DOCUMENT RESUME

ED 239 687 JC 840 063

TITLE	Formula Budgeting for the Community Colleges in Alaska.
INSTITUTION	Alaska State Commission on Postsecondary Education, Juneau.
PUB DATE	28 Sep 82
NOTE	68p.
PUB TYPE	Reports - Descriptive (141) -- Guides - Non-Classroom Use (055)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	*Budgeting; *Community Colleges; Enrollment; *Finance Reform; *Full State Funding; Personnel Needs; *Resource Allocation; State Legislation; Student Teacher Ratio; Two Year Colleges
IDENTIFIERS	*Alaska; *Formula Budgeting

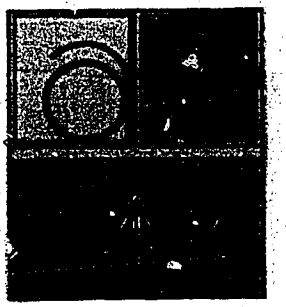
ABSTRACT

Information is provided on the budgeting formula developed for funding Alaska's community colleges. After the history of formula budgeting is discussed, its purposes are highlighted (i.e., to provide equity of funding among the community colleges; to reduce uncertainty in and to simplify the budgeting process; and to provide for more local decision-making and to facilitate planning). Next, the performance criteria for the formula, assumptions resulting from a unit cost study, and the means of funding of designated non-credit courses are presented. Then, the proposed formula (comprised of faculty, support, and travel allocations) is set forth, and a step-by-step procedure for using the formula is outlined. The following sections discuss the development of the formula and allocations for fiscal year (FY) 1981 through FY 1983. The final sections discuss the differences between actual and projected enrollments, suggest a transition period of 3 years before the funding to a college is reduced on the basis of formula allocations, and evaluate the success of the formula in meeting its objectives and performance criteria. Appendices include data on faculty/student ratios, support per Fiscal Year Equated (FYE) student, and percentage of travel costs in relation to faculty and support costs for FY 1981 through FY 1983; an analysis of minimum staffing needs for new community colleges; and sample state legislation. (HB)

Formula Budgeting for the Community Colleges in Alaska

Prepared by:

The Alaska Commission on Postsecondary Education



September 28, 1982

Document No. 83-3

ALASKA COMMISSION
ON POSTSECONDARY EDUCATION

Mr. Fred J. Baxter, Chairman
Mrs. Mildred Banfield
Representative Thelma Buchholdt
Mr. Lee Demmert
Ms. Thelma Langdon
Mrs. Mary Elizabeth Lomen
Mr. John Malone
Mr. John Shively
Senator Terry Stimson
Mrs. Blanche Walters
Mr. Walter Ward

Dr. Kerry D. Romesburg
Executive Director

TABLE OF CONTENTS

LIST OF TABLES

INTRODUCTION

There has been interest in formula funding for Alaska's community colleges for several years. Beginning in 1977, discussions concerning formula budgeting were held by a committee which included members of the Alaska Commission on Postsecondary Education, the University of Alaska, the Legislature and the Governor's office. The development of a formula was seen as a way to provide equity of funding for the community colleges, to facilitate the planning process, and to insulate, to some degree, the community colleges from what appeared to be political caprice. Over a three-year period, a series of meetings was held, but a formula could not be developed primarily because of an insufficient data base. The committee attempted to use gross budget figures; these figures turned out to be inadequate. As a consequence, the completion of a detailed unit cost study for the community colleges was seen as a crucial foundation for the establishment of a formula.

On behalf of a legislative interim committee, the Commission on Postsecondary Education performed a comprehensive study of the community college system. A significant part of the study was a detailed analysis of the unit costs of each community college.[1] This cost study, completed in December 1981, has provided the necessary information for the development of a formula.

---

[1]Ronald A. Phipps and Thomas A. Gaylord, Community Colleges: A Report to the Twelfth Alaska State Legislature, Volume III: Unit Cost Study, Fiscal Year 1981 (Document No. 82-6; Juneau, Alaska: Alaska Commission on Postsecondary Education, 1981).

Since December, 1981, the Commission staff has developed the formula in a systematic fashion by involving as many parties as possible. It was essential to involve unit heads and other members of the Division of Community Colleges, Rural Education and Extension who would naturally have extensive knowledge of their respective community colleges and opinions concerning formula funding in general. Moreover, various faculty groups, students and representatives from the community college councils have had the opportunity to comment. Indeed, the formula was revised several times because of the discerning contributions of those interested in and affected by the community colleges in Alaska.

On September 28, 1982, the Commission on Postsecondary Education endorsed the formula and approved its submission to the Governor and the Legislature. The following is a detailed description of the formula.

PURPOSES OF THE FORMULA

The purposes of a formula for the community colleges are:

--- reduce uncertainty inherent in the budget process;

--- provide equity of funding among the community colleges;

--- simplify the budgetary process;

--- provide for more local decision-making and facilitate planning.

PERFORMANCE CRITERIA FOR THE FORMULA

In a landmark study by Francis M. Gross which identified formulas used for justifying budget requests or allocating funds for operating expenses of state-supported colleges and universities, eight performance criteria for assessing the extent to which each formula met general standards of acceptability were developed.[2] They are:

1. A budget formula should lend itself to clarity for and comprehension by all parties concerned, as shown by its straightforward construction which clearly demonstrates the relationship between fixed and variable components.

2. A budget formula should be designed to accommodate the dynamic nature of higher education, as evinced by its flexible design and its provision for the periodic change of fixed inputs and/or revisions.

3. A budget formula should not be used for the detailed control of expenditures.

4. A budget formula should recognize the diverse financial needs of institutions, as indicated by its sensitivity to the mission, role, institutional complexity, location, and any other factors which serve to differentiate among the financial requirements of individual colleges and universities.

---

[2]Francis M. Gross, "A Comparative Analysis of the Existing Budget Formulas Used for Justifying Budget Requests or Allocating Funds for the Operating Expenses of State-Supported Colleges and Universities" (summary of unpublished doctoral dissertation, Graduate School, University of Tennessee, 1973).

5. A budget formula should provide for the equitable treatment of all institutions of like types, as evinced by its capability for treating data on similar programs in a uniform and comparable manner.

6. A budget formula should be broad-based and addressed to the total financial operating needs of the institution.

7. A budget formula should take into account the varying costs of instruction.

8. A budget formula should be objective, as indicated by its utilization of quantitative data in determining the financial needs of colleges and universities.

It is interesting to note that the budget formulas used in twelve of twenty-five states were found to meet the minimum standards of acceptability as measured by the above performance criteria. None, however, satisfied all eight criteria. In the discussion section of this report, the extent to which the formula for Alaska compares to the performance criteria will be addressed.

ASSUMPTIONS BASED UPON THE UNIT COST STUDY

The following assumptions are based upon experience with the development of the unit cost study.

--- There is not sufficient reason to distinguish between general education and vocational education student/faculty ratios;

--- Because of compensation differences, FTE faculty must be identified as full-time or part-time;

--- Because of definitional differences between community colleges, instructional support and other support components should be combined;

--- Adult basic education activities should not be included in the formula because they are funded through the grant process;

--- The plant and administration component should not be included because appropriate data are not yet available. It should be noted, however, that if the necessary information can be obtained, this component could be incorporated into the formula with little difficulty.

--- Several of the community colleges are deficient in basic support staff, particularly in student support services. This assumption is confirmed, to a large extent, by an analysis performed by the Division of Community Colleges, Rural Education and Extension (CCREE) of minimum staffing needs of the community colleges (see Appendix III).

FUNDING OF DESIGNATED NON-CREDIT COURSES

Section 14.40.560 of Alaska's Community College Act contains the following statement:

> "A qualified school district or qualified political subdivision shall pay all instructional and administrative costs for nondegree college programs and activities offered."

It appears that the above section specifically addresses those courses that are avocational and recreational in nature and are commonly called "community interest" activities. There are, however, non-credit courses that are remedial, vocational preparation, and community service that should be funded by the state. These courses represent an integral part of the community college mission and the artificial distinction between credit and non-credit courses provides an inappropriate incentive

to the community colleges to award credit for courses that would normally be non-credit. A brief description of those non-credit courses that should be funded by the state follows:

Remedial Instruction - Instruction concerned with diagnosing, correcting or improving such basic skills as oral and written communication, reading, analytical concepts and general study habits and patterns to overcome in part or in whole any particular deficiency which interferes with student ability to pursue an educational objective effectively.

Vocational Preparation - Courses designed to provide education, training or retraining in one or more semi-skilled, skilled, technical or other occupational categories to prepare the student for entrance in a particular chosen vocation, upgrading a present employment opportunity or achievement of other career goals.

Community Service - An educational program activity or service designed to assist in the solution of community problems or aid in the development and maintenance of desirable social conditions in a locality.

In the determination of the FYE student enrollment projection, those non-credit courses as identified above should be included for funding. It should be re-emphasized, however, that courses that are avocational, recreational and social group in nature are not included and should not be funded by the state.

This report will use actual Fiscal Year Equated (FYE) student enrollment based upon the total number of student credit hours and, for example purposes only, an estimate of an additional five percent FYE students associated with those designated non-credit-bearing courses.

THE FORMULA

The proposed formula for the Alaska community colleges is comprised of three parts: a faculty allocation (FA), a support allocation (SA) and a travel allocation (TA). Each of these is derived in the following manner:

(a) N = Number of FYE Students
SF = Student/Faculty Ratio
FP = Full-time Faculty Percentage
FS = Full-time Faculty Average Salary
PP = Part-time Faculty Percentage
PS = Part-time Faculty Average Salary

$$\frac{N}{SF}(FP \cdot FS + PP \cdot PS) = FA, \text{ faculty allocation}$$

(b) N = Number of FYE Students
SC = Support Cost Per FYE Student

$$N \, SC = SA, \text{ support allocation}$$

(c) TFC = Total Faculty Costs
TSC = Total Support Costs
TTC = Total Travel Costs

$$\frac{TTC}{TFC + TSC} = TRP, \text{ Travel Percentage}$$

$$TRP(FA+SA) = TA, \text{ Travel Allocation}$$

(d) Total Formula Allocation = FA+SA+TA, or by combining all steps:

$$\text{Total Formula Allocation} = \frac{N}{SF}(FP \cdot FS + PP \cdot PS) + N \cdot SC + TRP(FA+SA)$$

A detailed example of the use of this formula follows on the next page.

USING THE FORMULA

The following is a step-by-step procedure for using the formula. Each instruction is accompanied by an example.

The community college must make two policy decisions initially.

1. Project the FYE student enrollment for the next fiscal year.

   Example: 500 FYE students

2. Project the percentage of full-time and part-time FTE faculty for the next fiscal year.*

   Example: 45% full-time faculty, 55% part-time faculty.

Upon determination of the above policy decisions, the following computations are made.

1. Compute FTE of full-time and part-time faculty.

   Example: Using the information in Appendix I, the appropriate student/faculty ratio for 500 FYE students is 11.51.

   500 ÷ 11.51 = 43.44 FTE faculty

   43.44 FTE faculty X .45 = 19.55 full-time FTE faculty

   43.44 FTE faculty X .55 = 23.89 part-time FTE faculty

2. Compute faculty allocation.

   Example: Full-time FTE faculty average compensation equals $45,000. Part-time FTE faculty average compensation equals $18,000.

   19.55 X $45,000 = $ 879,750

   23.89 X $18,000 = $ 430,020

   $1,309,770 = faculty allocation

*The total FTE faculty equals the number of full-time headcount plus the total number of credit hours taught by part-time faculty for the fiscal year divided by 30.

3. Compute support allocation.

Example: Using Appendix I, the appropriation for 500 FYE students equals $2,643.21 per FYE student.

500 X $2,643.21 = $1,321,600 = support allocation

4. Determine allocation for travel.

Example: The travel percentage is 5%.

Faculty allocation	$1,309,770
Support allocation	+1,321,600
	$2,631,370
	X .05
	= $ 131,568 = travel allocation

5. Sum all allocations.

Faculty	$1,309,770
Support	1,321,600
Travel	131,568
	$2,762,938 = total allocation

Sample legislation for using the formula is found in Appendix IV.

CAVEAT

A formula for higher education is not easy to define. In general terms, a formula gives formal expression to the way a state funds its institutions of higher education. It is a mathematical means of relating the work load of a public institution to its state appropriation. Kent Halstead states quite simply that a formula is "basically a means of projecting present ratios and unit costs to estimate future budgetary requirements."[3] Francis M. Gross defines a budget formula as "a set of statements which detail a procedure for manipulating variable data applicable to an institution of higher education by pre-established fixed data to produce the estimated future funding requirements of the institution."[4]

The above definitions notwithstanding, it is important to note what formulas are not. Because most states express their formulas as numbers and factors cast into equations, it might seem that formulas embody the unassailable logic of the field of mathematics. They do not. The formulas are essentially policy statements derived from subjective judgments expressed in mathematical terms.[5]

---

[3]D. Kent Halstead, Statewide Planning in Higher Education (Washington, D.C.: Office of Education, U.S. Department of Health, Education, and Welfare, U.S. Government Printing Office, 1974), p. 664.

[4]Gross, "A Comparative Analysis of . . . Budget Formulas . . .," p. 6.

[5]William H. Pickens, "Statewide Formulas to Support Higher Education," undated paper prepared for the National Conference of State Legislatures, p. 1.

Perhaps the best definition is provided by William H. Pickens, Higher Educational Specialist for the California Postsecondary Education Commission. He states that "a modern definition would stress that state-wide formulas are policy judgments expressed in quantitative terms which project certain ratios and costs into the future."[6] It is with this definition in mind that the reader should continue.

[6] Ibid.

FORMULA DEVELOPMENT

Using the actual FYE students enrolled and the student/faculty ratio for fiscal year 1981, a regression equation was developed to ascertain the appropriate student/faculty ratios for any number of FYE students. Those ratios are found in Appendix I. Note that there is a positive relationship between the number of FYE students and the student/faculty ratio; there is an implicit assumption that the larger the institution, the better able it is to accommodate additional students in the classroom. The data, both published and unpublished, concerning the average compensation and proportion of full-time to part-time FTE faculty at each community college were provided by the Unit Cost Study, prepared by the Commission on Postsecondary Education. This information was used in the determination of faculty allocations for each community college campus for FY 1981.

Using the actual FYE students in fiscal year 1981 and the actual support costs less plant and administration and travel, another regression equation was developed for the determination of support costs per FYE student. These data are also found in Appendix I. Unlike the student/faculty ratio, there is an inverse relationship between number of FYE students and support cost per FYE student. This reflects the ability of an institution to use fewer resources per student as it grows in size. This phenomenon is commonly known as "economy of scale."

The determination of travel allocation required an analysis of the relationship of travel expenditures to faculty and support costs. Travel expenditures vary considerably among the community colleges for many reasons. Educational delivery systems at the community colleges are different from one another, service areas vary in geographical size and population, and program emphases are different from one college to the next. There is a relationship to enrollment, however, and thus, a relationship to monies associated with enrollment. Appendix II shows the actual travel percentages for FY 1981, 1982, and 1983 at each community college as they relate to faculty and support costs. As expected, those institutions that are rural, remote and serve a wide geographical area, tend to have a higher percentage of travel costs in relation to faculty and support costs than do the other community colleges.

FISCAL YEAR 1981 FORMULA ALLOCATION

Using the data contained in Appendices I and II, the formula was used to derive a total allocation for each community college for FY 1981. The enrollment data include FYE students associated with credit-bearing courses and an additional 5% FYE students based upon those designated non-credit courses as discussed on pages 5 and 6. This formula allocation is compared with the actual total expenditures associated with unrestricted funds for FY 1981 as shown in Table 1. Although a few community colleges would have received fewer funds, the community college system as a whole would have received an increase of approximately $3.0 million, an increase of 12%, had the budget been based upon the proposed formula.

Table 2 shows the percentage of FYE students, the percentage of formula fund allocations and the percentage of actual expenditures for each community college. Table 2 shows that Northwest Community College, for instance, enrolled 1.4% of the total number of FYE students for the community colleges, would have received 2.6% of the funds (if the budget had been based upon the proposed formula) and actually expended 2.0% of the funds for the community colleges. It should be noted that those community colleges with small enrollments should receive a higher percentage of funds than their percentage of enrollment because of their higher cost per FYE student. Conversely, those community colleges with the largest enrollments should receive a lower percentage of funds relative to their enrollment because of economy of scale. This could be modified somewhat if there was an extraordinarily low proportion of full-time faculty. This situation occurred at Prince William Sound Community College where only 15% of the FTE faculty were full-time.

TABLE 1

Comparison of Formula Allocations and Actual Expenditures
FY 1981

	% of FTE Full-Time Faculty	FYE Students	Formula Allocations				Actual Total Expenditures	Difference	Percentage Change
			Faculty +	Support +	Travel =	Total			
Northwest	57%	74	$ 370,400	$ 303,447	$ 49,865	$ 723,712	$ 489,803	$ +233,909	+48%
Prince William Sound	15%	79	198,396	315,484	26,310	540,190	658,322	-118,132	-18%
Sitka	39%	119	381,121	411,460	22,033	814,614	602,260	+212,354	+35%
Kodiak	48%	127	454,116	433,677	36,044	923,837	911,030	+12,807	+1%
Mat-Su	39%	149	479,705	483,255	17,622	980,582	766,875	+213,707	+28%
Ketchikan	51%	161	540,026	513,548	29,500	1,083,074	861,890	+221,184	+26%
Kuskokwim	57%	186	798,867	573,088	93,978	1,465,933	2,244,187	-778,254	-35%
Kenai Peninsula	59%	416	1,249,120	1,121,482	48,360	2,418,962	1,701,922	+717,040	+42%
Tanana Valley	37%	674	1,276,193	1,736,574	27,114	3,039,881	2,839,436	+200,445	+7%
Anchprage	72%	3,274	7,408,263	7,940,334	182,648	15,531,245	13,478,842	+2,052,403	+15%
TOTAL		5,259	$13,156,207	$13,832,349	$533,474	$27,522,030	$24,554,567	$+2,967,463	+12%

TABLE 2
Comparison of the Percentage of FYE Students,
Total Formula Allocation and Actual Total Expenditures
FY 1981

	% of FYE Students	% of Total Formula Allocation	% of Total Expenditures
Northwest	1.4	2.6	2.0
Prince William Sound	1.5	2.0	2.7
Sitka	2.3	3.0	2.5
Kodiak	2.4	3.4	3.7
Mat-Su	2.8	3.6	3.1
Ketchikan	3.1	3.9	3.5
Kuskokwim	3.5	5.3	9.1
Kenai Peninsula	7.9	8.8	6.9
Tanana Valley	12.8	11.0	11.6
Anchorage	62.3	56.4	54.9
TOTAL	100.00	100.00	100.00

FISCAL YEAR 1982 FORMULA ALLOCATION

Using the same procedure that was used for fiscal year 1981, the projected allocations of the proposed formula are compared with the actual expenditures associated with unrestricted funds for each of the community colleges for FY 1982. The enrollment data include those FYE students associated with credit-bearing courses and an additional 5% FYE students based upon designated non-credit courses. Also the percentage of full-time FTE faculty has been changed for several of the community colleges because of increased staff and enrollment changes.

Appropriate increases have been applied to the faculty compensation at each community college for the determination of faculty allocation, and an inflation rate of 12% was used for computation of the support allocation. The travel allocation uses the actual percentage of the FY 1982 travel budgets as they relate to faculty and support costs. (It should be noted that an appropriate application of the formula would necessitate a consistent percentage of travel costs over time. The actual percentages are used only for this example.)

Table 3 compares the formula allocation with the actual total expenditures for FY 1982. Although a few community colleges would have received fewer funds, the community college system as a whole would have received an increase of approximately $4.6 million, an increase of 16%, had the budget been based upon the proposed formula.

Table 4 (like Table 2) shows the comparison of FYE students, total formula allocation and actual total expenditures for FY 1982.

TABLE 3
Comparison of Formula Allocations and
Actual Expenditures
FY 1982

	Estimated % of FTE Full-Time Faculty	FYE Students	Formula Allocations: Faculty	+ Support	+ Travel	= Total	Actual Total Expenditures	Difference	Percentage Change
Northwest	60%	91	$ 501,683	$388,811	48,977	$ 939,471	$ 910,679	+28,792	+ 3%
Prince Wm. Sound	45%	99	341,148	407,149	39,735	788,032	1,004,274	-216,242	-22%
Sitka	55%	116	463,060	455,271	47,753	966,084	798,469	+167,615	+21%
Kodiak	60%	138	587,889	510,753	44,825	1,143,467	1,061,730	+81,737	+8%
Mat-Su	60%	203	807,978	685,106	27,622	1,520,706	1,140,748	+379,958	+33%
Ketchikan	55%	160	599,125	571,601	26,107	1,196,833	1,082,494	+114,339	+11%
Kuskokwim	60%	152	754,859	552,143	65,873	1,372,875	2,431,361	-1,058,486	-44%
Kenai Peninsula	60%	449	1,434,903	1,343,579	68,073	2,846,555	2,003,520	+843,035	+42%
Tanana Valley	65%	670	1,794,632	1,934,486	28,714	3,757,832	3,565,366	+192,466	+5%
Anchorage	72%	3673	9,067,815	9,959,372	207,396	19,234,583	15,127,920	+4,106,663	+27%
TOTAL		5751	$16,353,092	$16,808,271	$605,075	$33,766,438	$29,126,561	+4,639,877	+16%

TABLE 4
Comparison of the Percentage of FYE Students,
Total Formula Allocation and Actual Total Expenditures
FY 1982

	% of FYE Students	% of Total Formula Allocation	% of Total Expenditures
Northwest	1.6	2.8	3.1
Prince William Sound	1.7	2.3	3.5
Sitka	2.0	2.9	2.7
Kodiak	2.4	3.4	3.7
Mat-Su	3.5	4.5	3.9
Ketchikan	2.8	3.5	3.7
Kuskokwim	2.6	4.1	8.4
Kenai Peninsula	7.8	8.4	6.9
Tanana Valley	11.7	11.1	12.2
Anchorage	63.9	57.0	51.9
TOTAL	100.00	100.00	100.00

FISCAL YEAR 1983 FORMULA ALLOCATION

The projected allocations of the proposed formula are compared with the actual unrestricted fund budget for each of the community colleges for FY 1983. The enrollment data include FYE students associated with credit-bearing courses and an additional 5% FYE students based upon those designated non-credit courses. The percentage of full-time FTE faculty has been changed for several of the community colleges because of increased staff and enrollment changes.

Appropriate increases have been applied to the faculty compensation at each community college for the faculty allocation, and an inflation rate of 10% was used for computation of the support allocation. The travel allocation uses the actual percentage of the FY 1983 travel budgets as they relate to faculty and support costs. (It should again be noted that an appropriate application of the formula would necessitate a consistent percentage of travel costs over time. The actual percentages are used only for this example.)

Table 5 compares the formula allocation with the actual total budget for FY 1983. Although a few community colleges would have received fewer funds, the community college system as a whole would have received an increase of approximately $5.3 million, an increase of 16%, had the budget been based upon the proposed formula. This percentage increase is the same as FY 1982.

Table 6 shows the comparison of FYE students, total formula allocation and actual total budget for FY 1983.

TABLE 5
Comparison of Formula Allocations and Actual Budget
FY 1983

	Estimated % of FTE Full-Time Faculty	FYE Students	Formula Allocations: Faculty	+ Support	+ Travel	= Total	Actual Budget	Difference	Percentage Change
t	65%	105	$ 219,729	$ 467,085	$ 85,098	1,171,912	$ 1,019,894	+152,018	+15%
m. Sound	45%	126	434,655	530,083	62,997	1,027,735	1,187,008	-159,273	-13%
	55%	120	490,882	511,179	50,303	1,052,364	912,477	+139,887	+15%
	65%	152	693,485	607,357	71,806	1,372,648	1,338,102	+34,546	+3%
	65%	220	931,464	805,135	42,893	1,779,492	1,271,767	+507,725	+40%
n	60%	161	650,137	632,691	25,015	1,307,843	1,210,103	+97,740	+8%
m	60%	162	823,259	636,621	50,220	1,510,100	2,415,605	-905,505	-37%
eninsula	65%	470	1,596,837	1,540,021	120,141	3,256,999	2,570,095	+686,904	+27%
Valley	65%	682	1,876,160	2,163,669	42,014	4,081,843	3,995,610	+86,233	+2%
ge	72%	3780	9,654,346	11,269,938	255,276	21,179,560	16,427,617	+4,706,943	+29%
TOTAL		5983	$17,770,954	$19,163,779	$805,763	$37,740,496	$32,393,278	+5,347,218	+16%

28

29

TABLE 6
Comparison of the Percentage of FYE Students,
Total Formula Allocation and Actual Total Budget
FY 1983

	% of FYE Students	% of Total Formula Allocation	% of Total Budget
Northwest	1.8	3.1	3.2
Prince William Sound	2.1	2.7	3.7
Sitka	2.0	2.8	2.8
Kodiak	2.5	3.7	4.1
Mat-Su	3.7	4.7	3.9
Ketchikan	2.7	3.5	3.7
Kuskokwim	2.7	4.0	7.5
Kenai Peninsula	7.9	8.6	7.9
Tanana Valley	11.4	10.8	12.3
Anchorage	63.2	56.1	50.9
TOTAL	100.0	100.0	100.0

ACTUAL ENROLLMENT AS RELATED TO PROJECTED ENROLLMENT

It is recognized that this formula, and indeed any formula, lacks some precision, and it is not intended that community colleges be penalized because of minor fluctuations in enrollment. Therefore, a "corridor" of plus or minus some percentage should be used in its implementation. In other words, to guard against an institution's suffering an unreasonable debilitation of its "critical mass", it is proposed that funds not be changed unless there is more than a plus or minus five percent change in actual enrollment as compared to projected enrollment.

It is also recommended that the staffing requirements contained in the "Minimum Criteria for Establishing A Community College," as adopted by the Board of Regents, serve as the base level of support irrespective of enrollment. The staffing pattern represents, to a large extent, basic fixed costs that are essential to a community college's ability to provide services consistent with its mission.

TRANSITION PERIOD

It is not intended that the formula, upon initial implementation, fiscally injure any community college by an abrupt decrease in funding. Kuskokwim Community College may experience a decrease in funding if the formula is adopted. It is recommended, therefore, that a transition period of three years be granted any college that would experience such an abrupt decrease in funding before its funding is determined by the proposed formula.

Also, if an institution projects a substantial decline in enrollment, it is recognized that certain fixed costs cannot be eliminated abruptly. Therefore, it is recommended that the college be given four years to reach the level of funding generated by the enrollment decline by allowing funds to be reduced by one-fourth each successive year.

DISCUSSION

The appropriateness or success of formula budgeting depends on the extent to which it satisfies the purposes for its implementation and addresses the performance criteria as discussed on page 3. This section will focus upon the success with which the purposes were met and discuss the extent to which the formula satisfies the performance criteria.

PURPOSES OF THE FORMULA

-- reduce uncertainty inherent in the budget process

Because the formula is related to enrollment, the community college is guaranteed those funds that are generated by FYE students. This should improve, to a large degree, the planning process and allow the institutional leadership to effect program development in a more systematic fashion than has heretofore been possible.

-- provide equity of funding among the community colleges

Each college is assured a "fair share" because the funds derived by the formula are related directly to FYE students. It should be noted that the formula recognizes and adjusts for high and low enrollments; the differential for adding one FYE student for schools with low enrollment is higher than the differential for colleges with higher enrollment.

-- simplify the budget process

It is apparent that if the formula were implemented, the budget process would be much simpler than it is now. The community college would only have to provide a minimal amount of information and the appropriate amount of funds would be generated. The Legislature could ask for additional information, but this information would not be necessary for the formula to operate appropriately.

-- provide for more local decision-making and facilitate planning

The formula allows, and indeed encourages, the integration of planning and budgeting at each community college. The community college councils and the community college officials can plan in an informed manner for the next fiscal year because they will know the amount of funds that will be available, the size of the faculty, and the probable effect of new programs upon enrollment. This provides for a more timely response to local needs than is now possible and enhances the community college's ability to use its resources more effectively.

PERFORMANCE CRITERIA

-- The budget formula should be clear and comprehensible.

Because of its straightforward construction and simple application of base and formula factors, the proposed formula is believed to be clear and comprehensible. It should be easily understood by both the general public and decisionmakers within the university system and the governor's and legislative offices.

-- The budget formula should be flexible.

The unit cost study provided the foundation for the proposed formula and it is designed to accommodate periodic changes of various costs. It is recommended that a unit cost study be performed every three years to update both student/faculty ratios and the support costs. If a unit cost study is not performed, the application of appropriate inflation factors can be used to modify the formula with relative ease.

-- The budget formula should not be used for the detailed control of expenditures.

The proposed formula should only be used for the determination of appropriations. Under no circumstances is it intended to alter the internal budgetary control of expenditures.

-- The budget formula should recognize diverse financial needs of the institutions.

The proposed formula attempts to recognize each community college's special characteristics, as they relate to cost, in several ways.

The actual proportion of full-time and part-time FTE faculty for each community college is used. These proportions will tend to vary because of several factors (i.e., service area, urban/rural, etc.).

The actual faculty compensation at each campus is used. Faculty compensation costs are variable because of cost of living differentials and different lengths of service.

The actual percentages of travel costs are included for each campus. These costs show considerable variability because of the diverse geographic locations and concomitant educational delivery systems.

The support portion of the proposed formula provides adjustments for high and low enrollments. Colleges with low enrollments receive considerably more funds per FYE student than colleges with higher enrollments.

The student/faculty ratios for each campus are determined by the actual enrollment. There is a direct relationship between the ratios and number of FYE students.

-- The budget formula should provide for the equitable treatment of all institutions of like types.

The proposed formula is believed to be equitable in that it treats the data on similar programs in the institutions in a uniform and comparable manner.

One of the perennial dilemmas in developing funding formulas is the trade-off that must be made between accuracy and simplicity. For formulas to be acceptable, they must be reasonably accurate reflections of reality and must take into account legitimate differences among institutions. The more accurately a formula represents a complex organization, however, the more complex the formula becomes. This, then, violates the political requirement that formulas be easily understood. It is with this notion in mind that the Alaska formula was developed; it is hoped that this formula is indeed a reasonable reflection of reality, and yet is relatively simple to administer.

APPENDIX I

Student/Faculty Ratios and Support per FYE Student

APPENDIX I
Student/Faculty Ratios and Support
per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
70.00	7.92	4223.11
75.00	7.96	4100.64
80.00	8.00	3993.47
85.00	8.05	3898.92
90.00	8.09	3814.87
95.00	8.13	3739.66
100.00	8.17	3671.98
105.00	8.21	3610.74
110.00	8.26	3555.07
115.00	8.30	3504.24
120.00	8.34	3457.65
125.00	8.38	3414.78
130.00	8.42	3375.21
135.00	8.46	3338.58
140.00	8.51	3304.56
145.00	8.55	3272.88
150.00	8.59	3243.32
155.00	8.63	3215.66
160.00	8.67	3189.74
165.00	8.71	3165.38
170.00	8.76	3142.46
175.00	8.80	3120.84
180.00	8.84	3100.43
185.00	8.88	3081.12
190.00	8.92	3062.83
195.00	8.97	3045.48
200.00	9.01	3028.99
205.00	9.05	3013.31
210.00	9.09	2998.37
215.00	9.13	2984.13
220.00	9.17	2970.54
225.00	9.22	2957.55
230.00	9.26	2945.12
235.00	9.30	2933.22
240.00	9.34	2921.82
245.00	9.38	2910.89
250.00	9.42	2900.39
255.00	9.47	2890.31
260.00	9.51	2880.61
265.00	9.55	2871.27
270.00	9.59	2862.29
275.00	9.63	2853.63
280.00	9.67	2845.28
285.00	9.72	2837.22
290.00	9.76	2829.44

APPENDIX I (Continued)
Student/Faculty Ratios and Support
per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
295.00	9.80	2821.92
300.00	9.84	2814.66
305.00	9.88	2807.63
310.00	9.93	2800.83
315.00	9.97	2794.25
320.00	10.01	2787.87
325.00	10.05	2781.69
330.00	10.09	2775.69
335.00	10.13	2769.87
340.00	10.18	2764.23
345.00	10.22	2758.75
350.00	10.26	2753.42
355.00	10.30	2748.25
360.00	10.34	2743.22
365.00	10.38	2738.32
370.00	10.43	2733.56
375.00	10.47	2728.93
380.00	10.51	2724.41
385.00	10.55	2720.02
390.00	10.59	2715.74
395.00	10.64	2711.56
400.00	10.68	2707.49
405.00	10.72	2703.53
410.00	10.76	2699.65
415.00	10.80	2695.87
420.00	10.84	2692.19
425.00	10.89	2688.58
430.00	10.93	2685.06
435.00	10.97	2681.63
440.00	11.01	2678.27
445.00	11.05	2674.98
450.00	11.09	2671.77
455.00	11.14	2668.63
460.00	11.18	2665.56
465.00	11.22	2662.55
470.00	11.26	2659.61
475.00	11.30	2656.73
480.00	11.34	2653.91
485.00	11.39	2651.15
490.00	11.43	2648.44
495.00	11.47	2645.79
500.00	11.51	2643.21
505.00	11.55	2640.65
510.00	11.60	2638.15
515.00	11.64	2635.70

