
New Formula Funding Proposal

1 message

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To: SA Faculty Senate Chairs <sa_faculty_senate_chairs@nshe.nevada.edu>, SA Student Body Presidents

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Senate Chairs and Student Body Presidents-

As you know, I presented a proposal for a new formula funding model to the last meeting of the Interim Committee to Study Higher Education Funding (the "Committee"). At that meeting, I was directed to flesh out the formula proposal and bring it back to the Committee at its February 29 meeting. Immediately after that meeting I indicated that work would begin work on what I saw as the two most difficult aspects of the proposal: (1) the matrix; and (2) the performance funding piece.

Today I would like to provide you with a draft of the matrix and the basic outline of the performance pool. I would also like to take some time to explain how we arrived at the information that you have attached to the bottom of this email.

But let me start with the most important thing. **THIS IS A DRAFT. NOTHING IS SET IN STONE.** I am writing now to begin the process of soliciting your input.

The proposed funding formula model would determine funding for the seven instructional institutions within the Nevada System of Higher Education (NSHE). For UNLV and UNR, the main instructional budgets are separated from other budget accounts consolidated by the 2011 Legislature (Athletics, Statewide Programs, etc.). Funding for all other budget accounts within NSHE would not be determined based on a funding formula.

While a lot of work has gone into this draft, it is presented to you for discussion and constructive criticism. I will schedule general open sessions north and south before the Committee meeting to get input, and the Committee Chairman has indicated that he would like to hear from you on the 29th.

The new funding model would determine state support provided to each instructional institution. I have suggested a model based on a number of assumptions stated in the original proposal and based on comments we have heard since the model was first proposed. Those assumptions are:

1. The new model proposes to allocate only state general fund dollars. This is a change from the initial proposal based on feedback we received.
2. Institutions would retain all student fee and tuition revenues, and state General Fund support would not be offset based on the level of student fee revenues generated. This is consistent with the original proposal and is fundamental to the new model.
3. The new funding formula model proposes to utilize course completions instead of student

enrollments to drive the matrix allocation. Any letter grade or pass would count as a completion as there is a cost to provide instruction and your faculty should not be intimidated from failing students.

4. An instructional matrix, developed by Dennis Jones from NCHEMS and based on cost studies developed in other states is utilized to determine the appropriate weighting provided for the various courses offered by each institution. We have provided Mr. Jones with our current taxonomy to tailor the matrix to Nevada where required – that is to eliminate generic categories that do not apply to Nevada and to add those not covered by his initial draft. We have not completed a cost study in Nevada so I refer to this matrix as “cost informed”. You may think that you know of a specific class that is mis-weighted in your opinion based on what you actually observe in Nevada. That may well be the case, but is largely irrelevant without completion of a cost study in Nevada. That is, we can’t pick and choose random classes for special treatment. In addition to the matrix, I have attached a short description from Mr. Jones regarding the methodology he used to develop the matrix.

5. Based on current information, student credit hours that were completed will be used to “populate” the matrix. Weighted student credit hours will then be determined by multiplying the weights in the instructional matrix by the number of credit hours completed.

6. All WSCH related to non-resident students, including WUE students, are eliminated from the matrix. Each institution will keep its out of state tuition and fees for these students but they are not otherwise counted in your completed WSCH. This is a refinement from the original proposal.

7. To recognize the research mission at UNLV and UNR, a factor will be considered to account for, that is allocating weighting that will produce funding, that specific mission.

8. O&M of plant is under continuing review. Serious questions have been raised as to whether these expenses belong in the calculation yielded by the matrix and we are reviewing either pulling those costs out of this calculation and using current methodology for this expense, leaving O&M in the WSCH calculation or considering other methods.

9. We continue to consider a factor for economies of scale, how to calculate that factor, to which institutions it should apply, etc. Like the recommendation for O&M and research, that recommendation will have to come back for further discussion.

10. Like the current formula, it is anticipated that a mechanism will be used to smooth year to year changes, similar to the three year rolling average in the current formula. This seems particularly important given the fact that the current year reflects the impacts of the severe budget reductions.

Utilizing the new funding model and the above assumptions, state support for the seven instructional institutions in FY2012 might be determined as follows. I emphasize “might” to be sure you recall that a number of the factors are still being considered.

1. Determine state General Fund appropriations for the seven instructional institutions in FY 2012
2. Reduce the combined state General Fund amount by:
 - ✓ The O&M budgeted at each institution in FY 2012 (under consideration)
 - ✓ The rural economies of scale factor for GBC and WNC (under consideration)
3. The new “net” state support amount for the seven instructional institutions is divided by the total weighted student credit hours of all institutions to determine the average student credit hour amount. This amount would then be adjusted for the research mission of UNR and UNLV (under consideration).
4. The average student credit hour amount is multiplied by the number of weighted student credit hours completed at each institution.
5. FY 2012 O&M amounts as well as any amounts related to the rural economies of scale are added for each institution if applicable. This calculation would determine state General Fund support for each institution.
6. Tuition and fees generated at an institution are then added to the state general fund support for that institution to arrive at total revenue available.

The second major piece of the formula for your review is a philosophical model for performance funding. This model has been derived from materials gathered from a number of sources: (1) Complete College America; (2) the National Governors Association; (3) performance funding state summary distributed by Mrs. Gansert after the last Committee meeting; and (4) materials that we have developed from other state models through our research. We are specifically proposing at this point only a structure. Much work remains to be done on this model to implement it in whatever form it is adopted, including, standardized definitions and relevant academic processes.

I look forward to our discussion on these materials. I expect it to be spirited.

Dan

Attachments:

1. Instructional Matrix Develop by NCHEMS
2. Discussion of method used to develop matrix
3. Outline of Performance Pool

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3 attachments



NCHEMS matrix.pdf
20K



NCHEMS Matrix Phil.pdf
97K



Performance Funding Proposal. DRAFT dtd 2.9.12.pdf
43K