



# Joint Subcommittee On Postsecondary Education Policy and Budget (PEPB)

## 60<sup>TH</sup> Montana Legislature

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## BITTERROOT VALLEY COMMUNITY COLLEGE

### ANALYSIS OF PRELIMINARY 2011 BIENNIUM START-UP BUDGET

**MARCH 13, 2008**

At the December 2007 meeting of the PEPB, representatives from the Bitterroot Valley Community College (BVCC) presented a projected institutional start-up budget for the 2011 biennium, which includes fiscal years 2010 and 2011. That budget includes detailed expenditures presented in a format similar to the budget schedules required by the Office of the Commissioner of Higher Education (OCHE), together with projected revenue, as well as student enrollment data. PEPB asked legislative staff to review the budget submitted and report back to PEPB.

This report is intended to provide an initial analysis of the BVCC start-up budget and includes both staff comment boxes to explain specific components of the budget, as well as staff issue boxes when something of significance merits specific legislative attention or consideration.

#### Background

On May 8, 2007, voters in the Bitterroot Valley approved the creation of a community college district and elected seven members of a local board of trustees. The election results were certified by the Montana Board of Regents on July 11, 2007, and the newly elected community college trustees are holding bi-monthly meetings to move forward plans for establishing a new community college. The trustees, however, will have no formal authority to create that college unless the legislature approves the new community college district.

According to statute, 20-15-209, MCA, subsequent to the local election, "approval for the organization of a new community college district shall be granted at the discretion of the legislature acting upon the recommendation of the regents," though that recommendation is not binding upon the legislature. In addition, the state budget includes an appropriation for general fund that is appropriated to the community colleges.

Therefore, decision points that may be anticipated at the 2009 legislative session include a decision by the legislature on the approval for the new community college district, as per 20-15-209, MCA, as well as a potential general fund budget appropriation in House Bill 2 (HB 2) for a Bitterroot Valley Community College.

This report, another in a series of PEPB reports during this biennium, is intended to provide the legislature with fiscal analysis on the proposed BVCC in advance of the anticipated legislative decision points on this matter.

### Budget Comparison to Peer Montana Community Colleges

A starting point for this budget analysis is to compare how the BVCC budget projections compare to the existing three community colleges in Montana. Figure 1 below provides a side-by-side comparison of the BVCC start-up budget with existing community colleges at Flathead Valley, Miles City, and Dawson in Glendive. It is important to note that this comparison is somewhat imprecise as the fiscal years differ between BVCC and the other colleges, as the existing colleges have only budgeted through FY 2008 while BVCC is submitting their start-up budget for FY 2010. Therefore, bearing that anomaly in mind, the following provides a comparison of the expenditure budgets and a number of conventional metric comparatives for each institution:

Figure 1

## Bitterroot Valley Community College Budget Analysis

### Comparison to Other Community College Budgets FY2010 Comparison to FY2008

Note the difference in fiscal years for comparisons

#### Current Unrestricted Operating Fund Comparison (CUOF)

	BVCC FY2010 (Start-up)	FVCC FY2008	Miles FY2008	Dawson FY2008
Contract Faculty FTE	6.00	94.66	40.10	24.00
Expenditures	\$ 225,000	\$ 3,714,116	\$ 1,135,990	\$ 1,052,026
Adjunct Faculty Positions	7.00	Adjunct Faculty are part of "Contracted Services"		
Expenditures	\$ 12,600	Item Below		
Contract Administration FTE	8.00	41.17	21.10	8.90
Expenditures	\$ 490,000	\$ 2,162,512	\$ 919,606	\$ 412,296
Support Staff FTE	3.00	28.94	12.00	15.40
Expenditures	\$ 82,500	\$ 838,302	\$ 285,134	\$ 415,670
Other (Work Study)		3.00		0.70
Expenditures		\$ 38,452		\$ 12,000
Benefits For Above (34% @ BVCC)	\$ 271,150	\$ 1,879,758	\$ 751,507	\$ 352,830
<b>TOTAL Personal Services</b>	<b>\$ 1,081,250</b>	<b>\$ 8,633,140</b>	<b>\$ 3,092,237</b>	<b>\$ 2,244,822</b>
Contracted Services	\$ 15,000	\$ 557,113	\$ 107,510	\$ 105,143
Supplies & Materials	31,200	437,711	116,565	125,069
Communications	13,200	126,099	48,600	30,000
Travel	11,359	110,482	65,000	39,218
Rent	58,920	29,319	18,700	11,900
Utilities	5,100	596,116	140,000	127,720
Repair & Maintenance		24,401	14,600	25,500
Other		247,519	727,856	94,923
Annual Audit Fees	3,500			
Accreditation Fees	4,570			
Insurance	20,000			
<b>TOTAL Operating Exps.</b>	<b>\$ 162,849</b>	<b>\$ 2,128,760</b>	<b>\$ 1,238,831</b>	<b>\$ 559,473</b>
Equipment & Capital	308,400	305,934	143,376	
Centra Usage & Fund Transfers			81,920	
Scholarships		374,525	487,550	350,000
<b>TOTAL CUOF Expenses</b>	<b>\$ 1,552,499</b>	<b>\$ 11,442,359</b>	<b>\$ 5,043,914</b>	<b>\$ 3,154,295</b>
Budgeted Student FTE	<b>135.00</b>	<b>1,475.00</b>	<b>410.00</b>	<b>445.00</b>
Total Unrestricted Fund Expend Per Student FTE	\$ 11,500	\$ 7,758	\$ 12,302	\$ 7,088
Student/Contract Faculty Ratio	22.50	15.58	10.22	18.54
Average Tuition Per FTE Student	\$ 2,212	\$ 2,537	\$ 2,261	\$ 2,156
Mandatory Mill Levy Revenue	\$ 298,648	\$ 2,370,175	\$ 828,592	\$ 629,570
Mandatory Mill Revenue Per Budgeted FTE Student	\$ 2,212	\$ 1,607	\$ 2,021	\$ 1,415
<b>TOTAL Restricted/Designated Expenses</b>	<b>\$ 226,113</b>	<b>\$ 7,431,050</b>	<b>\$ 4,331,273</b>	<b>\$ 1,917,518</b>

Source: BVCC Trustees Projected Budgets and FY2008 Operating Budgets (OCHE forms)

The BVCC start-up budget projects no capital building costs as the trustees are proposing to locate the institution in available rental property in Hamilton at a projected annual cost of about \$60,000 in FY 2010, increasing to \$80,000 in FY 2011 as the number of course offerings increase. While no rental agreements have been formalized, the trustees have identified several potential locations offered by realtors in the area with adequate space. These rental cost projections are based upon these sites.

With no building capital costs being projected, the major remaining capital equipment costs in the start-up budget include personal computers, a data management system, a telephone system, and other standard office equipment.

The FTE staffing pattern starts with 6.00 FTE contract faculty in the first year together with 8.00 FTE for professional/contract administration staff, which includes a President, Development Director, Dean of Administrative Services, Dean of Academic Services, Dean of Student Services, IT Director, Marketing/Publications Director, and Library/Media Services Director. A Financial Aid Director is projected for year two, bringing the FTE for professional administration to 9.00 FTE.

**LFD  
COMMENT**

In a comparison with Flathead Valley Community College professional administration, the BVCC start-up staffing for professional administration seems comparable, with the possible exception of the Marketing/Publications Director position being part of the first year start-up.

The functions of this position may be less costly as a contracted service from a vendor at the outset with the potential to ramp-up to an FTE director in the future.

In a salary scale comparison with Flathead, the community college market in Montana that is most similar to the Bitterroot, the proposed administrative annual salary levels appear to be reasonable though somewhat low for the Development Director (\$50-60,000) and the Dean of Administrative Services (\$60-70,000), given that these rates are projected for FY 2010.

Employment markets are, of course, subject to economic fluctuations.

In the area of contract faculty, the BVCC budget includes an annual salary range of \$30-45,000 for each of the six proposed contract faculty with a budget of hiring first year at \$37,500 (not including benefits), for a total start-up budget of \$225,000 in FY 2010. This average salary for contract faculty is in line with a comparison to the average contract faculty at Flathead Valley, where the average FY 2008 salary is \$39,236 (not including benefits), and the proposed salary range is also in line with Flathead Valley.

On a “cost per credit hour” basis, the BVCC contract faculty cost is \$111 per credit hour while Flathead Valley is \$168 per credit hour. It would appear that the tenure value that Flathead Valley faculty salaries include, while the BVCC faculty would be start-up with no seniority, may account for this per credit hour cost difference.

The BVCC budget projects offering 40 courses per semester starting in the fall of 2009, but projects that only 30 of these, 75 percent, will meet the minimum student enrollment requirements. Each course to be offered will be three-credit hours. Based upon this enrollment and course projection, the BVCC trustees project hiring 6.00 FTE contract faculty to teach these 30 credits for a faculty teaching load of 15 credit hours during the start-up year. It is projected that 7 additional adjunct faculty will be hired to teach a projected 7 courses during the start-up year summer sessions.

**LFD  
COMMENT**

Contract faculty at other Montana community colleges typically teach at least 5 courses per semester for a total load of 15 credit hours. The BVCC proposal for contract faculty projects a similar teaching load that is in line with other Montana community college faculty.

The start-up budget includes a student enrollment projection of 135 FTE in FY 2010. All of these are projected to be in-district, Montana resident students. Enrollment is projected to increase to 217.5 FTE in the second year FY 2011.

The trustees based these projections upon a formula that starts with the number of courses that should be offered during the first year, some combination of general education and program specific courses, and an assumption that minimum enrollment will only be achieved in 75 percent of those courses. That 75 percent assumption is based upon local history and experience of existing course offerings in the Bitterroot Valley.

Therefore, with the projection that year-one will offer 40 courses each semester with an additional 10 summer courses for a total of 90; that 75 percent of these will meet the minimum student enrollment of 10 per course; that each of these courses will be three-credit hours; and that FTE is based upon 15-credit hours; the first year student enrollment projection is 135 FTE  $[(90 \times 75\% \times 10 \times 3)/15]$ .

**LFD  
ISSUE**

While the BVCC formula for projecting student enrollment is based upon a logical mathematical model and includes assumptions based upon local enrollment history in similar courses, the starting point for the model does not appear to have a solid basis in demographic factors at play in the Bitterroot Valley.

Specifically, the enrollment projection starts with the number of courses projected to be offered rather than actual data related to the local student market factors, such as the number of local high school graduates, the number of local students that go on to higher education, the number of those that specifically choose two-year education, and some projections about the number of local residents who opt out of higher education because of the lack of a local higher education opportunity.

In addition there does not seem to be any specific factors that correlate local workforce development needs and a projected number of students that are likely to enroll as a part of employment specific needs.

Given this student enrollment model, the legislature may want to ask the BVCC trustees to address the following questions:

1. What is the number of high school graduates each year from those schools in the BVCC district?
2. How many of these graduates go on to higher education, specifically two-year education?
3. Do you know how many local high school graduates do not go on to higher education because of a lack of local options?
4. What are your student enrollment projections for non-traditional students attending BVCC and what is the basis for these projections?
5. How many students do you project will enroll coming from local employers seeking job-specific work force development education?
6. Correlate all of the above factors to your budgeted student enrollment projections?
7. Could you address student enrollment projections for BVCC in terms of how many students you expect to be “new” to the higher education system because of BVCC as opposed to students that would simply attend BVCC instead of selecting UM Missoula, the Missoula COT, Flathead Valley Community College, or another MUS institution? In other words, do you project that the

student “pie” will get larger because of the BVCC or will students simply change their education choice from another MUS institution so that the student “pie” will remain the same size but have an additional piece? Why?

**LFD  
ISSUE**

In figure 1 above the three existing community colleges all have at least \$350,000 budgeted each year to cover the costs of student scholarships and tuition waivers. The BVCC budget does not include any expenditures in this area.

According to Board of Regents policy related to tuition waivers, the community colleges are required to participate in the MUS Honors Scholarship program so that a student who is awarded that scholarship and chooses to go to BVCC would be required by policy to receive a tuition waiver.

There are also a number of other tuition waiver categories, none of which are addressed by the BVCC budget.

Looking at some of the comparative metrics in figure 1 above, the tuition projected at BVCC is competitive with the other community colleges and is the third lowest, while the student/faculty ratio is the highest of the schools. In addition, the BVCC budget includes the highest local mill levy revenue per student at \$2,212, but in figure 2 below, that total is projected to drop to \$1,150 in the second year, based primarily upon enrollment growth, though overall mill levy revenue is projected to also decrease.

### Projected Budget Growth from FY 2010 to FY 2011

Figure 2 below provides an illustration of the BVCC proposed budgets for each fiscal year in the 2011 biennium, showing the percentage growth from the first year to the second year. This figure also illustrates some of the changes that occur to the comparative metrics, those items listed below the TOTAL CUOP Expenses line, moving from the start-up year to the second year, when many one-time start-up costs have been covered.

Figure 2

<b>Bitterroot Valley Community College Budget Analysis</b>			
<b>Comparison of Projected Budget Years</b>			
<b>FY2010 and FY2011</b>			
Current Unrestricted Operating Fund Comparison			
	BVCC FY2010 (start-up)	BVCC FY2011	Percent Change
Contract Faculty FTE	6.00	9.00	50.00%
Expenditures	\$ 225,000	\$ 337,500	50.00%
Adjunct Faculty Positions	7.00	19.00	171.43%
Expenditures	\$ 12,600	34,200.00	171.43%
Contract Administration FTE	8.00	9.00	12.50%
Expenditures	\$ 490,000	\$ 535,000	9.18%
Support Staff FTE	3.00	4.00	33.33%
Expenditures	\$ 82,500	\$ 110,000	33.33%
Other (Work Study)		-	
Expenditures		\$ -	
Benefits For Above (34% @ BVCC)	\$ 271,150	\$ 334,050	23.20%
<b>TOTAL Personal Services</b>	<b>\$ 1,081,250</b>	<b>\$ 1,350,750</b>	<b>24.92%</b>
Contracted Services	\$ 15,000	\$ 15,000	0.00%
Supplies & Materials	31,200	31,200	0.00%
Communications	13,200	13,200	0.00%
Travel	11,359	11,359	0.00%
Rent	58,920	81,000	37.47%
Utilities	5,100	5,100	0.00%
Repair & Maintenance			
Other			
Annual Audit Fees	3,500	3,500	0.00%
Accreditation Fees	4,570	5,670	24.07%
Insurance	20,000	20,000	0.00%
<b>TOTAL Operating Exps.</b>	<b>\$ 162,849</b>	<b>\$ 186,029</b>	<b>14.23%</b>
Equipment & Capital	308,400	6,650	-97.84%
Centra Usage & Fund Transfers			
Scholarships			
<b>TOTAL CUOF Expenses</b>	<b>\$ 1,552,499</b>	<b>\$ 1,543,429</b>	<b>-0.58%</b>
Budgeted Student FTE	<b>135.00</b>	<b>217.50</b>	<b>61.11%</b>
Total Unrestricted Fund Expend			
Per Student FTE	\$ 11,500	\$ 7,096	-38.29%
Student/Contract Faculty Ratio	22.50	24.17	7.41%
Average Tuition Per FTE Student	\$ 2,212	\$ 2,201	-0.50%
Mandatory Mill Levy Revenue	\$ 298,648	\$ 250,141	-16.24%
Mandatory Mill Revenue Per Budgeted FTE Student	\$ 2,212	\$ 1,150	-48.01%
TOTAL Restricted/Designated Expenses	\$ 226,113	\$ 272,238	20.40%

The comparison of expenditures between each fiscal year that is demonstrated in figure 2 indicates some changes that are projected to occur in the second year of the BVCC budget. As student enrollment

increases, projected at a 61 percent increase, the expenditures per student are projected to decrease so that BVCC would be more in line with the other community colleges in this metric by the second year. In addition, the budget projects a decrease in student tuition from \$2,212 to \$2,201 per FTE, a decrease of .5 percent.