APPENDIX I (Continued)
Student/Faculty Ratios and Support
per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
520.00	11.68	2633.30
525.00	11.72	2630.95
530.00	11.76	2628.64
535.00	11.80	2626.37
540.00	11.85	2624.14
545.00	11.89	2621.96
550.00	11.93	2619.81
555.00	11.97	2617.71
560.00	12.01	2615.64
565.00	12.05	2613.61
570.00	12.10	2611.61
575.00	12.14	2609.65
580.00	12.18	2607.72
585.00	12.22	2605.82
590.00	12.26	2603.96
595.00	12.31	2602.13
600.00	12.35	2600.33
605.00	12.39	2598.56
610.00	12.43	2596.82
615.00	12.47	2595.10
620.00	12.51	2593.42
625.00	12.56	2591.76
630.00	12.60	2590.12
635.00	12.64	2588.52
640.00	12.68	2586.93
645.00	12.72	2585.38
650.00	12.76	2583.84
655.00	12.81	2582.33
660.00	12.85	2580.84
665.00	12.89	2579.38
670.00	12.93	2577.94
675.00	12.97	2576.52
680.00	13.01	2575.11
685.00	13.06	2573.73
690.00	13.10	2572.37
695.00	13.14	2571.03
700.00	13.18	2569.71
705.00	13.22	2568.41
710.00	13.27	2567.12
715.00	13.31	2565.86
720.00	13.35	2564.61
725.00	13.39	2563.38
730.00	13.43	2562.16
735.00	13.47	2560.96
740.00	13.52	2559.78

APPENDIX I (Continued)
Student/Faculty Ratios and Support
per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
745.00	13.56	2558.61
750.00	13.60	2557.46
755.00	13.64	2556.33
760.00	13.68	2555.21
765.00	13.72	2554.10
770.00	13.77	2553.01
775.00	13.81	2551.93
780.00	13.85	2550.87
785.00	13.89	2549.82
790.00	13.93	2548.78
795.00	13.98	2547.76
800.00	14.02	2546.75
805.00	14.06	2545.75
810.00	14.10	2544.76
815.00	14.14	2543.79
820.00	14.18	2542.83
825.00	14.23	2541.88
830.00	14.27	2540.94
835.00	14.31	2540.01
840.00	14.35	2539.09
845.00	14.39	2538.19
850.00	14.43	2537.29
855.00	14.48	2536.41
860.00	14.52	2535.53
865.00	14.56	2534.67
870.00	14.60	2533.81
875.00	14.64	2532.97
880.00	14.68	2532.13
885.00	14.73	2531.31
890.00	14.77	2530.49
895.00	14.81	2529.68
900.00	14.85	2528.89
905.00	14.89	2528.10
910.00	14.94	2527.32
915.00	14.98	2526.54
920.00	15.02	2525.78
925.00	15.06	2525.02
930.00	15.10	2524.28
935.00	15.14	2523.5
940.00	15.19	2522.81
945.00	15.23	2522.08
950.00	15.27	2521.36
955.00	15.31	2520.66
960.00	15.35	2519.96
965.00	15.39	2519.26

APPENDIX I (Continued)
Student/Faculty Ratios and Support per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
970.00	15.44	2518.57
975.00	15.48	2517.89
980.00	15.52	2517.22
985.00	15.56	2516.56
990.00	15.60	2515.90
995.00	15.65	2515.24
1000.00	15.69	2514.60
1005.00	15.73	2513.96
1010.00	15.77	2513.32
1015.00	15.81	2512.70
1020.00	15.85	2512.08
1025.00	15.90	2511.46
1030.00	15.94	2510.85
1035.00	15.98	2510.25
1040.00	16.00	2509.65
1045.00	16.00	2509.06
1050.00	16.00	2508.47
1055.00	16.00	2507.89
1060.00	16.00	2507.32
1065.00	16.00	2506.75
1070.00	16.00	2506.18
1075.00	16.00	2505.63
1080.00	16.00	2505.07
1085.00	16.00	2504.52
1090.00	16.00	2503.98
1095.00	16.00	2503.44
1100.00	16.00	2502.91
1105.00	16.00	2502.38
1110.00	16.00	2501.85
1115.00	16.00	2501.33
1120.00	16.00	2500.82
1125.00	16.00	2500.31
1130.00	16.00	2499.80
1135.00	16.00	2499.30
1140.00	16.00	2498.80
1145.00	16.00	2498.31
1150.00	16.00	2497.82
1115.00	16.00	2497.34
1160.00	16.00	2496.86
1165.00	16.00	2496.38
1170.00	16.00	2496.91
1175.00	16.00	2495.44
1180.00	16.00	2494.98
1185.00	16.00	2494.52
1190.00	16.00	2494.06

APPENDIX I (Continued)
Student/Faculty Ratios and Support per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
1195.00	16.00	2493.61
1200.00	16.00	2493.16
.	.	.
.	.	.
.	.	.
2800.00	16.00	2431.93
2805.00	16.00	2431.85
2810.00	16.00	2431.76
2815.00	16.00	2431.68
2820.00	16.00	2431.60
2825.00	16.00	2431.52
2830.00	16.00	2431.44
2835.00	16.00	2431.36
2840.00	16.00	2431.28
2845.00	16.00	2431.20
2850.00	16.00	2431.12
2855.00	16.00	2431.04
2860.00	16.00	2430.96
2865.00	16.00	2430.89
2870.00	16.00	2430.81
2875.00	16.00	2430.73
2880.00	16.00	2430.65
2885.00	16.00	2430.57
2890.00	16.00	2430.50
2895.00	16.00	2430.42
2900.00	16.00	2430.34
2905.00	16.00	2430.27
2910.00	16.00	2430.19
2915.00	16.00	2430.11
2920.00	16.00	2430.04
2925.00	16.00	2429.96
2930.00	16.00	2429.89
2935.00	16.00	2429.81
2940.00	16.00	2429.74
2945.00	16.00	2429.67
2950.00	16.00	2429.59
2955.00	16.00	2429.52
2960.00	16.00	2429.44
2965.00	16.00	2429.37
2970.00	16.00	2429.30
2975.00	16.00	2429.22
2980.00	16.00	2429.15
2985.00	16.00	2429.08
2990.00	16.00	2429.01
2995.00	16.00	2428.94

APPENDIX I (Continued)
Student/Faculty Ratios and Support
per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
3000.00	16.00	2428.87
3005.00	16.00	2428.79
3010.00	16.00	2428.72
3015.00	16.00	2428.65
3020.00	16.00	2428.58
3025.00	16.00	2428.51
3030.00	16.00	2428.44
3035.00	16.00	2428.37
3040.00	16.00	2428.30
3045.00	16.00	2428.23
3050.00	16.00	2428.16
3055.00	16.00	2428.09
3060.00	16.00	2428.02
3065.00	16.00	2427.96
3070.00	16.00	2427.89
3075.00	16.00	2427.82
3080.00	16.00	2427.75
3085.00	16.00	2427.68
3090.00	16.00	2427.62
3095.00	16.00	2427.55
3100.00	16.00	2427.48
3105.00	16.00	2427.42
3110.00	16.00	2427.35
3115.00	16.00	2427.28
3120.00	16.00	2427.22
3125.00	16.00	2427.15
3130.00	16.00	2427.08
3135.00	16.00	2427.02
3140.00	16.00	2426.95
3145.00	16.00	2426.89
3150.00	16.00	2426.82
3155.00	16.00	2426.76
3160.00	16.00	2426.69
3165.00	16.00	2426.63
3170.00	16.00	2426.57
3175.00	16.00	2426.50
3180.00	16.00	2426.44
3185.00	16.00	2426.38
3190.00	16.00	2426.31
3195.00	16.00	2426.25
3200.00	16.00	2426.19
3205.00	16.00	2426.12
3210.00	16.00	2426.06
3215.00	16.00	2426.00
3220.00	16.00	2425.94

