



# **An Alternative Formula Funding the Nevada System of Higher Education**

For Presentation to the  
Legislative Committee on Funding for Higher Education

February 29, 2012

University of Nevada, Las Vegas ▪ University of Nevada, Reno ▪ Nevada State College  
College of Southern Nevada ▪ Great Basin College ▪ Truckee Meadows Community 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 policy, including the role of the State and the students in adequately funding higher education;
- ❖ 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

C: Performance Pool

B: Add-on:  
Research Mission or Economy of Scale adjustment

A: Base Funding:  
 $\text{Weighted SCH} \times \text{Price per Weighted SCH}$

# 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 adjusting upper-division, masters and doctoral weighted student credit hours by 10 percent
- ❖ Base administrative support for small community colleges is included
- ❖ A recommendation on O&M is pending

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

# NCHEMS Recommended Discipline Clusters

## Instructional Matrix - Eleven Discipline Clusters

1. Liberal Arts, Math, Social Science, Language, Other
2. Basic Skills
3. Business, Public Administration
4. Education
5. Services (Personal, Protective, Recreation)
6. Visual and Performing Arts
7. Trades/Technical
8. Sciences
9. Law
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	-	-	-
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.

$$\begin{array}{ccc} \text{Price per} & = & \text{General Fund appropriation for the} \\ \text{WSCH} & & \text{seven teaching institutions} \\ & & \hline & & \text{Completed WSCH for} \\ & & \text{the seven teaching institutions} \end{array}$$

# Base Allocation using the “Price”

$$\begin{array}{ccccc} \text{Institutional} & & \text{Price per} & & \text{Base Funding} \\ \text{Weighted} & \text{X} & \text{Weighted} & = & \text{Amount for Each} \\ \text{SCH} & & \text{SCH} & & \text{Institution} \end{array}$$

After taking into account the adjustment for small community colleges, weighted student credit hours, including the adjustment for research, are multiplied by the “price” to determine the base funding amount for 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 the Board of the Regents and its institutions and the needs of the State
- 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

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

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

