

MEMO

TO: Legislative Finance Committee's Education Sub-Committee
FROM: Scott Mickelson, President Dawson Community College
Jane Karas, President Flathead Valley Community College
Ron Slinger, President Miles Community College
DATE: May 22, 2020
RE: Response to LFD report, "Potential Revisions to the Community College Funding Formula," Dated 5/13/20

Montana's three Community Colleges, appreciate the conversations that we have had with the Legislative Finance Committee's Education Sub-Committee, as well as the work completed by Katherine Guenther, Legislative Fiscal Analyst. In addition to the options presented to you in the report, "Potential Revisions to the Community College Funding Formula," we request your consideration of a base plus PLA (present law adjustment) model with a headcount factor to replace the current funding formula. A headcount factor provides funding to meet the specific needs of Montana students. In addition, there has been concern that the current Community College Funding Formula is complex and not transparent, whereas a base plus with headcount factor model addresses these concerns.

Benefits to a Base Plus PLA Headcount Factor Formula:

- The PLA factor can be adjusted for current trends or special Legislative initiatives (e.g. incentivizing CTE programs/students)
- Easy to understand
- Consistent with the MUS funding model
- Greater stability in planning for the State and the colleges
- Increases confidence in long range planning
- Allows more flexibility to respond to local job needs with relevant education
- Provides access and opportunities for Montana students and employers
- Fiscal planning for student needs is based on headcount, not FTE

Community College Headcount Matters:

- Part-time students require the same access to services including financial aid, advising, career services, and the food pantry as full-time students. They also require the same access to facilities such as the library and computer labs.
- Students attend community colleges part-time out of necessity to work and provide for families. Due to many pressures, they are generally more vulnerable to basic living insecurities and demonstrate the most need for student success services.



- The average community college part-time population (headcount) is 61% vs 30% of all other combined MUS institutions.
- Other states like Alaska, Wyoming and Nebraska have shown that higher investments per headcount in community college student support results in improved outcomes for retention and completion.
- Community college demographics require more intensive, on-going advising, more financial aid outside of federal sources, and extra support for tutoring and study skills.
- One Full-Time-Equivalent (FTE) of 15 semester credits often equates to 2 to 5 individual students enrolled part time while they are working to support their families. All of these Montana students deserve and need support services, classroom space, technology, etc.

Comments on the “Potential Revisions to the Community College Funding Formula” report:

- The formula revisions proposed will have an unintentional negative impact in funding for Montana’s community colleges. Some of the factors proposed would result in fewer Montana resident students able to access affordable education.
- A net tuition revenue model would prohibit the community colleges from meeting the required State and Board of Regents’ waivers without a dramatic increase in tuition.
- There is no justification for the proposed 50-50 fixed and variable cost ratio. The current fixed and variable ratio of 75-25 is based on an analysis that is reviewed every three biennia. The 50-50 proposal is arbitrary and not based on any rationale or analysis of actual expenditures.
- Weighted FTE funding is an option. However, there is no uniform definition of early college or community education classes. The FTE used in the examples do not appear to be accurate. In addition, the Legislative priorities may change after several years. This will limit future flexibility.
- In the current formula, the Legislature sets the percent State share of the cost of education per resident FTE. This is one variable in the formula. The report confuses the percent State share in the formula with the State funding percent of the community college total revenue. These are two different factors and cannot be combined into a three-year average.

Proposal and Recommendation:

The Community Colleges appreciate all of the time and effort to review the current formula and consider different options for the future. After careful analysis, review and consideration, we propose the Legislative Finance Committee’s Education Sub-Committee consider a base budget with PLA and headcount factor model that eliminates the reversion component. Legislative priorities, such as incentivizing Career and Technical programs/students, may be addressed through a present law adjustment increase, an OTO, or a new decision package.

We appreciate your consideration of our comments and proposal to support Montana students and meet the needs of our changing economy.

