

MEMO

TO: Education Subcommittee
FROM: President Scott Mickelsen, Dawson Community College
President Ron Slinger, Miles Community College
President Jane Karas, Flathead Valley Community College
DATE: August 24, 2020
RE: Community College Funding Formula

Montana's three community colleges would like to share some of our concerns about the proposed funding formula and related Bill draft on the August 25th meeting agenda.

- Although we were repeatedly told that developing the formula would be a collaborative process, the community colleges have not been included in the formula development discussions. We have only been asked to react to a model that was developed without our participation.
- We were informed at the Education Subcommittee's August 17 meeting that the bill draft and proposed formula were preliminary and there would be time for additional analysis and discussion. That has not yet taken place. For example, the definitions for the different weighted student categories in the formula are not accurate nor reflective of the fixed costs to serve these students.
- On May 22, we shared, with the Education Subcommittee, a proposal for a base plus present law adjustment funding model based on public higher education. This proposal has never been considered or discussed with us.
- The proposed formula model treats the community colleges like K-12 school districts – including using a K-12 inflationary factor.
- The proposed formula is closely tied to FTE projections. K-12 school districts can more closely project public school FTE enrollments (due to their access to Headstart enrollments and County Census Data) than community colleges can project resident FTE enrollments. Unless the State makes postsecondary two-year education mandatory, community college enrollment remains unpredictable.
- The proposed formula includes a pool of funds to be appropriated to a community college if their enrollment projections are less than their actual enrollment. These funds are appropriated in the following year, not the year of student growth. If this formula had been in place during the last recession (2008-2012), FVCC would have received an additional \$1.4M in one year for a growth of 700 resident FTE. It is unlikely the State would have the resources to manage extreme enrollment swings.
- Rather than being simple and transparent, the proposed formula requires more than 17 steps to calculate, includes more than ten decision points that, each biennium, need to be set and approved by the Legislature.
- The proposed formula must be calculated each year of a biennium, placing additional strain on the State and challenges for the community colleges to plan their budgets.

- The proposed formula creates an even larger discrepancy in State support per resident FTE between the community colleges. With DCC at \$8,882 and FVCC at \$5827. The operating costs for these colleges do not differ by that magnitude.
- The community colleges serve many part-time students. The cost of services to these students is not reflected in an FTE based formula.
- The proposed FTE based formula does not take into account that a drop in FTE may not impact the cost of providing education on a campus. For example, if MCC were to have a drop of 10 FTE, that would not change the number of classes offered (there might only be one less student in a class), personnel or operational expenses. MCC would be penalized for the change in enrollment and lose funding, but still be required to maintain services to all students.
- The implementation of the proposed FTE focused formula during the COVID-19 pandemic will have a disastrous impact on the ability of the community colleges to meet the education and training needs of our students and the State.

The community colleges do not support the proposed formula or the related Bill draft. We ask you not to move this Bill forward.

Thank you