

**SUMMARY OF UNIVERSITY RECOMMENDATIONS
FUNDING FORMULA MODEL
OCTOBER 20, 2003**

UNIV	RECOMMENDATIONS
USF	<ul style="list-style-type: none"> • 9 Characteristics of funding formula <ul style="list-style-type: none"> • Responsive to each unique mission, geographical location, size, academic characteristics, support statewide priorities • Fair, rational, equitable based upon current, consistently reported data • Transparent, simple to understand • Ensure adequate, stable funding base to support/maintain excellence in higher education • Agile to fluctuations in economic climate, adaptable to changing conditions in higher education funding • Provide for increased devolution of authority & growing institutional autonomy (UBOTS determine appropriateness of university missions & tuition/fees) • Reward institutional performance/productivity aligned to Statewide K-20 policies & priorities • Support a more diversified funding portfolio • Recognize the importance of implementing & maintaining state-of-the-art technology support for nationally competitive academic programs & improved administrative efficiency • Public Appropriations: <ul style="list-style-type: none"> • Can't be driven primarily by student FTE; • Must take into account volume, quality, mix of research undertaken & range/level of Academic programs delivered • Enrollment growth-funding maintained or universities "bid" for student capacity • Relationship of fixed/variable costs using student FTE &/or headcount needs to be carefully examined • Support multi-year block grant funding driven by measurable outcome • Reconsider calculation of student FTE along with undergraduate requirement to enroll in Summer School • Permit carry-forward GR funds without penalty & free of threat to future appropriations • Balance between & future dependency on GR, Lottery, PECO • GR/Lottery must be stabilized even as tuition/fees increase • Incentives to encourage universities to respond to workforce priority needs • Tuition: <ul style="list-style-type: none"> • Full flexibility to UBOTs to price student tuition • Freedom to introduce block tuition • Freedom to introduce differential tuition • Consideration of alternative tuition collection models • Decouple Bright Futures & Florida Pre-Paid Tuition • Fees: <ul style="list-style-type: none"> • Full flexibility to UBOTs • Recognition of unique circumstances (& stages if development) across a diverse, 11 university system • Financial Aid: <ul style="list-style-type: none"> • Florida must increase its level of need-based support for access goals while maintaining merit-based programs • Research: <ul style="list-style-type: none"> • Statewide support should include funding for research infrastructure, basic research, & training of new researchers which will help leverage broader investment in research • Public Service & Outreach <ul style="list-style-type: none"> • Support & reward such initiatives which contribute to the public good • Possibly increase allowable indirect cost recovery rates • Auxiliaries: <ul style="list-style-type: none"> • Full flexibility & local control • Private Giving: <ul style="list-style-type: none"> • Fullest local flexibility in building endowments • State must recommit to its "matching gifts" programs • State should consider tax incentives to promote individual & corporate giving to SUS institutions • Public-Private Partnerships: <ul style="list-style-type: none"> • Flexibility & incentives to encourage private investment in a university's instructional delivery, research

