

BUSINESS AFFAIRS AND HUMAN RESOURCES
JULY 11, 2011

SUBJECT

Allocation of Maintenance of Effort Funds to Community Colleges

APPLICABLE STATUTES, RULE OR POLICY

Senate Bill 1207 (2011)

Education Jobs Fund, Public Law No. 111-226 of 2010

BACKGROUND / DISCUSSION

During the 2011 legislative session the Legislature passed Senate Bill 1207 (S1207), which establishes the conditions for the State to meet the maintenance of effort (MOE) requirements under the federal American Recovery and Reinvestment Act of 2009 and the Education Jobs Fund of 2010 (hereinafter "Ed Jobs"). Under the Ed Jobs MOE requirement, the FY 2011 percentage of total state revenue directed to K-12 and postsecondary education budgets must not be less than the percentage directed to education budgets in FY 2006. Based on actual tax revenues through May, the FY 2011 percentage of total state revenue directed to postsecondary would be less than the percentage directed to postsecondary in FY 2006. In other words, the MOE test would be met for K-12, but not for postsecondary.

S1207 provides that "in the event that revenues do exceed the [FY 2011] forecast to the extent that the Division of Financial Management determines that additional maintenance of effort is required under Title 1 of the Education Jobs Fund ... the amount needed to comply with the maintenance of effort requirements shall be provided to the State Board of Education for Community Colleges for fiscal year 2011 unfunded enrollment growth"¹

Since S1207 specifically appropriates the money to the State Board for allocation to the community colleges, Board staff has developed two possible allocation methodologies which would meet the intent of S1207:

1. The Yearly Credit Hour Report contains the total credit hours at the end of each term (summer, fall, and spring) and totaled for academic years 2009/10 and 2010/11. (Developmental credits are included. Credit hours are based on credit hours attempted: meaning a withdrawal or grade F is included in this report.) The credit hours are divided by 30 to convert into student FTE to calculate enrollment growth.
2. Compare the fall and spring 10th day FTE for academic years 2009/10 and 2010/11 for each college.

¹ S1207 also references funding going to PTE first for purposes of meeting its Carl Perkins MOE, but it has been determined that PTE does not need additional funding due to reductions in their federal award.

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It is anticipated final year-end revenue numbers will be available by the afternoon of July 8 or the morning of July 11 at the latest. At that time, the Executive and Legislative staff will inform Board staff of the amount available for allocation to the community colleges. Staff will run this number through the two possible formulas for the Board's consideration and approval. On the afternoon of July 11, DFM and LSO will host a conference call for the Governor and other statewide elected officials and Legislative Leadership to discuss the end of the fiscal year and its impact on the state budget. All information discussed during the call will be confidential and embargoed from release to the public until noon on Tuesday, July 12, 2011.

IMPACT

Any amount allocated pursuant to S1207 will be appropriated on a one-time basis to the community colleges effective June 30, 2011, with carryover authority for FY 2012.

STAFF COMMENTS AND RECOMMENDATIONS

The Enrollment Workload Adjustment is calculated based on the yearly credit hour report, so this is an established method of calculating unfunded enrollment growth. Conversely, to staff's knowledge the Board has never approved a funding allocation based on 10th day enrollment figures. As such, staff recommends the Board use end-of-term credit hours as a basis for calculating unfunded enrollment growth for purposes of S1207.

BOARD ACTION

I move to approve the allocation of Senate Bill 1207 maintenance of effort funding as follows: \$_____ to the College of Southern Idaho, \$_____ to the College of Western Idaho, and \$_____ to North Idaho College.

Moved by_____ Seconded by_____ Carried Yes____ No____