APPENDIX I (Continued)
Student/Faculty Ratios and Support
per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
3225.00	16.00	2425.87
3230.00	16.00	2425.81
3235.00	16.00	2425.75
3240.00	16.00	2425.69
3245.00	16.00	2425.63
3250.00	16.00	2425.57
3255.00	16.00	2425.51
3260.00	16.00	2425.45
3265.00	16.00	2425.39
3270.00	16.00	2425.33
3275.00	16.00	2425.27
3280.00	16.00	2425.21
3285.00	16.00	2425.15
3290.00	16.00	2425.09
3295.00	16.00	2425.03
3300.00	16.00	2424.97
3305.00	16.00	2424.91
3310.00	16.00	2424.85
3315.00	16.00	2424.79
3320.00	16.00	2424.73
3325.00	16.00	2424.67
3330.00	16.00	2424.62
3335.00	16.00	2424.56
3340.00	16.00	2424.50
3345.00	16.00	2424.44
3350.00	16.00	2424.39
3355.00	16.00	2424.33
3360.00	16.00	2424.27
3365.00	16.00	2424.22
3370.00	16.00	2424.16
3375.00	16.00	2424.10
3380.00	16.00	2424.05
3385.00	16.00	2423.99
3390.00	16.00	2423.93
3395.00	16.00	2423.88
3400.00	16.00	2423.82
3405.00	16.00	2423.77
3410.00	16.00	2423.71
3415.00	16.00	2423.66
3420.00	16.00	2423.60
3425.00	16.00	2423.55
3430.00	16.00	2423.49
3435.00	16.00	2423.44
3440.00	16.00	2423.38
3445.00	16.00	2423.33

APPENDIX I (Continued)
Student/Faculty Ratios and Support
per FYE Student

FYE Students	Student/ Faculty Ratio	Support per FYE Student ($)
3450.00	16.00	2423.27
3455.00	16.00	2423.22
3460.00	16.00	2423.17
3465.00	16.00	2423.11
3470.00	16.00	2423.06
3475.00	16.00	2423.01
3480.00	16.00	2422.95
3485.00	16.00	2422.90
3490.00	16.00	2422.85
3495.00	16.00	2422.79
3500.00	16.00	2422.74
3505.00	16.00	2422.69
3510.00	16.00	2422.64
3515.00	16.00	2422.58
3520.00	16.00	2422.53
3525.00	16.00	2422.48
3530.00	16.00	2422.43
3535.00	16.00	2422.38
3540.00	16.00	2422.33
3545.00	16.00	2422.28
3550.00	16.00	2422.22
3555.00	16.00	2422.17
3560.00	16.00	2422.12
3565.00	16.00	2421.07
3570.00	16.00	2422.02
3575.00	16.00	2421.97
3580.00	16.00	2421.92
3585.00	16.00	2421.87
3590.00	16.00	2421.82
3595.00	16.00	2421.77
3600.00	16.00	2421.72
3605.00	16.00	2421.67
3610.00	16.00	2421.62
3615.00	16.00	2421.57
3620.00	16.00	2421.52
3625.00	16.00	2421.47
3630.00	16.00	2421.43
3635.00	16.00	2421.38
3640.00	16.00	2421.33
3645.00	16.00	2421.28
3650.00	16.00	2421.23
3655.00	16.00	2421.18
3660.00	16.00	2421.13
3665.00	16.00	2421.09
3670.00	16.00	2421.04

APPENDIX II

PERCENTAGE OF TRAVEL COSTS IN RELATION

TO FACULTY AND SUPPORT COSTS

FY 1981, 1982, 1983

Percentage of Travel Costs in Relation to
Faculty and Support Costs
FY 1981, 1982, 1983

	FY 1981	FY 1982	FY 1983
Northwest	7.40%	5.50%	7.83%
Prince William Sound	5.12	5.31	6.53
Sitka	2.78	5.20	5.02
Kodiak	4.06	4.08	5.52
Mat-Su	1.83	1.85	2.47
Ketchikan	2.80	2.23	1.95
Kuskokwim	6.85	5.04	3.44
Kenai Peninsula	2.04	2.45	3.83
Tanana Valley	.90	.77	1.04
Anchorage	1.19	1.09	1.22

APPENDIX III

ANALYSIS OF COMMUNITY COLLEGES VS. MINIMUM STAFFING NEEDS FOR NEW COMMUNITY COLLEGES

1/16/82

Analysis of Community colleges vs. Minimum staffing needs for new community colleges

1. The analysis conducted to arrive at the data listed was rushed and therefore can only be considered a very rough study of the actual picture of needs at each unit. The CCREE division had planned to conduct an intensive review of the staffing of each unit later this spring. This study will be conducted and the Post-secondary Ed Commission will be given a copy when completed. It must be noted however that the review that is to be conducted is not necessairly to define the needs as represented against the minimum staffing, but also to determine if such a "template" , designed for new community colleges, should be used to judge the needs of all units, given their unique stages of development.

2. The "Basic Staffing and Costs for Minimum Services to be provided by a Community College" was developed as a model of the best method in bringing about new community colleges, and did not really speak to the issue of minimum guidelines for existing community colleges. While these two areas are surely related, they are also definitely distinct. To develope a new college up to the level proposed is very straightforward while it becomes difficult to try and match existing colleges against a model designed to be minimum for an entirely new unit. For example, if you propose to build a new house you will include all your ideas for the exact structure that you want, however, if you purchase an existing house, you must "remodel" based upon some givens in the existing structure. The colleges that are in existence were developed with many outside influences which kept them from meeting the "ideal" minimum stage proposed in the above mentioned paper. It should be noted that many of the colleges, while having at least 20 or more full time staff (as specified in the minimum staffing) still do not have the staffing in the areas as prescribed in the paper. This was due to many factors, some of which relate to the fact that it is easier to get instructional staff funded than support staff. Therefore, many units have not been able to keep their basic support staff in line with their needs. The attached study indicates areas in which units are in need of support, but due to the unique nature of each unit, in its stage of development, this may or may not depict an accurate picture of specific or prioritized needs of those units. The budget submission should be used, at this time, to represent the true needs of the units, and the division.

3. In preparing the attached analysis, many assumptions were made that may or may not be valid. The staffing of each unit does not necessairly fit into the defined areas as specified in the minimum staffing paper, and therefore best judgement was used to determine if indeed a unit had adequate coverage in this area. In some cases, although a unit did not have the specified staffing noted, we did not indicate that staffing was needed because it was our judgement that the "need" was not real, but a matter of individual administrative style of that unit. For example, not all units have a designated "chief academic officer", however in some cases this is due to the administrative style of the president and how these duties are distributed in the college, and not due to lack of funding of positions for this function. For each unit, individual analysis had to be done in order to consider such variables.

REQUIREMENTS	ACC	KOCC	KPCC	KUCC	NWCC	PWSCC	MSCC	KCC	SCC	TVCC
Faculty[A]										
Humanities (1) Social Science (1) Math & Nat. Science (1) Voc. Ed. Areas (1) Communications (1)		5+	5+	5+	5+	5+[B]	5+	5+	5+	5+
P/T Instructors (4 FTE)	X	X	X	X	X	X	X	X	X	X
Clerical Support (1)	X	X	X	X	X	X	X	X	X	X
Academic Support										
Chief Academic Officer (1)		NO	X	X	NO	NO	X	X	NO	X
Tech. Support/Librarian (1)		X	X	*	X	*	X	X	*	*
Clerical (.5)		NO	X	NO	NO	NO	NO	NO	NO	X
Student Services										
Student Service Officer (1)		X	NO	X	NO	NO	NO	NO	NO	X
Clerical (.5)		NO	NO	X	NO	NO	X	NO	NO	X
Institutional Spt.										
President (1)		X	X	X	X	X	X	X	X	X
Business Officer (1)		X	X	X	NO	X	X	X	X	X
Business Officer Support (2)		X	X	X	NO (-1)	X (City Funds)	NO (-1)	NO (-1)	NO (-1)	X
Admin. & Rec. Support (1)		X	X	X	X	NO (-.5)	X	X	NO (-.5)	X
President Secretary (1)		X	X	X	X	X	NO (.5)	X	X	X
General Clerical (.5)		NO	X	X	X	NO	NO	NO	NO	X

*Consortium Library

A If there are at least 5 F/T faculty, we assume needs are met, as distribution within discipline is related to local needs.

