

# Proposed Higher Education Funding Formula

Presented by Strawman Group to  
Higher Education Funding Task Force,  
September 14, 2011

# Objectives for New Formula

- Transition to I&G funding based on outputs and outcomes
- Recognize enrollment growth and state priorities of :
  - Increasing the number of degrees and certificates awarded,
  - Meeting workforce needs, and
  - Closing the achievement gap by serving at-risk students
- Maintain a level of equity by sector and by institutions
- Simplify the formula

# Formula Base

Old Formula	Proposed New Formula
Prior year I&G appropriation	Prior year I&G appropriation
+	<u>One-time adjustment for utilities</u>
=	Proposed Base

# Formula Comparison: Old and New

## Elements of Old Formula

Inputs	
Component	Variable
Instruction, Instructional Support, Academic Support	3-yr Average Student Credit Hours as of census date
Student Services	Change in Fall student headcount
Plant Operations & Maintenance	Change in I&G Square Footage
Utilities	Change in I&G Square Footage

## Elements of Proposed Formula

Inputs	
Component	Variable
Instruction, Instructional Support, Student Services, Academic Support	3-yr Average Completed Student Credit Hours as of last day of class
Plant Operations & Maintenance/Utilities	Change in I&G Square Footage

# Formula Comparison: Old and New

## Elements of Old Formula

Outputs	
Component	Variable
None	N/A

## Elements of Proposed Formula

Outputs	
Component	Variable
Total Awards	Change in 3-year rolling average of degrees and eligible certificates awarded
Workforce	Number of STEM and healthcare awards
At-Risk Student Support	Number of awards to low income students
	Number of awards to academically at-risk students (TBD)

Mission Specific  
Sector Measures

TBD - e.g. Research, Transfers, etc.

# Formula Comparison: Old and New

## Elements of Old Formula

Transfers	
Component	Variable
3% Scholarship	Fall student headcount
Building Renewal & Replacement	I&G Square Footage
Equipment Replacement	I&G Equipment not fully depreciated

## Elements of Proposed Formula

Transfers	
Component	Variable
None	N/A – FY12 3% Scholarships, BRR, and Equipment transfers included in base

# Formula Comparison: Old and New

## Elements of Old Formula

Credits/Institutional Share	
Component	Variable
Land & Permanent Fund	Actual revenue
Mil Levy	Actual Revenue
Tuition	Estimated revenue based on full-time student headcount and part-time student credit hours

## Elements of Proposed Formula

Credits/Institutional Share	
Component	Variable
Land & Permanent Fund	Actual revenue
Mil Levy	Actual revenue
Tuition	None – FY12 tuition credit included in base



# Formula Comparison: Old and New

## Old Formula

Summary	
	Prior Year I&G Appropriation
+	Instruction/Inst. Support/Academic Support
+	Student Services
+	Plant Operations & Maintenance
+	Utilities
+	3% Scholarships
+	BRR
+	Equipment
-	Land & Permanent Fund Revenue
-	Mil Levy Revenue
-	Tuition Credit
=	General Fund Appropriation

## Proposed Formula

Summary	
	Base
	Prior Year I&G Appropriation
+	One-time utilities adjustment
	<b>Workload/Instructional Grid</b>
+	Instruction/Inst. Support/Academic Support/Student Serv.– Change in 3-yr Avg.
+	Plant Op & Maintenance/Utilities – Change from prior year
	<b>Outcomes/Award Grid</b>
+	Total Awards – Change in 3-yr Avg.
+	Workforce Awards – Total Awards
+	At-Risk Awards – Total Awards
	<b>Institutional Share</b>
-	Land & Permanent Fund Revenue
-	Mil Levy Revenue
=	General Fund Appropriation