Overall, expenditures are also projected to decrease during the second year based solely upon the dramatic reduction of equipment costs, with some \$300,000 of one-time-only start-up equipment costs projected in FY 2010 that will not be carried over to the FY 2011 base. Not including these one-time equipment costs, expenditure growth is projected to be 23.5 percent in FY 2011, while, once again, student enrollment growth is projected to be 61 percent.

**LFD  
ISSUE**

While the BVCC budget projects student FTE enrollment to reach 217.5 by the second year, this figure will likely represent a student headcount of 300 or more students. With that number of students at the college, it is likely that the demands upon a comprehensive information technology system (IT) will exceed the projected budget of \$308,000 in FY 2010 and \$6,650 in FY 2011.

For example, give the nature of personal data that is included in a higher education student database, the demands for security and firewall projection will be extremely high. In 2006 the Montana University System experienced a serious security breach that led to an additional \$10,000 annual expenditure solely to increase security projections.

In addition to security, the institutional standards for internet connectivity, a server with the high speed capacity to service 300 students, the maintenance and licensing requirements, all indicate that the BVCC budget may have underestimated both start-up and ongoing equipment needs.

Therefore, the legislature may want to ask the BVCC trustees to prepare a more detailed, itemized budget for IT equipment that also includes a plan that addresses the comprehensive issues meeting the needs of an institution that projects approximately 300 students in the first year.

The primary driver of the overall expenditure growth in the second year of the budget is the projected growth in personal services as 3.0 FTE contract faculty and 12.0 FTE adjunct faculty are added to accommodate the projected enrollment increase.

**LFD  
COMMENT**

The second year FY 2011 revenue budget for BVCC projects a decrease both in student tuition rates as well as in local mill levy revenue. While the tuition reduction is rather modest, at .5 percent, the projected mill levy revenue decrease is rather severe at 16 percent.

Given these projections, PEPB members may want to ask the BVCC trustees if they have a specific tuition and mill levy strategy in mind going forward beyond FY 2011.

**LFD  
ISSUE**

The BVCC budget for each year of the 2011 biennium projects an average of \$5,000 each year for “accreditation fees.” Going forward, the institution would be working with the Northwest Commission on Colleges and Universities (NWCCU) for accreditation as a higher education institution.

According to the website for the NWCCU (<http://www.nwccu.org/>) there are some 20 “eligibility requirements” that a new institution must meet in order that their application for accreditation is even

accepted for consideration by the NWCCU. Many of these requirements appear to require investments of time and costs to meet that may well exceed the projected annual average cost of \$5,000.

Therefore, given the importance of accreditation for a higher education institution and the BVCC trustees' intention to pursue accreditation, the legislature may want to ask the trustees for a detailed plan on how the college will pursue accreditation together with a more detailed, itemized budget for the projected costs of this process.

### Projected State General Fund Appropriation

The level of state funding appropriated to Montana community colleges is determined by a funding formula defined by statute at 20-15-312, MCA. The factors in this statutory formula include the following:

- Variable cost of education per FTE student
- Fixed cost of education
- FTE student enrollment
- State percent share

Both the fixed and variable costs of education are determined by starting with the base year expenditures of each community college, as reported to OCHE on the CHE 201 expenditure form. Given that the BVCC will have no "base year expenditures" in the 2011 biennium start-up budget, the projected expenditure budget for FY 2010 is used as the base year in the illustration, figure 3, in order to project the state general fund appropriation. The fixed/variable cost ratio is 75/25, as determined during the Legislative Finance Committee interim study that resulted in SB 12 of the 2007 regular legislative session.