	enterprises, & community-based initiatives
UCF	<ul style="list-style-type: none"> Adopt a funding framework similar to the existing funding model which starts from a base level for each university & then provides added support each year for enrollment growth & special initiatives modified by: <ul style="list-style-type: none"> Determining the funding for enrollment growth <ul style="list-style-type: none"> Use SUS-wide average expenditures per FTE enrollment by level & discipline, rather than each university's own average expenditures per FTE across all its disciplines 5 steps: <p>Step 1. Use the standard SUS expenditure analysis to obtain average costs per FTE by level across the entire system for each discipline. In this regard, exclude IRC's (Type I Centers) & special units funded separately, i.e., not as parts of any university (IFAS, UF & USF medical centers, etc.).</p> <p>Step 2. Use credit hour data for each university to determine its FTE totals by discipline & level. For each discipline in a given university, find the discipline FTE percentage at each level by dividing the FTE for that discipline & level by the total university FTE at that level.</p> <p>Step 3. For each university & level, use these discipline FTE percentages as weighting factors, along with the SUS average expenditures per FTE for each discipline (Step 1), to calculate an overall, weighted average cost per FTE. The end result is a mission-specific (based on the mix of disciplines; see below) average cost per FTE at that level, which is used (Step 5) as one basis for enrollment growth funding.</p> <p>Step 4. Along with the figures for cost per FTE of each university, use its state-approved FTE enrollment growth figures by level as the other basis for funding (Step 5).</p> <p>Step 5. For each university & level, multiply the mission-specific average cost per FTE (Step 3) by the approved FTE enrollment growth (Step 4) to determine the total cost figure for growth at that university by level. Finally, to calculate the portion of the funding needed from the legislature, deduct from this total cost the overall tuition revenues expected from the approved FTE growth.</p> Determining the funding for plant operations & maintenance <ul style="list-style-type: none"> Use PO&M funding formula to address not just incremental funding for new space but total funding to support overall needs. 2 steps: <p>Step 1. For operations and maintenance, provide funding at the currently applicable, system-wide average cost rate. Multiply this by the <i>total needed</i> square footage, for each university.</p> <p>Step 2. For rentals, provide funding to cover the difference between the <i>total needed</i> and <i>total existing</i> square footage. Multiply this difference by a suitable system-wide base rental rate for commercial space. (Make sure that this rate does not include operating expenses, which are covered by Step 1.)</p>
UWF	<ul style="list-style-type: none"> There is a basic infrastructure funding threshold that each institution must have (no matter what the institutional size) in order to operate as a university. This is true for branch campuses as well. A basic model needs to be developed & implemented then special allocations, such as performance funding, should be added to the basic funding model to display full funding. Results in a 6-level funding model: <ol style="list-style-type: none"> Threshold Funding (to establish basic infrastructure) A threshold funding level should be established to reflect the actual base costs of individual institutions. Current Enrollment Funding (to continue current enrollment) Funding of current student FTE levels should be adjusted to reflect actual costs (above the base threshold). Enrollment Growth Funding (to encourage or discourage growth) Funding for student growth should reflect enhanced FTE funding for smaller institutions that have growth capacity but have no start-up funding sources with which to expand program offerings and outreach activities. Performance-Based Funding (Institutions should be rewarded with special funding for good performance rather than punishment for not performing well). Other formula-driven activities (PO&M, Library Resources, etc.) Stand-Alone activities - Separate continuing allocations should be developed for stand-alone activities (Institutes and Centers, Museums, Radio and TV, etc.)
FGCU	<ul style="list-style-type: none"> FGCU recognizes that university funding is comprised of multiple components & formulas other than

	<p>university enrollment growth; however, this component is critically important to FGCU & other growing universities that we are addressing at this time.</p> <ul style="list-style-type: none"> • Current enrollment growth formula can still be viable if several conditions are met: <ol style="list-style-type: none"> 1. Agree on a base FTE cost (this could include instruction only, or could include other activities such as advising, libraries, etc. as it currently does) at each FTE level at each university. Historical data might be used to derive these costs. Another option would be to look at peer institution spending per FTE to derive costs. 2. The current model adds 10% of direct instruction for research. This could be adjusted for all institutions based upon historical need & expenditures & further adjusted depending on the mission of the institution. 3. Examine the viability of including student fees in the formula. There seems to be a concern about out-of-state fees since these students pay 100+% of the cost of their education. The current formula backs out student fees, including an estimate of fees paid by out-of-state students, thus reducing the state's fiscal obligation. 4. Apply an inflation index to these costs for each future year. 5. Fully fund enrollment growth FTEs using the base plus the inflation index.
UNF	<ul style="list-style-type: none"> • 3 changes in the process would greatly improve the current system: <ul style="list-style-type: none"> • Fully fund new FTE. Once relevant expenditure analyses are available & dollars per new FTE calculated, universities would be required to confirm the number of additional FTEs they are able to take in the upcoming year based on the funding figures provided. If state revenues insufficient to support the number of additional FTEs proposed by the BOG, BOG would negotiate with universities to maximize FTE targets for the system, while keeping each newly assigned FTE fully-funded. Based on these negotiations FTE targets would be consistent with actual dollars available for allocation. • Decouple Tuition and State Dollars. Two sets of expenditure analyses should be generated – one using all E&G dollars expended by category: General Revenue, Lottery, & tuition. The second using only state dollars expended: General Revenue and Lottery dollars. The funding formula would use the state dollar expenditure analyses (GR & Lottery dollars) to determine state revenues needed to support new FTE. Universities would then use the first set of analyses to calculate their own requirements for additional tuition dollars needed to support new FTE. • In calculating state revenues needed to support new FTE, the State Legislature could set a cap on the percentage of the cost it is willing to support for instruction at different levels, ensuring that students are paying their fair share (e.g., 75% at the lower division level, 70% at the upper level, 65% at the graduate level, & 0% for out-of-state students). • Allocate Dollars for Program Enhancements. If Florida's universities are to improve the quality of their graduates, dollars must be made available for program enhancements. This requires that not every dollar be spent on increasing access. During strong economies significant dollars should be allocated to improve the quality of the institutions. Even during economic downturns some level of funding should be allocated to support this goal. These dollars would be best allocated at the same time the State Legislature allocated funds for increased enrollment. <ul style="list-style-type: none"> • To receive these funds institutions would apply to the BOG prior to legislative session. Proposals to BOG should respond to BOG priorities (e.g., improved retention rates, increased numbers of teachers or nurses, improved technology transfer). Suggest proposals be blind reviewed at first to determine their fit to the BOG's priorities; then open reviewed to determine the institution's capacity to meet the objectives of the proposals. • After addressing funding/allocation process, specific steps also should be taken to revise current funding formula: <ul style="list-style-type: none"> • Use FTE & headcount in calculating different elements of the formula <ul style="list-style-type: none"> • in calculating enrollment growth dollars that support instructional costs the funding formula should utilize projected FTE • advising and student services dollars would be better calculated using anticipated headcount. • Administrative costs would best be calculated using a hybrid of FTE & headcount. This hybrid for an institution would be computed by taking headcount & FTE, adding them together, & dividing by 2. • In calculating state funding levels based on expenditure analyses UNF recommends the use of FTE targets & headcount projections as the divisor as opposed to actual FTE and headcount. Current use of actual FTE in expenditure analyses is punitive for those institutions that respond to local needs for unfunded access.