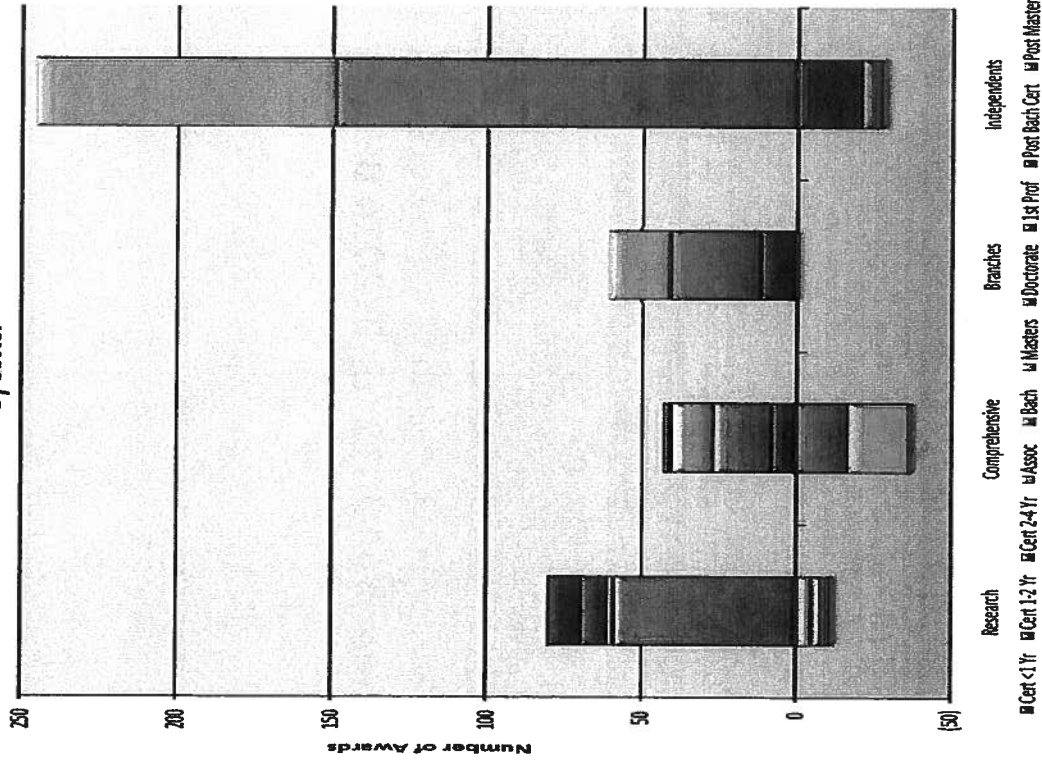
# Implementation Timeline

Date	Action Item
Fall 2011 for FY2013 Budget	Presentation of proposed formula
	Budget Hearings
Spring/Summer 2012	Develop mission-specific outcome measures
	Refine data reporting and collection and revise DEAR as necessary
	Align AGA measures
Summer/Fall 2012 for FY2014 Budget	Determine base appropriation and % of funding for workload, outcome measures, and mission specific measures
	Run proposed formula
	Add additional outcome measures
	Institutional review and verification of DEAR data