B Three positions funded State, GF, four positions City of Valdez. No coverage in humanities, social sciences and math.

SOURCE: Division of Community Colleges, Rural Education and Extension.

APPENDIX IV

SAMPLE LEGISLATION

For an Act entitled: "An Act relating to funding for community colleges; establishing a community college entitlement program; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. PURPOSE. It is the intention of the legislature, in providing for community college entitlements, to

(1) assure an adequate funding level of educational opportunities for persons attending state community colleges;

(2) reduce uncertainty in budget planning for community colleges;

(3) provide for equitable funding among the community colleges;

(4) simplify the budgetary process; and

(5) encourage decision-making at the local level.

* Sec. 2. AS 14.40.560 is amended to read:

Sec. 14.40.560. AUTHORITY TO COOPERATE. A qualified school district or political subdivision may make an arrangement with the University of Alaska for the establishment, operation, and maintenance of a community college. A qualified school district or qualified political subdivision may [SHALL] pay all or part of the instructional and administrative costs for [NONDEGREE COLLEGE] programs and activities offered.

* Sec. 3. AS 14.40.570(a) is amended to read:

(a) Since academic education beyond the high school level is a

statewide responsibility, the Board of Regents, in its discretion and as the need arises, may cooperate with the federal government and qualified school districts and political subdivisions in the establishment of appropriate higher educational programs and activities. The Board of Regents [BOARD] is responsible for the selection of all community college instructors, part- and full-time, for the academic degree programs and activities, and may [SHALL] pay all or part of instructional and administrative costs, including cost of special equipment and instructional materials, for academic degree programs and activities offered.

* Sec. 4. AS 14.40.580(a) is amended to read:

(a) If a facility [FACILITIES] used by the community college is [ARE] owned by the school district or political subdivision, the Board of Regents [BOARD], subject to availability of appropriated funds, may reimburse the school district or political subdivision for all expenses of the facility directly related to community college [FACILITIES FOR ACADEMIC DEGREE] programs and activities. [THE SCHOOL DISTRICT OR POLITICAL SUBDIVISION SHALL BEAR ALL EXPENSES DIRECTLY RELATED TO NONDEGREE PROGRAMS AND ACTIVITIES.]

* Sec. 5. AS 14.40.610(a) is amended to read:

(a) All money [, INCLUDING TUITION AND FEES] received [BEFORE OR AFTER APRIL 10, 1962,] from the operations of a community college established, operated, and maintained under AS 14.40.560 - 14.40.640 [AND DIRECTLY RELATED OR ATTRIBUTABLE TO ACADEMIC DEGREE PROGRAMS AND ACTIVITIES,] shall be placed in the community college fund of the University of Alaska.

* Sec. 6. AS 14 is amended by adding a new chapter to read:

CHAPTER 41. COMMUNITY COLLEGE FUNDING

ARTICLE 1. COMMUNITY COLLEGE ENTITLEMENT PROGRAM.

Sec. 14.41.010. COMMUNITY COLLEGE ENTITLEMENTS. During each fiscal year, each community college is qualified to receive a community college entitlement calculated under AS 14.41.020 - 14.41.050. Money received as an entitlement may only be used for faculty compensation, travel for employees and students, and support costs for the community college.

Sec. 14.41.020. FORMULA FOR BASIC ENTITLEMENTS. (a) The amount of a basic entitlement for a fiscal year is determined by adding together the total amount of allocations calculated as follows:

(1) a faculty compensation allocation equal to

$N/SF \times [(FP \times FS) + (PP \times PS)]$

where

N = projected FYE enrollment in the community college during the fiscal year;

SF = student/faculty ratio determined under AS 14.41.050(a);

FP = full-time FTE faculty percentage;

PP = part-time FTE faculty percentage;

FS = full-time FTE faculty average compensation;

PS = part-time FTE faculty average compensation;

(2) a support costs allocation equal to N x SC

where

N = projected FYE enrollment in the community college during the fiscal year;

SC = support costs per FYE student as determined under AS 14.41.050(b);

(3) subject to (b) of this section, a travel allocation equal to TRP(FA + SA)

where

TRP = TTC/(TFC + TSC);

TSC = total support costs during previous three fiscal years;

TTC = total faculty compensation costs during previous three fiscal years;

FA = faculty compensation allocation calculated under (1) of this subsection;

SA = support costs allocation calculated under (2) of this subsection.

(b) At the request of the president of a community college and upon approval of the community college council the Board of Regents may adjust the TRP to reflect a substantial change in programs that are conducted outside of community college facilities. An adjustment under this section may not be made for a community college more than once every five fiscal years.

Sec. 14.41.030. ADJUSTMENT BASED ON ENROLLMENT. (a) The actual FYE enrollment for each community college shall be based on the number of students enrolled during the 15th day of classes of the fall and spring terms and the 5th day of classes of the summer term. Each community college shall determine the actual FYE enrollment before the end of ~~the~~ first nine weeks of fall term and again on the 15th day of classes ~~during~~ spring ~~term~~. The actual FYE enrollment figures shall be submitted to the Board of Regents.

(b) If the actual FYE enrollment varies by more than five percent from the projected FYE enrollment used to calculate the amount of a basic entitlement under AS 14.41.020, the Board of Regents shall adjust the amount of a community college entitlement to reflect actual FYE enrollment.

(c) Before March 10 of each fiscal year the Board of Regents shall notify the Department of Administration of the amount of the community college entitlement each community college is qualified to receive during that fiscal year as adjusted in accordance with this section based on fall term FYE enrollment. Before June 10 of each fiscal year the Board of Regents shall notify the Department of Administration of the amount of the community college entitlement each community college is qualified to receive during that fiscal year as adjusted under this section based on fall and spring term FYE enrollment.

Sec. 14.41.040. ADJUSTMENT FOR DECREASE IN ENTITLEMENTS. (a) If the amount of an entitlement calculated under AS 14.41.020 and adjusted under AS 14.41.030 is less than the community college entitlement that a community college was qualified to receive during the previous fiscal year, the previous fiscal year shall be used as the base year for that college in calculating entitlements for the next three fiscal years. The amount of the community college entitlements for that college shall be adjusted by the Board of Regents as follows:

(1) for the first fiscal year after the base year, the entitlement equals the amount calculated under AS 14.41.020 and AS 14.41.030 plus 75 percent of the difference between that amount and the amount of the community college entitlement for the base year;

(2) for the second fiscal year after the base year, the entitlement equals the amount calculated under AS 14.41.020 and AS 14.41.030 plus 50 percent of the difference between that amount and the amount of the community college entitlement for the base year; and

(3) for the third fiscal year after the base year, the entitlement equals the amount calculated under AS 14.41.020 and AS 14.41.030 plus 25 percent of the difference between that amount and the amount of the community college entitlement for the base year.

(b) No adjustment shall be made under (a)(2) or (a)(3) of this section unless the amount of the entitlement calculated under AS 14.41.020 and AS 14.41.030 is less than the amount of the community college entitlement for the base year.

Sec. 14.41.050. TABLE OF FORMULA FACTORS. (a) For the purpose of calculating the amount of a community college entitlement, student/faculty ratios will vary with the size of the community college as follows:

FYE Enrollment	Student/Faculty Ratio
0 - 79	7.5
80 - 109	8.0
110 - 169	8.5
170 - 229	9.0
230 - 289	9.5
290 - 349	10.0
350 - 409	10.5
410 - 469	11.0
470 - 529	11.5

530 - 589	12.0
590 - 649	12.5
650 - 709	13.0
710 - 769	13.5
770 - 829	14.0
830 - 889	14.5
890 - 949	15.0
950 - 1009	15.5
1010 and up	16.0

(b) For the purpose of calculating the amount of a community college entitlement, support costs will vary with the size of the community college as follows:

FYE Enrollment	Cost per FYE Student
80 - 109	$5200
110 - 169	4640
170 - 229	4100
230 - 289	3850
290 - 349	3700
350 - 409	3600
410 - 469	3525
470 - 529	3475
530 - 589	3430
590 - 649	3400
650 - 709	3375
710 - 769	3350
770 - 869	3330

870 - 964	3310
965 - 1089	3290
1090 - 1249	3270
1250 - 1469	3250
1470 - 1774	3230
1775 - 2239	3210
2240 - 3059	3190
3060 - 4999	3170
5000 and up	3150

ARTICLE 2. PREPARATION OF COMMUNITY COLLEGE BUDGETS

Sec. 14.41.100. ENROLLMENT PROJECTION. During each fiscal year a community college shall prepare an FYE enrollment projection for the next fiscal year to be used to prepare a budget request. In preparing the projection, the community college shall consider all available information including the

(1) FYE enrollment in the college during previous fiscal years;

(2) pattern of growth or decline in FYE enrollment during preceding years;

(3) possible impact of adding a new program or of deleting a program.

