projection and the prior three-year average FTE resident enrollment. HB 2 language further clarified that the enrollment reversion calculation is a biennial calculation. The reversion, if any, is made at the end of the biennium.