### Change in Awards

#### FY08-FY10 Compared to FY07-FY09

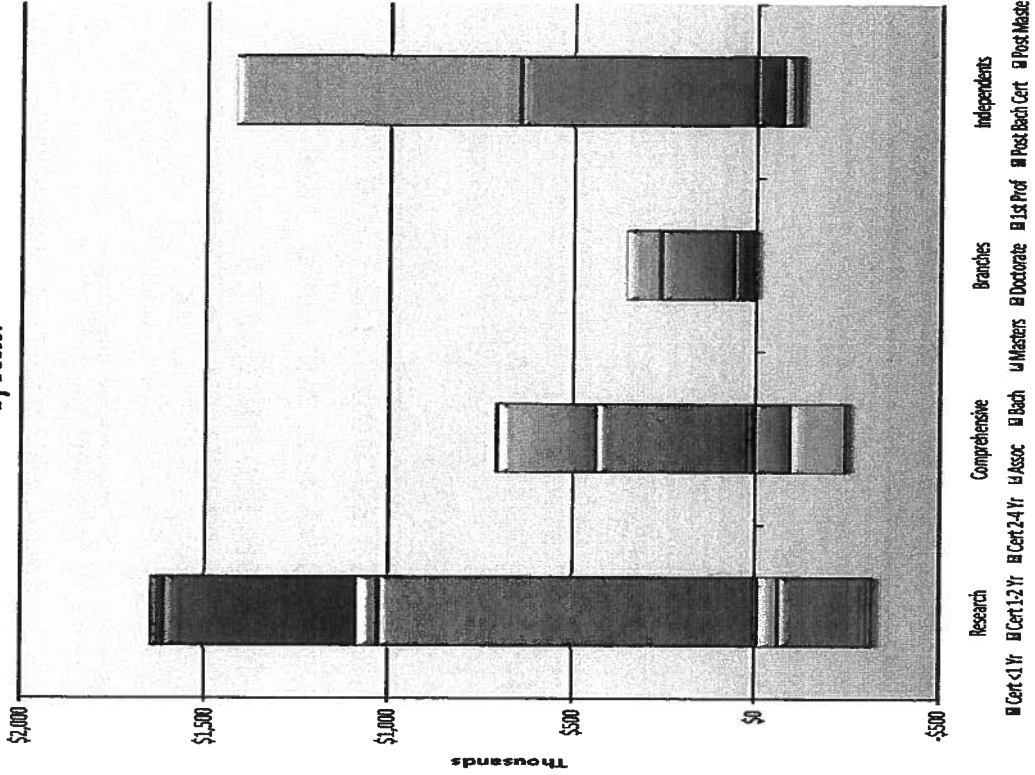
By Sector



### Formula Dollars for Awards

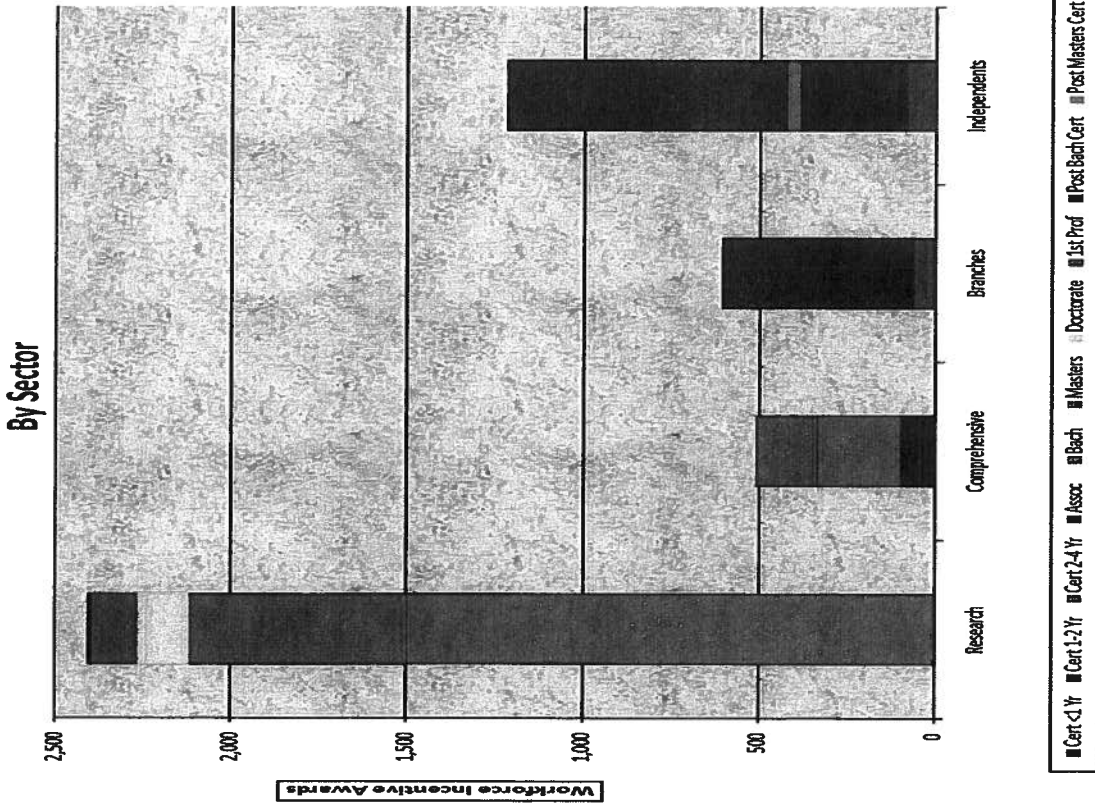