	<ul style="list-style-type: none"> • Set different support levels for research <ul style="list-style-type: none"> • Current use of 10% of instructional costs to support research should serve as the base for research, with increased factors for graduate levels of instruction. • Using factors to account for salary & inflationary increases <ul style="list-style-type: none"> • Current funding formula fails to take into account that both salary increases & inflation occur between the year used in expenditure analyses & year when allocation for new FTE is made. • To account for these increases when calculating support for new FTE, a factor equal to the ensuing faculty & staff raises should be applied to salary dollars included in expenditure analyses. • Likewise, effect of inflation should be addressed. Inflation factor used by Revenue Estimating Conference could be used to adjust funding formula to assure that real value of resources is not eroded by inflation. • Also support two types of post-formula adjustments. <ul style="list-style-type: none"> • First type would occur annually <ul style="list-style-type: none"> • Annual post-formula adjustments would allow for modifications to support the associated costs for new academic majors that were approved with the concurrence of the Board of Governors. • These adjustments should occur when such majors will increase the cost of instruction at the institution (e.g. new engineering programs). • Post-funding adjustments could also be made to account for additional costs associated with branch campuses. • Second set would occur after a fifth-year equity study. <ul style="list-style-type: none"> • Division of Colleges and Universities engage in a funding equity study. • Could examine system-wide & individual university funding compared to comparable SREB institutions. • It would look at salaries of faculty & general support for instruction based on the mission & diversity of programs offered at the institution. • Based on this review, a three-year plan would be established to adjust the institution's funding. These adjustments might call for increases or decreases in funding.
FAU	<ul style="list-style-type: none"> • Despite institutional diversity, one formula needs to be devised. • Basic framework: <ul style="list-style-type: none"> • Cost to maintain existing service levels (cost-to-continue) – components should address: <ol style="list-style-type: none"> 1. Real increases in labor costs (wages & salaries), including Other Personal Services (OPS), graduate assistants, & contractors. Salary increases awarded to continuing faculty & staff should be fully funded for 12 months effective July first (fully annualized). 2. Plant operation & maintenance (PO&M), including utilities, fuels, equipment, & minor repairs. 3. Technology costs, especially increases in site license fees, computer systems maintenance, laboratory costs (e.g., materials & supplies, specimens, hazardous waste disposal, licenses). 4. Library & instructional support costs, especially price increases in serials & periodicals, electronic databases, & other elements of service delivery that are exclusive of the first three categories. • Workload. Funding must be provided to accommodate this growth, without penalizing those institutions that are no longer adding student enrollments. Specific funding should address: <ol style="list-style-type: none"> 1. The true incremental costs of instruction & support activities without arbitrary restriction or limitation (e.g., 10% ceiling on research). 2. Student enrollment mix by level & attendance status (full-time/part-time), with attention to the demands that part-time students place on support services out of direct proportion to their full-time equivalence. 3. Uniform funding calculations using system-wide averages instead of institution-based calculations. • New Programs. Base levels of state revenues devoted to new programs are necessary to support programmatic flexibility needed to anticipate & address emergent demands for trained personnel, applied public service & research development. Support for new programs, especially those geared to address critical state needs, is a key element in a funding model. Specific components of funding new programs & activities should address: <ol style="list-style-type: none"> 1. Annual BOG's budget request process should clearly recognize & support new programs as a budget element distinct from enrollment growth & other workload increases. 2. Institutional requests should include multi-year projections of program needs & costs. All actors and stakeholders in the process should endeavor to see projects through to maturity by

