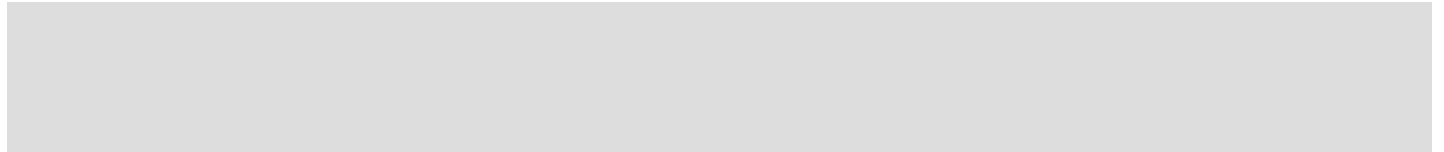# FORMULA FUNDING FOR GENERAL ACADEMIC INSTITUTIONS AND HEALTH RELATED INSTITUTIONS

Legislative Budget Board Staff

Presented to the House Appropriations Committee Subcommittee on Education

February 22, 2013

Formula Funding Mechanics

❑ Formulas are a distribution method for higher education funding. Higher education formulas do not create a statutory or constitutional entitlement.

❑ Formula Method of Finance.

All Funds methodology which means that General Revenue and GR-Dedicated–Other Educational and General Income (E&G) are used to fund the formulas. "Other E&G" includes revenue generated by statutory tuition, interest on funds in the state treasury, and various fees. (Board Authorized Tuition is distributed after formula calculation, therefore does not affect the amount of General Revenue.)

General Academic Institutions Formula: Instructions and Operations
Introduced House Bill 2014-15 Biennium: $3,481 million
(includes $94 million for Teaching Experience Supplement)

Semester Credit Hours   X   **Program/Level Weight**   X   **Rate**

Semester credit hours (SCH) SCH is a measure of how many classes an institution delivers. The time for which data is gathered is called the ***base period***. The base period used for the Introduced Bill 2014-15 biennium is Spring, Summer, and Fall of 2012. In March, the Higher Education Coordinating Board will provide updated numbers based on the base period of Summer and Fall of 2012 and Spring of 2013.

SCH are **weighted** by discipline (e.g. nursing is weighted more than liberal arts) and by level (i.e. lower and upper division, masters, doctoral, and professional). The weights are based on a cost study of relative costs and are listed on the following page.

The Legislature sets the rate based on available funding, including consideration of enrollment changes and other factors.

Teaching Experience Supplement

Semester Credit Hours   X   **Program/Level Weight**   X   **Supplement**   X   **Rate**

(0.10)

Hours taught by ***tenured or tenure-track faculty*** qualify for the teaching experience supplement.

The weight functions as it does in the Instruction and Operations formula.

General Academic Institutions Cost Based Matrix
Introduced House Bill 2014-15 Biennium

	Lower Div.	Upper Div.	Masters	Doctoral	Special Professional
Liberal Arts	1.00	1.69	3.87	9.33	15.3
Science	1.76	2.95	7.70	21.78	2.95
Fine Arts	1.43	2.37	5.48	7.44	
Teacher Ed	1.45	1.79	2.30	7.70	
Agriculture	2.09	2.65	7.33	10.12	
Engineering	2.43	3.59	7.58	16.75	
Home Economics	1.02	1.64	3.02	7.77	
Law					4.48
Social Services	1.70	2.04	2.89	15.32	
Library Science	1.50	1.20	2.83	11.95	
Vocational Training	1.37	1.98			
Physical Training	1.36	1.11			
Health Services	1.14	1.76	3.08	9.93	2.67
Pharmacy	1.60	5.28	23.10	36.07	4.03
Business Admin	1.13	1.75	3.19	23.05	4.96
Optometry			41.14	51.63	5.98
Teacher Ed Practice	1.83	1.79			
Technology	2.27	2.52	3.87	4.19	
Nursing	1.92	2.06	3.75	8.55	
Developmental Ed	1.00				
Veterinary Medicine					20.27

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Health Related Institutions Formula: Instructions and Operations
Introduced House Bill 2014-15 Biennium: $1,017 million

Full Time Student Equivalent X   **Program Weight**   **X**   **Rate**

Full Time Student Equivalent (FTSE) FTSE is a measure of how many students an institution delivers instruction to. The time for which data is gathered is called the ***base period***. The base period used for the Introduced Bill 2014-15 biennium is Spring, Summer, and Fall of 2012. In March, the Higher Education Coordinating Board will provide updated numbers based on the base period of Summer and Fall of 2012 and Spring of 2013.

FTSE are **weighted** by discipline (e.g. medical students are weighted more than nursing). The weights are set by the Legislature and are listed on the following page.

The Legislature sets the rate based on available funding, including consideration of enrollment changes and other factors.

Health Related Institutions Funding Weights
Introduced House Bill 2014-15 Biennium

<u>Program Weight Per Student</u>

Allied Health	1.000
Biomedical Science	1.018
Nursing	1.138
Pharmacy	1.670
Public Health	1.721
Dental	4.601
Medical	4.753