

Funding the Nevada System of An Alternative Formula Higher Education

Legislative Committee on Funding for Higher Education For Presentation to the

February 29, 2012

College of Southern Nevada • Great Basin College • Truckee Meadows Community College University of Nevada, Las Vegas • University of Nevada, Reno • Nevada State College Western Nevada College • Desert Research Institute

The Road Travelled since January 11, 2012

- Discipline Clusters and Weights
- Performance Pool
- Implementation

Principles of the Model

Shifting the focus from input (enrollments) to outputs (graduates)

- Should promote conversations between NSHE and the State about mutual goals and needs of the State;
- Should reward goal attainment, not just provide for the distribution of resources;
- Must address broader state and higher education financing adequately funding higher education; policy, including the role of the State and the students in
- Must recognize and reinforce mission differentiation;
- Should provide incentives for institutions to be entrepreneurial and well-managed; and
- Should be simple, transparent and easy to understand.

January 11, 2012 Where We Started

Conceptual Framework for Funding Model

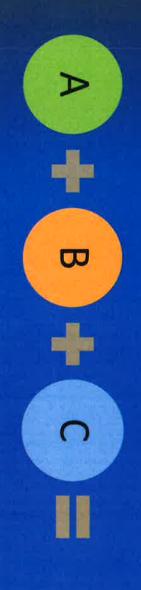
Performance Pool

Φ. Add-on: Research Mission or Economy of Scale adjustment

Weighted SCH x Price per Weighted SCH

Base Funding:

January 11, 2012 Where We Started



General Fund
Appropriation +
Tuition and
Registration Fees

Critical Assumptions as of February 29, 2012

- The new formula allocates General Fund dollars only
- 100 percent of student registration fees and non-resident tuition is retained by the respective institution
- Non-resident enrollments are excluded, including WUE students
- Course completions rather than enrollments are utilized
- The research mission of the universities is accounted for by student credit hours by 10 percent adjusting upper-division, masters and doctoral weighted
- Base administrative support for small community colleges is included
- A recommendation on O&M is pending

the seven teaching institutions only — not non-formula budgets The new model determines General Fund support for

NCHEMS Recommended Discipline Clusters

Instructional Matrix - Eleven Discipline Clusters

- Liberal Arts, Math, Social Science, Language, Other
- 2. Basic Skills
- 3. Business, Public Administration
- 4. Education
- Services (Personal, Protective, Recreation)
- 5. Visual and Performing Arts
- 7. Trades/Technical
- 8. Sciences
- 10. Engineering/Architecture
- 11. Health

NCHEMS Recommended Discipline Weights*

| Discipline Cluster | Lower Division | Upper Division | Masters | Doctoral |
|-----------------------|-------------------|-------------------|---------|----------|
| Liberal Arts, etc. | 1.0 | 2.0 | 4.0 | 5.0 |
| Basic Skills | 1.5 | | ļ | |
| Business | 1.0 | 2.0 | 4.0 | 6.0 |
| Education | 1.5 | 2.0 | 2.5 | 5.0 |
| Services | 1.5 | 2.0 | 3.0 | 4.0 |
| Performing Arts | 1.5 | 2.5 | 5.0 | 5.0 |
| Trades/Tech | 2.0 | 2.5 | | , |
| Sciences | 2.0 | 3.0 | 5.0 | 8.0 |
| Law | 2.0 | 2.0 | 4.0 | 4.0 |
| Engineering | 2.0 | 3.0 | 5.0 | 8.0 |
| Health | 2.0 | 2.0 | 5.0 | 6.0 |

^{*}Weights are cost informed based on cost studies in TX, OH, IL, and FL.

What's the "Price"?

The "price" is the amount the formula will generate for each weighted student credit hour - effectively establishing a system-wide price for course completions

Price per WSCH

11

General Fund appropriation for the seven teaching institutions

Completed WSCH for the seven teaching institutions

Base Allocation using the "Price"

Institutional
Weighted X
SCH

Price per Weighted SCH

11

Base Funding
Amount for Each
Institution

including the adjustment for research, are multiplied by the "price" to determine the base funding amount for community colleges, weighted student credit hours, After taking into account the adjustment for small each institution.

Performance Pool

The performance pool is a current work in progress and a joint effort that will parallel the work done under the NGA Policy Academy.

Performance Pool Principles

- Reward performance that contributes to the goals of needs of the State the Board of the Regents and its institutions and the
- Will focus on the number of students completing degrees and certificates of value
- Will recognize and support the different missions of each institution
- Continuous improvement will be measured and rewarded
- Institutions will be rewarded for achievement, not for the means by which they make progress.

Implementation

- recommended implementation over two biennia is Consistent with prior formula studies,
- weighted average (50 30 20) formula will be based on a three-year Projection of completions to be used in the

A gradual implementation is necessary to ensure budget stability for the institutions