Applying this statutory formula to the projected BVCC budget for the 2011 biennium results in the following projected general fund state appropriation:

Figure 3

Community College Assistance Program - HB 2 General Fund Appropriation 2011 Biennium Bitterroot Valley Community College Projected Budget Total			
Includes a Fixed/Variable Cost Calculation at a 75/25 Ratio			
	Fiscal Year 2010	Fiscal Year 2011	Total Biennial Approp.
Budget Item Factors	Bitterroot Valley	Bitterroot Valley	
Projected Resident Student FTE *	135	218	353
Fixed Cost of Education	\$ 1,164,374	\$ 1,164,374	\$ 2,328,749
Variable Cost of Education per FTE	\$ 2,082	\$ 2,082	\$ 2,082
State % Share of Cost of Education	49.3%	49.3%	49.3%
Calculated Total Funding Budget	<u>\$712,599</u>	<u>\$797,276</u>	<u>\$1,509,874</u>
DP 4004 - Legislative Audit **	\$0		\$0
DP 4010 - Prog. Dev./Capital (OTO)	\$ -	\$0	\$0
HB 13 Pay Plan Allocation	<u>\$ -</u>	<u>\$0</u>	<u>\$0</u>
Total General Fund Budget	<u>\$712,599</u>	<u>\$797,276</u>	<u>\$1,509,874</u>

\* FTE Projections from BVCC Trustees  
\*\* Biennial appropriation

Therefore, based upon the expenditure budgets submitted by the BVCC board of trustees, a preliminary projection indicates that the state general fund appropriation to BVCC in the 2011 biennium would be \$712,599 in FY 2010 and \$797,276 in FY 2011, for a total of \$1.51 million over the biennium.

**LFD  
COMMENT**

It is important to note that this projection is very preliminary as the statutory formula requires that the factors in this formula be averaged for all community colleges and the average for each factor drives each individual institutional budget.

Therefore, at this time the actual base year expenditures for the other three community colleges are not available as that base year is FY 2008, which does not end until June 30, 2008. For this illustration and to derive these projections, the budgeted expenditures for each of the three existing community colleges have been used to complete the formula. As the actual expense budgets become available for the FY 2008 base year, there will be some fluctuation of this BVCC general fund revenue projection.

These figures should be considered a preliminary estimate with the expectation that there could be a fluctuation up to 5 percent either upward or downward based upon the impact of the formula averaging.

Of course, it is important to note that the ultimate factor in this funding formula that determines the level of state funding for the community college is the state percent share level, which is a discretionary legislative decision during each budget process. In this illustration, the state percent share from the FY 2009 budget has been carried forward into the 2011 biennium.

The revenue start-up budget projections submitted by the BVCC anticipated a lower state general fund appropriation than the formula results above. The difference in the projected results is primarily based upon the averaging of the four colleges that is part of the formula, as the BVCC projections did not include this calculation. The original BVCC projections and the difference between the projections for each year are:

- FY 2010 BVCC projected \$577,355 for a total difference of \$135,244

- FY 2011 BVCC projected \$705,872 for a total difference of \$91,404
- A total biennial difference of \$226,648

It should be noted in the figure above that in addition to the formula appropriation, the community colleges are part of the state pay plan, traditionally HB 13, and there is typically a line-item appropriation for legislative audit costs (project to be approximately \$8,000 for the biennium). Figure 3 also lists a line-item for “DP 4010 – One-time-only (OTO)” as the last two legislative budgets have included additional funding to target equipment and program development above the statutory formula.