	<p>supporting serial appropriations based on program plans & projections.</p> <ol style="list-style-type: none"> 3. All institutions should be eligible for program development support independent of enrollment growth funding. For some institutions, program development funding will represent the principal avenue for new state funding after maintaining existing service levels through cost to continue. <ul style="list-style-type: none"> • Institutional Organization & Scale. Must account for the organization & scope of each institution, with special attention to relative economies & diseconomies of scale based on campus locations, their size, age, & program mix. Specific components of funding should address: <ol style="list-style-type: none"> 1. Size. Several smaller institutions require support structures & services that must be provided independent of enrollment. The funding formula should address core activities, as well as incremental growth beyond the core operation. 2. Branches and Centers. The same argument applies to institutions that operate branches & centers. The funding formula should, like the 1988 legislative methodology, explicitly provide for core activities of branches & centers. 3. The inclusion of the factors for size & for branches & centers complements the use of a system-wide average in the workload formula. Currently the workload formula uses institution-specific costs, which are influenced by factors of size & organization. The separation of these overlapping cost factors should make for a more efficient model. • Quality Improvement. <ol style="list-style-type: none"> 1. Embrace quality improvement as a public policy imperative to support the educated populace & workforce necessary to Florida's population growth & economic development. 2. While it may not be possible to address quality improvement through quantitative drivers in a funding formula, the budget request process should continue to legitimize these requests to enable Florida's universities to provide exemplary programs & services to students & the public. • Accountability. <ol style="list-style-type: none"> 1. Performance standard measures should focus on the extent to which each institution measures up against its own goals & standards without pitting one institution against the other. 2. Each segment of the funding model should have clear measures of return on investment associated with them & should be reported in ways that are understood by a broad constituency, not just by professionals who are familiar with the protocols & terminology. 3. Measures should also reassure the public that each university operates efficiently, providing good stewardship over public funds & ensuring that faculty & staff provide the quality & quantity of services expected of them. • Technical Considerations. <ol style="list-style-type: none"> 1. The 1988 report by the Board of Regents to the Florida Legislature entitled "New Funding Methodology" & the 1993 report entitled "Proposed Funding Model" address the core components of a funding model. 2. These components should be reviewed & adapted to the current situation without "reinventing the wheel." 3. CEPRI equity report would also be instructive.
FSU	<ul style="list-style-type: none"> • How many students (on average) do you want in each class? <ul style="list-style-type: none"> • This could be based on the current average class size by level either at the institutional, system or national average. • Should the average class size differ by level of instruction? <ul style="list-style-type: none"> • Yes. It costs more to deliver instruction the higher the level. • Should the costs differ by program or groups of programs? <ul style="list-style-type: none"> • Yes. The costs associated with the programs vary greatly. However, rather than address each program, it would be reasonable to classify into groups. (i.e. engineering is more expensive than history). You could also address institutional mission within this factor. • Should the costs differ for branch campuses? (Another factor that addresses institutional mission) <ul style="list-style-type: none"> • Yes; since, there are higher costs associated with branch campuses due to services being duplicated & economies of scale issues. • Are there other factors to consider in order to serve students? <ul style="list-style-type: none"> • Yes; the following factors should be addressed: <ul style="list-style-type: none"> • <u>Advising</u> – Since advising is "headcount" intensive the factor should be based on the number of students (headcount) or using the IPEDS definition of FTE by adding FTE plus (headcount divided

