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Iowa Community College
Funding Formula
Task Force Report



RECOMMENDATIONS

Iowa Department of Education
January 1998

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Funding Study Recommendations...

The Iowa Association of Community College Presidents (IACCP), the Iowa Association of Community College Trustees (IACCT), and the Iowa Department of Education recognize that there are unresolved issues in the funding of Iowa's community colleges. Groups across the state have been engaged in discussions regarding these issues and concluded that resolution could not be achieved in this short term. Thus, this report recommends the development of an ongoing and systematic approach to seeking resolution of these and future funding issues. The Iowa Department of Education is submitting the funding proposal recommendation developed and agreed upon by the IACCP and reviewed by the IACCT as a part of this funding formula proposal.

The Iowa Department of Education recognizes the collaboration and consensus-building which occurred to achieve these recommendations; however, the Iowa Department of Education believes it is in the best interest of the state as a whole to continue to examine the issues and to move towards a needs-driven appropriations request and distribution system. It is anticipated that a set of strategic objectives for the state community college system will be formulated; these objectives will address the funding issues cited earlier and any new issues identified through the planning process. The strategic objectives will drive the appropriations request for state general aid. It is anticipated that the strategic planning process will generate an agreed-upon set of strategic objectives for the fiscal year 2002 appropriations request.

This proposal includes the process for determining the appropriations request from the legislature, including the new state general aid, and the distribution of these funds to the 15 community colleges. It also includes some significant changes in the basis for distributing state general aid to the 15 community colleges (based on the proportional share of total statewide credit hours), vocational-technical program length and requirements, adult and continuing education program reporting, and general fiscal reporting.

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It is the intent of the Iowa Department of Education to work jointly with the IACCP and the IACCT to foster cooperation and collaboration across the 15 community colleges by developing and implementing a strategic planning process for the community college system. This planning process will result in a set of strategic objectives, which will shift the rationale for community college funding from a cost-driven to a needs-driven appropriations request. The expected timeline for the development of this plan is fiscal year 2001.

Components of the Funding Formula Proposal

As stated earlier, the Iowa Department of Education recommends acceptance of the IACCP funding formula recommendations for fiscal year 1999. This proposal includes the following:

1. Appropriations Request.
2. Distribution Formula.
3. Prerequisites to Implementing the Funding Formula Recommendations.
4. Technology Fund Recommendation.

The following details the specifics of each of these components.

Appropriations Request

The appropriations request will consist of the two components—the appropriations base and the new state general aid. Both will be driven by the current and projected costs of operations. The appropriation request recommendation is to seek:

1. A rolling appropriation base equal to the previous year's appropriation.
2. An increase in state general aid equal to 75 percent of the general operating fund, as adjusted according to the specific rec-

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ommendations listed in Appendix B, multiplied by the allowable growth factor for K-12 schools, as established by the Iowa General Assembly (currently 3.5 percent). Changes to the “Community College Uniform Financial Accounting Manual” will be made by the Iowa Department of Education to effect the changes recommended in Appendix B. New items or practices will be effective for fiscal year 1999.

Distribution Formula

1. Allocate to each community college district on an annually advancing basis the previous year’s appropriation, provided the overall total appropriation to the community college system is sufficient to do so. This rolling appropriation base includes the historical provisions for property tax equalization, small-scale operation, differential program costs for vocational-technical education and arts and science college transfer programs, and other “funding formula” considerations related to space and enrollment.
2. The increase in state general aid appropriated by the Iowa General Assembly will be distributed on the following prioritized basis:
 - a. A two percent minimum inflation appropriation to each community college multiplied by the college’s most recent previous state aid allocation.
 - b. However, if the national rate of inflation exceeds two percent, the appropriation increase of state general aid to each college will equal the national inflation rate if the increase in state aid appropriations to community colleges is equal to or greater than the national inflation rate.
 - c. The growth in the total general state aid that exceeds inflation or two percent, whichever is greater, will be distributed based on each college’s most recent proportionate enrollment share. However, the minimum total amount to be distributed in this manner will be one percent of the previous year’s total appropriation of general state aid.

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- d. If the increase in total state general aid is below the two percent level, the total appropriation increase will be distributed as an inflationary adjustment.

Example:

Distribution Illustration								
Appropriations								
Increase	3%	3%	3%	4%	4%	5%	6%	7%
Inflation								
Rate	1.8%	2%	2.5%	1.8%	2%	2.5%	3.5%	4%
Inflation								
Distribution	2%	2%	2%	2%	2%	2.5%	3.5%	4%
Enrollment								
Distribution	1%	1%	1%	2%	2%	2.5%	2.5%	3%

3. Distribute the remaining unallocated new general aid appropriation on the basis of each college's proportionate share of overall, independently audited system enrollment. Utilizing refined enrollment-reporting definitions and methods approved by the Iowa Department of Education and using independently audited data from the just-concluded fiscal year, the Iowa Department of Education will determine enrollment share percentages for each community college district.

Prerequisites to Implementing the Funding Formula Recommendations

1. Adopt the general operating fund refinements listed in Appendix B.
2. Adopt the programmatic and student enrollment reporting changes listed in Appendix C.

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3. Adopt the non-credit enrollment reporting guidelines proposed by the IACCP Adult and Continuing Education task force when the review and approval process is completed by the Iowa Department of Education.
4. Implementation of selected components of a Management Information System (MIS):
 - a. Year-end credit student enrollment report.
 - b. Fiscal reports.
 - c. Adult and continuing education.
5. Well-defined auditing process for student enrollment reporting.

Technology Fund Recommendation

Distribute the technology funding on the basis of each college's proportionate share of overall, independently audited student enrollment, utilizing refined enrollment reporting methods approved by the Iowa Department of Education and using independently audited data from the most recently concluded fiscal year. The Iowa Department of Education will determine enrollment share percentages for each community college district.

Fiscal Year 1999 Appropriations Request...

Utilizing the recommendations contained in this report, the appropriations request for fiscal year 1999 would be calculated as follows:

Rolling Appropriations Base	\$130,582,051
Fiscal Year 1998 State Aid Appropriation	
New State General Aid	\$6,984,286
Total Fiscal Year 1999 Appropriations Request	\$137,566,337

The new state general aid appropriation is calculated by multiplying the allowable growth rate times 75 percent of the fiscal year 1997 expenditures. Based upon the recommendations related to financial reporting requirements in this proposal, the fiscal year 1997 expenditures would total \$266,068,037. The allowable growth rate is the same allowable growth rate established for school districts for 1998-99, 3.5 percent.

This proposal recommends fiscal year 1999 new state general aid to Iowa's community colleges totaling \$6,984,286; this is an approximate 5.3 percent increase over the fiscal year 1998 appropriation. Approximately \$2,611,641 will be allocated as the two-percent inflation appropriation to each college; approximately \$4,372,645 will be allocated based on the individual community college's proportional share of enrollment.

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