#### FY08-FY10 Compared to FY07-FY09

By Sector

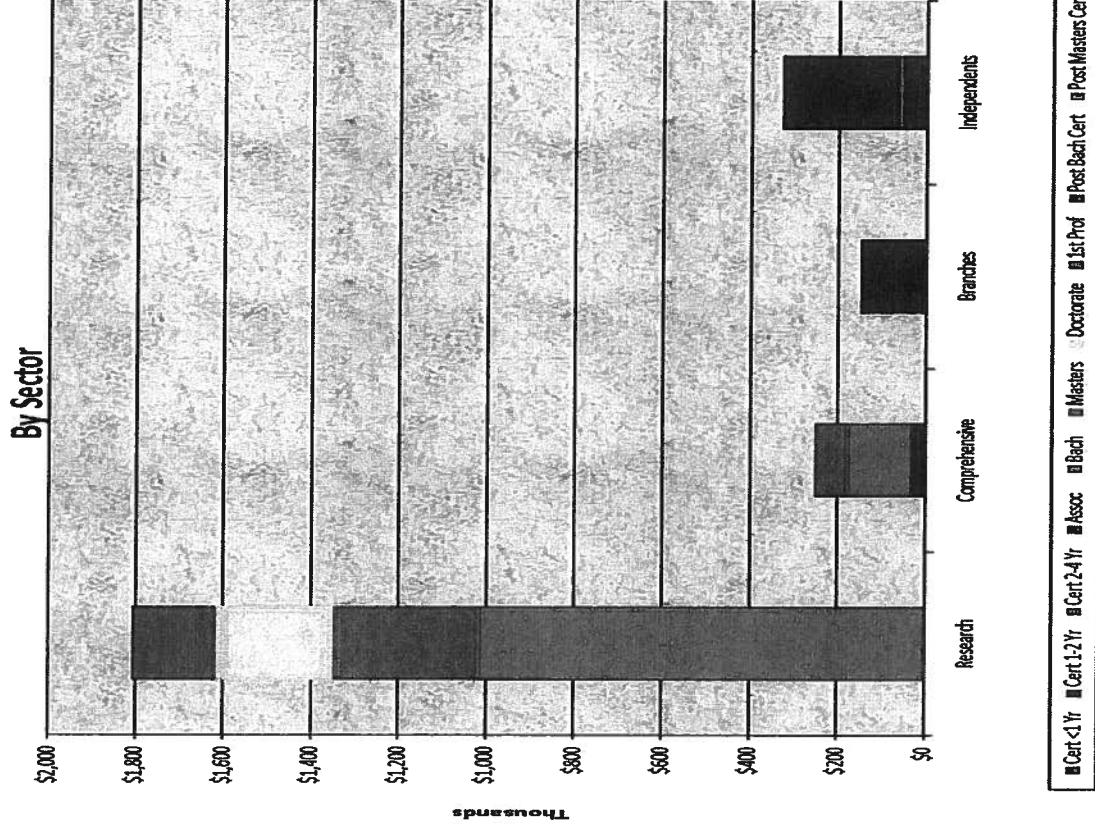


Numbers subject to change pending final determination of Certificate eligibility.