	<p>by 3) to accommodate those institutions with more part-time students.</p> <ul style="list-style-type: none">• <u>Financial Aid/Waivers</u> – It is recognized that one of the principal ways to strengthen university research and graduate programs is to recruit the best students nationally and internationally. In order to do so, resources are necessary for financial aid and waivers.• <u>Administration</u> - All institutions regardless of mission have costs associated with administration; however, there is probably some minimum level necessary for small institutions.• <u>Libraries</u> – The library factor could be adjusted to recognize mission as the number and type of journals, books, etc. increase proportionate with the number of graduate students and the amount of research produced. (Accreditation)• <u>Research</u> - It is understood that there are basically two types of research. Scholarly or departmental research varies by discipline and involves the research required to keep current in the field, develop ideas for future research projects, etc. The other type of research is referred to as project or direct research and accounts for direct involvement in a specified research project. This factor should be adjusted based on the mission of the institution.• <u>Public Service</u> – These services extend the professional and/or discipline-related services of individuals to the community, the state or the nation. This includes service in professional organization and academic or professional student organizations. These services may also involve implementing programs that result from projects and activities that are necessary for dissemination of research results. This factor should also be adjusted based by mission.• <u>Information Technology</u> – Information technology has become an essential and expensive part of the operations of the university. Due to the on-going costs for upgrade and expansion, a cost factor should be developed specifically for this purpose. <ul style="list-style-type: none">• Once the basic principles of the formula are determined, then other factors need to be considered, such as:<ul style="list-style-type: none">• What does it take to support faculty and staff?<ul style="list-style-type: none">• Should salary rate be provided based on SUS or university average or some other mechanism such as Oklahoma State University (OSU) or SREB average per rank?• Should a certain amount be provided for operating costs to support faculty and staff? If so, should this be the same for each level and program and university?• How would you determine the amount to be provided for operating costs?• In order to devote as much attention and energy as needed to the funding model related to students, discussion on the plant, operations and maintenance formula should not be considered at this time. The PO&M model was last revised in 1998 and already addresses cost differentials by locale. This model was built with input from all institutions and should be re-adopted.										
UF	<ul style="list-style-type: none">• Instruction Programs:<ul style="list-style-type: none">• Calculate student/teacher ratios by level and discipline groupings for the system using desired ratios without consideration of location of course offerings; use desired per-faculty cost factors• Advising Factors:<table><tr><td>Lower</td><td>Upper</td><td>Grad I</td><td>Grad II</td><td>Overall Factor</td></tr><tr><td>100%</td><td>67%</td><td>33%</td><td>33%</td><td>224</td></tr></table>• Research Programs:<ul style="list-style-type: none">• Determine a research factor reflecting the average of the contract and grant expenditures, the number of doctoral degrees awarded & institutional mission; determine the number of research faculty from the above & fund at a desired average cost per faculty• Public Service & Extension Programs:<ul style="list-style-type: none">• IFAS needs to be recognized for its important contributions to Florida & funded as it has in the past.• University Support Programs:<ul style="list-style-type: none">• Student Services- develop a factor for student services based on the average of FTE & headcount students.• Libraries-Use the modified Washington formula.• University Administration- set at the appropriate % of program costs.• Plant Operations and Maintenance- Continue the 1998 formula for new space as adjusted to reflect funding factors for the facility based on where it is located as opposed to being based on where the main campus of the university is located.	Lower	Upper	Grad I	Grad II	Overall Factor	100%	67%	33%	33%	224
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FIU	<ul style="list-style-type: none">• Funding for Enrollment Growth										

	<ul style="list-style-type: none"> • Funding for all new FTEs above the current funded base for each university should be calculated, at a minimum, by using the system wide average per FTE for the level (i.e. Lower Division, Upper Division, Grad I and Grad II). • Funding for Part-Time Students <ul style="list-style-type: none"> • The funding approach should recognize that serving a large part time population creates higher student service & support costs. The headcount to FTE ratio of a university should be a factor in funding. • Branch Campus Impact <ul style="list-style-type: none"> • Multiple campuses drive costs up by requiring duplication of many services, including Public Safety, registration, cashiers, etc. These costs should be identified & included in any new funding formula. • Urban Factor <ul style="list-style-type: none"> • Urban campuses have higher costs in general in terms of buildings and land, transportation, police services, health care, telecommunications, & utilities. These costs should be recognized in funding practices. • Challenge Funds <ul style="list-style-type: none"> • In order to better align university programs to state needs, Challenge funds could be made available to provide incentives and investment funds. Some examples include: <ul style="list-style-type: none"> a. Access Challenge: Special funding for those institutions serving underrepresented groups, first generation college students, transfer students or adult degree completers. b. Research Challenge: Match funds for institutions obtaining external funds in areas of importance to economic development or other State of Florida goals.
NCF	<ul style="list-style-type: none"> • Need to do more work to determine what a reasonable & prudent funding level is for a public honors college. • We have nothing further to add at this time.
FAMU	No recommendations received

Funding Model Comparisons	

[illegible]