Sec. 14.41.110. PREPARATION OF BUDGET REQUEST. Based on an FYE enrollment projection, each community college shall prepare for the next fiscal year a budget request that is approved by the community college council and submitted to the chancellors. The budget request shall include

(1) a calculation of the amount of the community college entitlement the college is eligible to receive under AS 14.41.010 - 14.41.050;;

(2) an itemization of administrative expenses and costs of maintaining and operating the college facilities;

(3) an itemization of extraordinary expenses including capital improvements and costs of starting new programs.

Sec. 14.41.120. REVIEW BY CHANCELLORS. The chancellors shall review each community college budget request and prepare recommendations to be submitted to the college and to the Board of Regents. If the amount of a community college entitlement the college is eligible to receive has been calculated incorrectly, the chancellors shall

(1) request the community college to prepare a new calculation of the amount of the entitlement; or

(2) correct the calculation, alter the budget request in accordance with the correction, and notify the community college of the correction.

Sec. 14.41.130. BOARD APPROVAL OR DENIAL. After reviewing a budget request and recommendations of the chancellors, the Board of Regents shall approve or deny the request and notify the community college. If a request is denied, the college shall prepare a new budget request and submit it to the chancellors for review. If a request is approved, the budget is submitted to the governor.

ARTICLE 3. PAYMENT OF STATE AID TO COMMUNITY COLLEGES

Sec. 14.41.160. COMMUNITY COLLEGE FUND ESTABLISHED. There is established in the Department of Administration the community college fund. From appropriations for the purpose, the Department of Administration shall disburse to the Board of Regents money for community college entitlements together with other money appropriated for community colleges established under AS 14.40.510 - 14.40.640.

Sec. 14.41.170. SCHEDULE OF DISBURSEMENTS. (a) The Department of Administration shall make payments to the Board of Regents from the community college fund, each of which equals 25 percent of the projected total amount to be distributed to a community college during the fiscal year. Payments under this subsection shall be made on July 15, September 15, and December 15 of that fiscal year.

(b) Upon receiving notice of the amount of each community college entitlement as adjusted under AS 14.41.030 to reflect actual fall term FYE enrollment, the Department of Administration shall disburse from the community college fund an amount that, when added to disbursements made under (a) of this section, equals 95 percent of the projected total amount to be distributed to a community college during the fiscal year. The payment under this subsection shall be made on March 15 of that fiscal year.

(c) Upon receiving notice of the amount of each community college entitlement and adjusted under AS 14.41.030 to reflect actual fall and spring term FYE enrollment, the Department of Administration shall disburse from the community college fund an amount that, when added to disbursements made under (a) and (b) of this section, equals the total amount to be distributed to a community college during the fiscal year. The payment under this subsection shall be made on June 15 of that fiscal year.

(d) Within 10 days after receipt of a payment under this section for a community college, the Board of Regents shall distribute the money to that community college.

Sec. 14.41.180. OVERPAYMENTS. If it is determined after adjustments under AS 14.41.030 that a community college received more money as a community college entitlement than it was eligible to receive, the Department of Administration shall notify that college of the amount of overpayment and that college shall remit that amount to the Department of Administration.

Sec. 14.41.190. PRO RATA PAYMENTS. Before December 2 of each fiscal year the Department of Administration shall determine whether the amount appropriated for community college entitlements is sufficient to fully fund all community college entitlements authorized under AS 14.41.010 - 14.41.050 for that fiscal year. If the amount is not sufficient, the commissioner of administration shall notify the governor of the amount of additional money estimated to be necessary to fully fund community college entitlements, and payment of entitlements shall be made for each community college on a pro rata basis.

ARTICLE 4. REVIEW OF COMMUNITY COLLEGE ENTITLEMENT PROGRAM

Sec. 14.41.200. ADJUSTMENTS FOR INFLATION. Each year the Alaska Commission on Postsecondary Education shall review the community college entitlement program to determine whether the program should be changed to reflect inflation. If the commission determines that a change should be made, the commission shall submit its recommendations to the Department of Administration and to the legislature.

Sec. 14.41.210. UNIT COST OF INSTRUCTION STUDY. During fiscal year 1984 and every three fiscal years thereafter, the commission shall conduct a comprehensive unit cost of instruction study for each community college. The study shall include an analysis of the cost of instruction for each class offered by a community college. A report on the results of the study, together with recommendation for changes in the community college entitlement program to reflect these results, shall be submitted to the legislature.

Sec. 14.41.220. REVIEW OF FORMULA. During fiscal year 1984 and every three fiscal years thereafter, the commission shall review the formula used to calculate community college entitlements under AS 14.41.010 - 14.41.050. A report on the review, together with recommended changes to the formula, shall be submitted to the legislature. The review shall include an audit of each community college to determine during the previous three fiscal years the

(1) FYE enrollment;

(2) number of FTE faculty members;

(3) number of full-time faculty members and number of part-time faculty members;

(4) student/faculty ratio.

Sec. 14.41.230. REVIEW OF PROGRAM. During fiscal year 1987 and every five fiscal years thereafter, the commission shall review the community college entitlement program. A report on the review, together with recommended changes to the program, shall be submitted to the legislature, the Department of Administration, and the Board of Regents.

ARTICLE 10. GENERAL PROVISIONS

Sec. 14.41.900. DEFINITIONS. In this chapter

(1) "chancellors" means the chancellor for Community Colleges and Rural Education and the chancellor for Anchorage Community College;

(2) "commission" means the Alaska Commission on Postsecondary Education;

(3) "community college" means a community college established under AS 14.40.569 - 14.40.640;

(4) "faculty" means instructional personnel;

(5) "FTE faculty" means the total full-time faculty members plus the number calculated by dividing 30 into the total number of student credit hours and student credit hour equivalents taught by part-time faculty members;

(6) "full-time FTE faculty average compensation" means the actual average salary and benefits adjusted for area differentials as approved by the Board of Regents together with projected increases for all permanent full-time faculty members;

(7) "full-time FTE faculty percentage" means the quotient resulting from dividing the total number of projected full-time faculty members by the total number of projected FTE faculty members;

(8) "FYE enrollment" means a fiscal-year-equated student en ollment that is calculated by adding the following:

(A) total credit hours during a fiscal year divided by 34; and

(B) total credit hour equivalents during a fiscal year for noncredit activities, other than community interest activities, relating to developmental education, continuing education, vocational and career education divided by 34;

(9) "part-time FTE faculty average compensation" means the actual average salary and benefits adjusted for area differentials as approved by the Board of Regents together with projected increases for all faculty members who are paid on the basis of each course taught;

(10) "part-time FTE faculty percentage" means the quotient resulting from dividing 30 into the total number of credit hours and credit hour equivalents taught by part-time faculty members and dividing the result by the total number of projected FTE faculty members;

(11) "student/faculty ratio" means the quotient derived by dividing the FYE enrollment by the number of FTE faculty members;

(12) "support costs" means the operating costs of a community college, other than costs of faculty compensation, travel for faculty and students, administration, and facility maintenance and operation;

(13) ""total faculty cost" means the total compensation for all full- and part-time faculty members;

(14) "total credit hour equivalents" means the total number of equivalent credit hours represented by noncredit courses where a number of equivalent credit hours is calculated for each noncredit course by application of the following formula:

$$S(H \times W)/15$$

where

S - the number of students enrolled in the noncredit course;

H = the number of hours of instruction given in the noncredit course each week;

W = the number of weeks the noncredit course is taught.

* Section 7. AS 14.40.610(b) and AS 14.40.630(2)(E) are repealed.

* Section 8. This Act takes effect July 1, 1983.