**LFD  
ISSUE**

Assuming that all of the projected budget assumptions up to this point are essentially accurate such that the BVCC state general fund appropriation level exceeds their revenue budget (by \$226,648), the institution would have four primary options for this higher level of general fund:

1. Offset the mandatory mill levy revenue by reducing the local millage levy in the community college district
2. Offset tuition revenue by reducing student tuition rates
3. Some combination of both, reducing both the local mill levy and student tuition rates
4. Invest the additional funding into the budget, such as for program development or to build a budget reserve

**LFD  
COMMENT**

The community college funding statute, at 20-15-312, MCA, also includes a provision for a general fund reversion in the event that the budgeted student FTE enrollment would fall short of the projections in any fiscal year.

In the event of a shortfall of student enrollment, the college would be required to revert, or payback to state government an amount equal to the student enrollment shortfall times the budget amount of funding for the variable cost of education per FTE student.

For example, in the projected HB 2 budget in figure 3 above, if the college only had 125 students rather than the 135 funded in the FY 2010 budget, they would be required to revert a total of \$20,820 to state government, which is the 10 FTE student shortfall times the variable cost of education per FTE of \$2,082.

## Adult Education Programs and Funding

Although the legislature would not be considering funding for the non-credit adult education offerings at the BVCC, as these programs are funded with restricted/designated funding sources such as grants and a local adult education property tax levy as well as student fees, the BVCC budget contemplates the revenue and expenditures in this area.

There are essentially two components to what is referred to as community adult education programs:

1. The community courses that offer quality lifelong learning opportunities for anyone seeking personal growth, enrichment, and enhanced employment skills
2. The basic literacy, workplace literacy, family literacy, preparation for GED, English as a Second Language and other services that provide adults and out of school youth opportunities at enhancing skills, improving parenting, and assistance related to employment and self-sufficiency

In the Bitterroot Valley, these two types of programs already exist to some extent and are currently offered by public school districts as well as by a non-profit organization called Literacy Bitterroot. The BVCC trustees project that in the future, if the community college is approved, that all of these services

would likely be centralized and provided by the college rather than by these other providers. It is the trustees' intention to be able to expand and enhance these programs by taking advantage of reducing the overall ongoing operating costs through a unified, regional service system.

The adult enrichment and lifelong learning programs are primarily funded through local adult education levies that are currently in place for each of the existing school districts. In FY 2007 these levies raised a total of \$182,457. The following is the per school district levy data (data from BVCC trustees' budget submission):

- Corvallis levies 2.06 mill and raises \$24,720
- Darby levies 0.86 mill and raises \$7,138
- Hamilton levies 4.40 mill and raises \$80,960
- Lone Rock levies 3.96 mill and raises \$15,444
- Stevensville Elementary levies 1.91 mill and raises \$19,864
- Stevensville High School district levies 1.97 mill and raises \$28,171
- Victor levies 1.1 mill and raises \$6,160

While state statute regarding the adult education levy does not prohibit the existence of more than one levy to fund multiple providers of adult education services, the BVCC trustees report that their short-term goal would be to centralize these programs, take advantage of economies of scale, and allow the various public school districts to eliminate their respective adult education levies in lieu of a single, community college district-wide levy. The BVCC budget projects \$105,959 annual revenue from an adult education levy in FY 2010 and \$119,023 from in FY 2011.

In the meantime, the BVCC trustees have started inquiries with the Montana Office of Public Instruction (OPI) into their authority to impose an adult education levy starting in calendar year 2009 if the legislature approves the new community college district. The BVCC plan includes offering new, additional adult education programs in the workforce training area and professional development.

According to officials at OPI, under 20-15,305, MCA, the BVCC trustees would have the full authority to impose the local adult education mill levy in the college district, assuming legislative approval, as soon as OPI completes a review of the course plan to be offered to see that it is in alignment with the broad parameters of the statute at 20-7-701 and 702, MCA.

**LFD  
ISSUE**

Although Montana statute would allow duplicate programs for adult education in the Bitterroot, the BVCC trustees plan includes the college as a sole provider in the future and the consolidation of the adult education levy across the community college district.

PEPB members may want to ask the BVCC trustees to provide a more detailed plan that indicates how a college district-wide program could effectively consolidate all adult enrichment education programs, if such a consolidation would meet the district wide need, if such a consolidation would provide a fiscal savings, and what the current interest is of existing providers to consolidate their services.

This plan should also address whether a community college adult education system would centralize all offerings at the college facility, or would local offerings continue to be offered in unique local community sites.

On the fiscal issues related to adult enrichment education, the BVCC budget projection for the 2011 biennium is that their adult education mill levy requirement would be approximately \$70,000 lower than the existing funding level. It is not clear if the trustees plan for a consolidated service would result in a lower total mill levy across the district.

On the other hand, the adult basic education programs are primarily funded with both state and federal Adult Basic Education (ABE) grants. The BVCC budget projects ABE grant revenue of \$105,000 in FY 2010 and \$130,000 in FY 2011 from both state and federal grant sources. Those projections are based upon the existing grants that are going to Literacy Bitterroot to provide these services to the community.

Once again, the BVCC trustees indicate that their plan includes a consolidation in adult basic education services whereby the existing non-profit would become a department of the college.

**LFD  
ISSUE**

Given the complications of grant funding for adult basic education programs and the existence of a non-profit organization that is providing these services, PEPB members may want to ask the following questions:

1. If the BVCC did not receive any ABE grants but rather Literacy Bitterroot were to continue providing those services, how would that impact upon the college funding and program plan?
2. What is the status of planning for moving Literacy Bitterroot into the college as a department in the event that the legislature would approve the BVCC district in the 2009 legislative session?
3. How would these services change as part of the BVCC?
4. Would there be any cost savings as part of the BVCC as opposed to having services provided by an independent not-profit organization? Why or why not?

### Summary of LFD Issues and Questions for BVCC Trustees

Therefore, given all of the issues discussed above together with information from the December presentation to PEPB, the legislature may want the BVCC trustees to address the following questions:

1. If the general fund appropriation to the college would be higher than the projected BVCC revenue budget, how would the trustees anticipate using this higher level of state funding? If the general fund appropriation were to be lower than expected, how would the trustees anticipate raising the additional funds?
2. What is the number of high school graduates each year from those schools in the BVCC district?
3. How many of these graduates go on to higher education, specifically two-year education?
4. Do you know how many local high school graduates do not go on to higher education because of a lack of local options?
5. What are your student enrollment projections for non-traditional students attending BVCC and what is the basis for these projections?
6. How many students do you project will enroll coming from local employers seeking job-specific work force development education?
7. Correlate all of the above factors to your budgeted student enrollment projections?
8. Could you address student enrollment projections for BVCC in terms of how many students you expect to be “new” to the higher education system because of BVCC as opposed to students that would simply attend BVCC instead of selecting UM Missoula, the Missoula COT, Flathead Valley Community College, or another MUS institution? In other words, do you project that the student “pie” will get larger because of the BVCC or will students simply change their education

choice from another MUS institution so that the student “pie” will remain the same size but have an additional piece? Why?

9. What is the BVCC plan for providing tuition waivers and scholarships, in particular meeting the policy requirement for the MUS Honors Scholarship?
10. What is the BVCC itemized budget for IT equipment and all related IT needs for an institution that projects approximately 300 students in the first year?
11. What is the trustees plan or timeline for creating a plan on how the college will pursue accreditation together with a more detailed, itemized budget for the projected costs of this process?
12. What is the BVCC medium and long term plan for tuition rates and the local mandatory mill levy?
13. What is the trustees’ plan for coordinating adult enrichment education and adult basic education programs as well as the funding, in particular coordination of the adult education mill levy and the ABE grants? What is the status of any partnerships with these other providers?
14. What is the status of the community survey process that will be conducted to determine some of the specific course/program types that the BVCC trustees will recommend for the college? Is there any preliminary data that would indicate any specific program directions (e.g. nursing, diesel mechanics, etc.)?
15. Are there any cost projections at this point based upon potential programs to be offered, in particular equipment acquisition costs that may come with programs such nursing or diesel mechanics?

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