

# Student-Focused Funding

for West Virginia Public Higher Education

West Virginia Higher Education Policy Commission

August 24, 2018



**Senator Mitch Carmichael**  
Senate President  
and Lieutenant Governor



**Delegate Tim Armstead**  
Speaker of the House



**Senator Kenny Mann**  
Chair, Senate Committee on  
Education



**Delegate Paul Espinosa**  
Chair, House Committee  
on Education



**Senator Charles S. Trump IV**  
Chair, Senate Committee on the  
Judiciary

## LEGISLATIVE MANDATE

### West Virginia Code §18B-1B-4(d)

The Higher Education Policy Commission shall **examine the question of general revenue appropriations** to individual higher education institutions per student, and per credit hour, and by other relevant measures at all higher education institutions, including four-year baccalaureate institutions and the community and technical colleges, and on or before January 1, 2018, the Commission shall deliver its report to the Joint Committee on Government and Finance and the Legislative Oversight Commission on Education Accountability.

This report shall include a recommendation to the Legislature on a formula for the allocation of general revenue to be appropriated to such institutions that provides for ratable funding across all four-year institutions and community and technical colleges on a ratable basis, by enrolled student, by credit hour or by other relevant measures. On such basis, the Commission shall make a recommendation to the Legislature as to the amounts that each such institution should have appropriated to it in the general revenue budget for fiscal year 2019, based upon the total general revenue appropriations that such institutions receive in aggregate in the enacted budget for fiscal year 2018.



## A NEW FORMULA MUST...

- focus **state taxpayer dollars** on educating West Virginia **resident** students;
- provide the Higher Education Policy Commission and West Virginia Council for Community and Technical College Education with a **fair and equitable** means of calculating **recommended institutional funding levels**;
- account for **variations in the missions** of the state's public institutions and the unique needs of their **diverse student populations**;
- be based upon **reliable metrics** drawn from **existing data resources**;
- be **straightforward** and **easy to understand**;
- be **transparent** and **auditable**;
- promote **innovation** and **student success**; and
- **reward** institutional successes with additional funding.

# MODIFICATIONS TO THE PROPOSAL

Resulting from Feedback Received During the Comment Period

Concern or Recommendation

Changes to the Model



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Because of significant variations in the missions of the state's three publicly-funded medical schools, **medical school funding should be exempted** from the model.

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- All credit-hour production values are now calculated using the **university weighting table for all institutions**.

# WEIGHTING TABLES

## UNIVERSITY TABLE

Discipline Clusters	Lower Division	Upper Division	Masters	Doctoral
<b>Liberal Arts, Math, Social Science, Languages, Other</b>	1.0	2.2	4.4	5.5
05. Area, Ethnic, Cultural & Gender Studies	1.0	2.2	4.4	5.5
08. Communication, Journalism and related programs	1.0	2.2	4.4	5.5
16. Foreign Languages, Literature and Linguistics	1.0	2.2	4.4	5.5
19. Family and Consumer Sciences/Human Sciences	1.0	2.2	4.4	5.5
23. English Language & Literature/Letters	1.0	2.2	4.4	5.5
24. Liberal Arts & Sciences, General Studies and Humanities	1.0	2.2	4.4	5.5
25. Library Science	1.0	2.2	4.4	5.5
27. Mathematics & Statistics	1.0	2.2	4.4	5.5
28. Reserve Officer Training Corps	1.0	2.2	4.4	5.5
29. Military Technologies	1.0	2.2	4.4	5.5
30. Multi/Interdisciplinary Studies	1.0	2.2	4.4	5.5
38. Philosophy & Religious Studies	1.0	2.2	4.4	5.5
42. Psychology and Applied Psychology	1.0	2.2	4.4	5.5
45. Social Sciences	1.0	2.2	4.4	5.5
54. History	1.0	2.2	4.4	5.5
99. Honors Curriculum and Other	1.0	2.2	4.4	5.5
<b>Basic Skills Cluster</b>	1.5			
32. Basic Skills	1.5			
<b>Business Cluster (Business, Public Administration)</b>	1.0	2.2	4.4	5.5
44. Public Administration & Social Service Professions	1.0	2.2	4.4	5.5
52. Business Management, Marketing & related support services	1.0	2.2	4.4	5.5
<b>Education Cluster</b>	1.5	2.2	2.75	5.5
13. Education	1.5	2.2	2.75	5.5
<b>Services Cluster (Personal, Protective, Recreation)</b>	1.5	2.2	3.3	4.4
31. Parks, Recreation, Leisure & Fitness Studies	1.5	2.2	3.3	4.4
12. Personal & Culinary Services	1.5	2.2	3.3	4.4
43. Security and Protective Services	1.5	2.2	3.3	4.4
<b>Visual and Performing Arts Cluster</b>	1.5	2.75	5.5	5.5
50. Visual & Performing Arts	1.5	2.75	5.5	5.5
<b>Trades/Tech Cluster (Construction, Mechanic Tech, Precision Production)</b>	2.0	2.75		
46. Construction Trades	2.0	2.75		
47. Mechanic Repair Technologies/Technicians	2.0	2.75		
48. Precision Production	2.0	2.75		
49. Transportation & Materials Moving	2.0	2.75		
<b>Sciences Cluster (Agriculture, Computer, Biology, Physical)</b>	2.0	3.3	5.5	8.8
01. Agricultural, Agriculture Operations & related sciences	2.0	3.3	5.5	8.8
03. Natural Resources & Conservation	2.0	3.3	5.5	8.8
11. Computer & Information Sciences & Support Services	2.0	3.3	5.5	8.8
26. Biological & Biomedical Sciences	2.0	3.3	5.5	8.8
40. Physical Sciences	2.0	3.3	5.5	8.8
<b>Law Cluster</b>	2.0	2.2	4.4	4.4
22. Legal Professions and Studies	2.0	2.2	4.4	4.4
<b>Engineering/Architecture Cluster</b>	2.0	3.3	5.5	8.8
04. Architecture	2.0	3.3	5.5	8.8
14. Engineering	2.0	3.3	5.5	8.8
15. Engineering Technologies/Technicians	2.0	3.3	5.5	8.8
<b>Health Cluster</b>	2.0	2.2	5.5	8.8
51. Nursing, Allied Health, Health Professions	2.0	2.2	5.5	8.8

Source: Nevada System of Higher Education

## COLLEGE TABLE

Discipline Clusters	Lower Division	Upper Division
<b>Liberal Arts, Math, Social Science, Languages, Other</b>	1.0	2.0
05. Area, Ethnic, Cultural & Gender Studies	1.0	2.0
08. Communication, Journalism and related programs	1.0	2.0
16. Foreign Languages, Literature and Linguistics	1.0	2.0
19. Family and Consumer Sciences/Human Sciences	1.0	2.0
23. English Language & Literature/Letters	1.0	2.0
24. Liberal Arts & Sciences, General Studies and Humanities	1.0	2.0
25. Library Science	1.0	2.0
27. Mathematics & Statistics	1.0	2.0
28. Reserve Officer Training Corps	1.0	2.0
29. Military Technologies	1.0	2.0
30. Multi/Interdisciplinary Studies	1.0	2.0
38. Philosophy & Religious Studies	1.0	2.0
42. Psychology and Applied Psychology	1.0	2.0
45. Social Sciences	1.0	2.0
54. History	1.0	2.0
99. Honors Curriculum and Other	1.0	2.0
<b>Basic Skills Cluster</b>	1.5	
32. Basic Skills	1.5	
<b>Business Cluster (Business, Public Administration)</b>	1.0	2.0
44. Public Administration & Social Service Professions	1.0	2.0
52. Business Management, Marketing & related support services	1.0	2.0
<b>Education Cluster</b>	1.5	2.0
13. Education	1.5	2.0
<b>Services Cluster (Personal, Protective, Recreation)</b>	1.5	2.0
31. Parks, Recreation, Leisure & Fitness Studies	1.5	2.0
36. Leisure and Recreational Activities	1.5	2.0
12. Personal & Culinary Services	1.5	2.0
43. Security and Protective Services	1.5	2.0
<b>Visual and Performing Arts Cluster</b>	1.5	2.5
50. Visual & Performing Arts	1.5	2.5
<b>Trades/Tech Cluster (Construction, Mechanic Tech, Precision Production)</b>	2.0	2.5
46. Construction Trades	2.0	2.5
47. Mechanic Repair Technologies/Technicians	2.0	2.5
48. Precision Production	2.0	2.5
49. Transportation & Materials Moving	2.0	2.5
<b>Sciences Cluster (Agriculture, Computer, Biology, Physical)</b>	2.0	3.0
01. Agricultural, Agriculture Operations & related sciences	2.0	3.0
03. Natural Resources & Conservation	2.0	3.0
11. Computer & Information Sciences & Support Services	2.0	3.0
26. Biological & Biomedical Sciences	2.0	3.0
40. Physical Sciences	2.0	3.0
<b>Law Cluster</b>	2.0	2.0
22. Legal Professions and Studies	2.0	2.0
<b>Engineering/Architecture Cluster</b>	2.0	3.0
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51. Nursing, Allied Health, Health Professions	2.0	2.0

Source: Nevada System of Higher Education

# MODIFICATIONS TO THE PROPOSAL

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## Concern or Recommendation

Because of significant variations in the missions of the state's three publicly-funded medical schools, **medical school funding should be exempted** from the model.

The ACCESS pool should place a greater emphasis on **credit-hour completion** (earned hours instead of attempted hours).

**Undergraduate credit-hour production** should be weighted the same across universities and colleges.

Credit hours attempted in **co-requisite math and English courses** should be weighted at the same rate as those for traditional developmental courses.

## Changes to the Model

- All direct appropriations to the **schools of medicine are excluded**.
- Medical and dental students are not considered in model calculations.
- Credit-hour production is now calculated as the sum of **credit-hours attempted and credit-hours earned**.
- All credit-hour production values are now calculated using the **university weighting table for all institutions**.
- Basic Skills Cluster weights are now used for **all traditional developmental and co-requisite courses**.

# COREQUISITE COURSE WEIGHTING

Discipline Clusters	Lower Division
<b>Liberal Arts, Math, Social Science, Languages, Other</b>	<b>1.0</b>
05. Area, Ethnic, Cultural & Gender Studies	1.0
09. Communication, Journalism and related programs	1.0
16. Foreign Languages, Literature and Linguistics	1.0
19. Family and Consumer Sciences/Human Sciences	1.0
23. English Language & Literature/Letters	1.0
24. Liberal Arts & Sciences, General Studies and Humanities	1.0
25. Library Science	1.0
27. Mathematics & Statistics	1.0
28. Reserve Officer Training Corps	1.0
29. Military Technologies	1.0
30. Multi/Interdisciplinary Studies	1.0
38. Philosophy & Religious Studies	1.0
42. Psychology and Applied Psychology	1.0
45. Social Sciences	1.0
54. History	1.0
99. Honors Curriculum and Other	1.0
<b>Basic Skills Cluster</b>	<b>1.5</b>
32. Basic Skills	1.5

Source: Nevada System of Higher Education

# MODIFICATIONS TO THE PROPOSAL

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## Concern or Recommendation

The **proportions of the three funding pools** place too much emphasis on credit-hour production and not enough on student success and degree production.

## Changes to the Model

- Funding pool proportions were adjusted to place **additional weight on degree completion** (Impact pool). Credit-hours earned are now included in Access pool.

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	Access	Success	Impact	Research
Previous Version	70%	5%	25%	N/A
Current Version	55%	5%	35%	5%

# MODIFICATIONS TO THE PROPOSAL

Resulting from **Feedback** Received During the Comment Period

## Concern or Recommendation

The **proportions of the three funding pools** place too much emphasis on credit-hour production and not enough on student success and degree production.

The **scheduled phase-out of the hold-harmless provision** would likely result in **harmful budget reductions** to several institutions.

## Changes to the Model

- Funding pool proportions were adjusted to place **additional weight on degree completion** (Impact pool). Credit-hours earned are now included in Access pool.
- The **hold-harmless period will be extended to 8 years** to provide long-term stability across the system and to allow time for changes in institutional behavior to be reflected in quantitative metrics. Further, a **permanent stop-loss provision** has been added to protect institutions against single-year budget reductions of greater than 3 percent or cumulative 3-year reductions of greater than 5 percent.

# HOLD-HARMLESS AND STOP-LOSS PROVISIONS

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 and Beyond
<b>Hold-Harmless Provision</b> Base appropriation levels will never fall below FY19 levels, adjusted annually for inflation.										
<b>Permanent Stop-Loss Provision</b> Institutional will never experience a single-year budget reduction greater than 3 percent or cumulative 3-year reduction greater than 5 percent.										

# MODIFICATIONS TO THE PROPOSAL

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## Concern or Recommendation

The **proportions of the three funding pools** place too much emphasis on credit-hour production and not enough on student success and degree production.

The **scheduled phase-out of the hold-harmless provision** would likely result in **harmful budget reductions** to several institutions.

The **research institution weighting factors** applied to West Virginia University, Marshall University and WV State University are not proportional to actual institutional investments in research.

## Changes to the Model

- Funding pool proportions were adjusted to place **additional weight on degree completion** (Impact pool). Credit-hours earned are now included in Access pool.
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- The research institution weighting factor has been removed. A new **research funding pool** was added. Funds in the research pool are distributed proportionally based on each institution's **actual research expenditures** as reported in audited financial statements.

# FUNDING POOLS

The Student-Focused Funding Model provides an objective and equitable means of distributing general appropriation funds to public four-year institutions based upon the courses attempted by students [ACCESS], the progress students make toward on-time degree completion [SUCCESS], the number of students who finish college with high-quality degrees [IMPACT], and the amount of money institutions invest in research and development [RESEARCH].

## ACCESS

55% of total funding

### Weighted Credit-Hour Production

The sum of credit hours attempted and credit hours earned by *West Virginia residents*, weighted by academic discipline, course level and high-risk student status.

## SUCCESS

5% of total funding

### Momentum / Progress to Degree

Number of undergraduate *West Virginia resident* students who are on track for on-time degree completion, with additional credit awarded for students in high-risk populations.

## IMPACT

35% of total funding

### High-Quality Degree Production

Number of degrees completed by *West Virginia residents*, with additional credit awarded for degrees produced in high-demand fields and those earned by students in high-risk populations. Institutions are also rewarded for non-resident graduates who join West Virginia's workforce after graduation.

## RESEARCH

5% of total funding

### Investments in Research and Development

Actual dollars invested in research and development activity, as reported in annual audited financial statements.

# MODIFICATIONS TO THE PROPOSAL

Resulting from Feedback Received During the Comment Period

## Concern or Recommendation

Non-resident students were excluded from the Access and Success pool calculations.

## Changes to the Model

- While our recommendation will be to continue to exclude non-resident students from the Access and Success calculations, consistent with state code, additional scenarios will be presented that show the effect of including those students at a reduced weight (0.25 multiplier) and full weight (1.0 multiplier).

# A TWO-PHASED APPROACH TO EQUITABLE FUNDING

## PHASE 1: EQUITY FUNDING

- FY 2019 budget levels will be used to establish **new base funding** levels.
- **A formula will be applied to all base budget system-wide to determine equitable funding levels for each institution. The minimum base will insure that no institution is funded below FY 2019 levels.**
- Quantitative **benchmarks** will be set for key formula metrics. **Future performance** will be measured against these benchmarks.

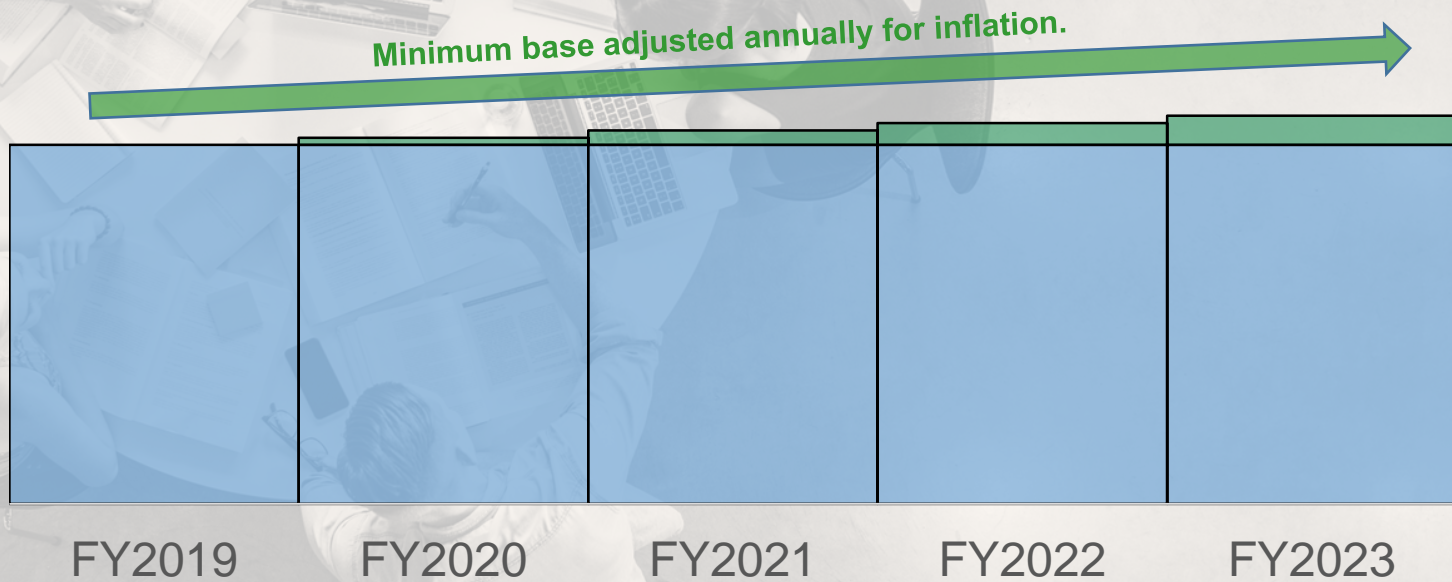
## PHASE 2: RATE-BASED APPROPRIATIONS

- Each institution will receive, **at a minimum**, its inflation-adjusted **minimum base funding**.
- Funding in addition to the base will be calculated based on the adopted **inflation-adjusted rates**. These rates will be used to adjust funding levels based on **performance relative to established benchmarks** on formula metrics.

Phase 1: Equity Funding	Phase 2: Rate-Based Appropriations			
Year 1	Year 2	Year 3	Year 4	Year 5

# MINIMUM BASE FUNDING LEVEL

- FY 2019 base funding levels will become the minimum base. Institutional appropriations will not decline below the minimum base during the eight-year hold-harmless period.
- The base will be **adjusted annually for inflation**, as illustrated below.



# A TWO-PHASED APPROACH TO EQUITABLE FUNDING

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Phase 1: Equity Funding	Phase 2: Rate-Based Appropriations			
Year 1	Year 2	Year 3	Year 4	Year 5

# PHASE 1: EQUITY FUNDING

## STUDENT-FOCUSED FUNDING FORMULA SAMPLE EQUITY FUNDING CALCULATIONS

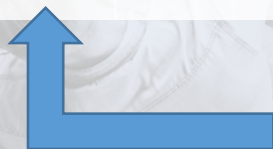
### Access

### Weighted Credit-Hour Production

**Numbers are for illustrative purposes only.**

	<b>SAMPLE</b> <u>Weighted Credit-Hour Production</u>	<b>SAMPLE</b> <u>Share of System Total</u>	<b>SAMPLE</b> <u>ACCESS Pool Share</u>
<b>Institutions</b>	<b>500,000</b>	<b>100.0%</b>	<b>\$15,000,000</b>
Institution A	250,000	50.0%	\$7,500,000
Institution B	100,000	20.0%	\$3,000,000
Institution C	150,000	30.0%	\$4,500,000

SAMPLE WEIGHTED  
CREDIT-HOUR  
RATE:  
**\$30.00 / WCH**



**Initial values set as benchmarks**

# PHASE 1: EQUITY FUNDING

## STUDENT-FOCUSED FUNDING FORMULA SAMPLE EQUITY FUNDING CALCULATIONS

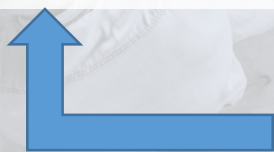
### Success

### Weighted Momentum Milestones Achieved

**Numbers are for illustrative purposes only.**

	<b>SAMPLE Momentum Milestones Achieved</b>	<b>SAMPLE Share of System Total</b>	<b>SAMPLE SUCCESS Pool Share</b>
<b>Institutions</b>	<b>1,000</b>	<b>100.0%</b>	<b>\$1,500,000</b>
Institution A	500	50.0%	\$750,000
Institution B	200	20.0%	\$300,000
Institution C	300	30.0%	\$450,000

SAMPLE WEIGHTED  
MOMENTUM  
MILESTONE RATE:  
**\$1,500 / WMM**



**Initial values set as benchmarks**

# PHASE 1: EQUITY FUNDING

## STUDENT-FOCUSED FUNDING FORMULA SAMPLE EQUITY FUNDING CALCULATIONS

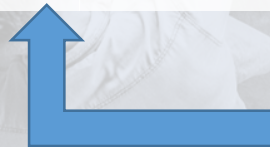
### Impact

### Weighted Degree Production

**Numbers are for illustrative purposes only.**

	<b>SAMPLE</b> Weighted Degree Production	<b>SAMPLE</b> Share of System Total	<b>SAMPLE</b> IMPACT Pool Share
<b>Institutions</b>	<b>1,000</b>	<b>100.0%</b>	<b>\$5,000,000</b>
Institution A	350	35.0%	\$1,750,000
Institution B	250	25.0%	\$1,250,000
Institution C	400	40.0%	\$2,000,000

SAMPLE WEIGHTED  
DEGREE RATE:  
**\$5,000 / WD**



**Initial values set as benchmarks**

# PHASE 1: EQUITY FUNDING

## STUDENT-FOCUSED FUNDING FORMULA SAMPLE EQUITY FUNDING CALCULATIONS

### Research

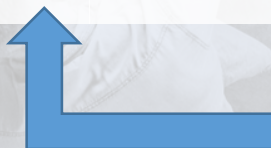
### Institutional Investments in Research

**Numbers are for illustrative purposes only.**

	<b>SAMPLE</b> Actual Research Expenditures	<b>SAMPLE</b> Share of System Total	<b>SAMPLE</b> SUCCESS Pool Share
<b>Institutions</b>	<b>\$12,000,000</b>	<b>100.0%</b>	<b>\$1,500,000</b>
Institution A	\$5,000,000	41.7%	\$625,000
Institution B	\$4,000,000	33.3%	\$500,000
Institution C	\$3,000,000	25.0%	\$375,000

RESEARCH DOLLAR  
RATE:

**\$0.13 / RD**



**Initial values set as benchmarks**

# PHASE 1: EQUITY FUNDING

## STUDENT-FOCUSED FUNDING FORMULA SAMPLE EQUITY FUNDING CALCULATIONS

### TOTAL RECOMMENDED FUNDING (ALL POOLS COMBINED)

**Numbers are for illustrative purposes only.**

	<b>SAMPLE ACCESS Pool Share</b>	<b>SAMPLE SUCCESS Pool Share</b>	<b>SAMPLE IMPACT Pool Share</b>	<b>SAMPLE RESEARCH Pool Share</b>	<b>SAMPLE Total Formula Funding Level</b>
<b>Institutions</b>	<b>\$15,000,000</b>	<b>\$1,500,000</b>	<b>\$5,000,000</b>	<b>\$1,500,000</b>	<b>\$23,000,000</b>
Institution A	\$7,500,000	\$750,000	\$1,750,000	\$625,000	\$10,625,000
Institution B	\$3,000,000	\$300,000	\$1,250,000	\$500,000	\$5,050,000
Institution C	\$4,500,000	\$450,000	\$2,000,000	\$375,000	\$7,325,000

# PHASE 1: EQUITY FUNDING

## STUDENT-FOCUSED FUNDING FORMULA SAMPLE EQUITY FUNDING CALCULATIONS

### TOTAL RECOMMENDED FUNDING (MINIMUM BASE APPLIED)

**Numbers are for illustrative purposes only.**

	<b>SAMPLE</b> Total Formula Funding Level	<b>SAMPLE</b> Inflation-Adjusted FY19 Base Funding Level	<b>SAMPLE</b> