

DRAFT FUNDING FORMULA FRAMEWORK

Activity to date:

- President Cavanaugh and funding working group (BOG, FAMU, FAU, FSU, UWF) developed conceptual framework and discussed various technical and policy issues.
- BOG staff met with legislative and governor's staff in May. They were supportive of the draft approach and provided constructive critique and hope that SUS will speak with one voice around a request to move from point A to point B in appropriations per weighted FTE.

Conceptual framework and key features:

- This is a model to build the LBR and distribute appropriations. Legislators will feel comfortable with it because it is similar to the approach used to fund public schools. The core model is:

$$\text{LBR Request} = (\text{Base Student Allocation} \times \text{Weighted FTE}) + \text{Non-Enrollment-Related Mission-Related Funds}$$

For example,

\$108 million total LBR = (\$8,000 base student allocation x 10,000 WFTE) plus
\$28 million for non-enrollment-related issues

- This model is one part of a larger business plan. The LBR based on this model will be predicated on an assumed tuition increase. If the model is not fully funded, then the BOG and universities would consider whether a higher tuition increase should offset the lower appropriations.
- *Primary change in policy: The model would fund a "base student allocation," as opposed to the current incremental enrollment growth funding model. This would account for most, but not all, of the system's request for state funds.*
 - SUS requests a base student allocation equal to \$X per weighted, resident FTE for all resident, funded FTE
 - The number of FTE requested would be based on approved university compacts
 - Both the SUS and Legislature would talk in terms of one number – how many dollars per FTE did funding increase/decrease this year
 - The LBR would advocate increases in the base student allocation based on increased costs and quality improvements.
 - No institution would lose money the first year; the new formula would equate to each university's current base plus any increments requested in the LBR.
 - Nonresident students would not be included; they would not be expected to be supported with state funds
- Requests for mission-related issues and stand-alone activities (e.g., museums or radio stations) are added to the base student allocation request. Likewise, PO&M is handled separately, with likely recommendations forthcoming from the facilities task force on how to improve that formula.
- Areas requiring work within the SUS working group and between the group and legislative and governor's staff include but are not limited to: (a) derive the initial base student allocation and the weights to be used; (b) recommend policy for enrollment that is over or under levels approved in compacts; (c) determining the extent to which mission

and historical funding differences should be enrollment-driven or requested as ad hoc budget requests.

Next steps:

- Provosts have been asked to designate a point person from each university to be part of an expanded (all institutions) working group tasked with working out the details (e.g., FTE weights, funded versus actual enrollment, adequately accounting for institutional missions, etc.).
- At its June meeting, BOG staff will provide a status report on the development of this funding framework and the expected process moving forward, with a plan to complete the model for use in the 2010-11 LBR cycle.
- The process will require regular feedback from legislative and governor's office staff.

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