**Workforce Incentive Awards  
FY2009-10 Total Numbers**

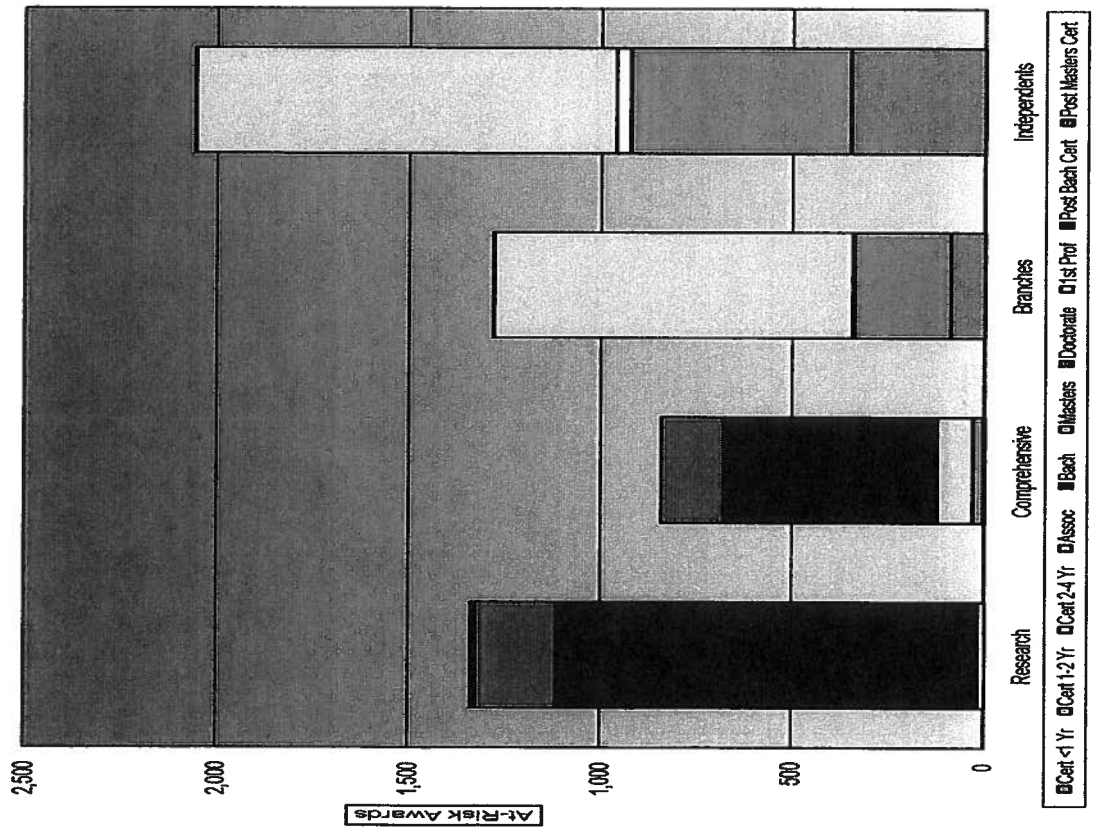


**Formula Dollars for Workforce Incentives  
FY2009-10 Total Numbers**

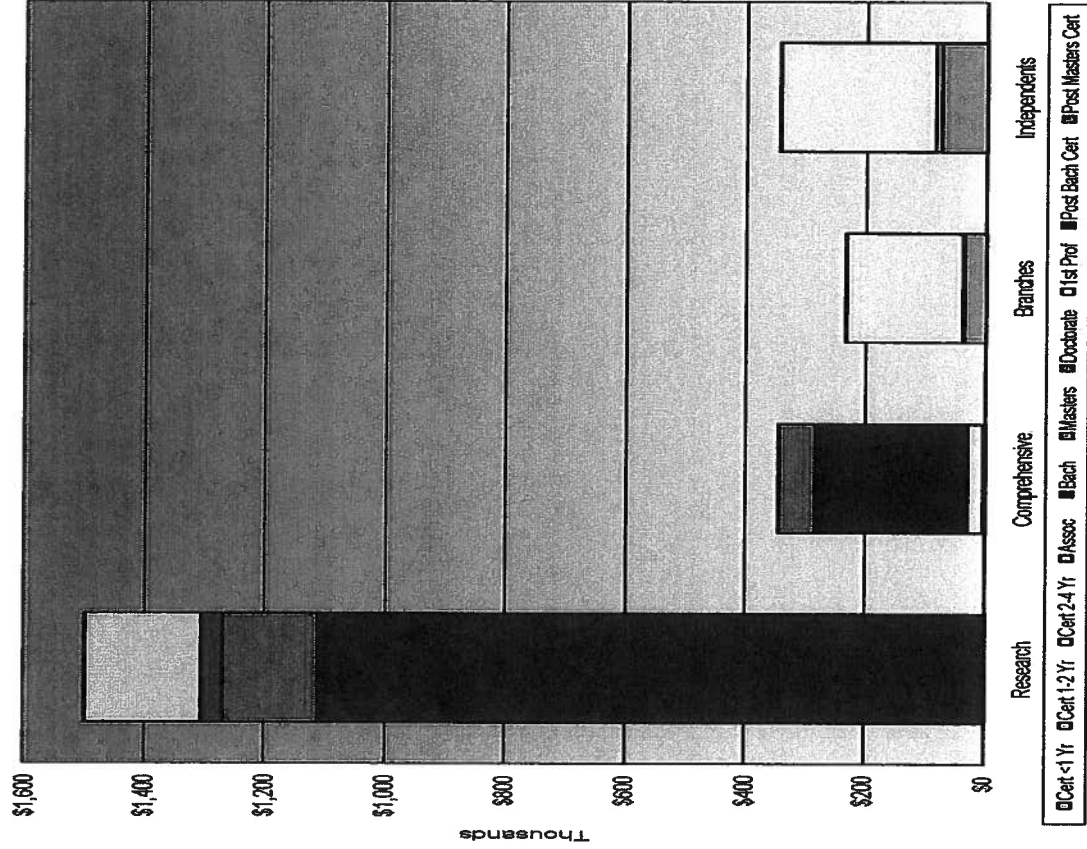


Numbers subject to change pending final determination of Certificate eligibility.

**At-Risk Awards  
FY2009-10 Total Numbers  
By Sector**



**Formula Dollars for At-Risk Awards  
FY2009-10 Total Numbers  
By Sector**



Numbers subject to change pending final determination of Certificate eligibility.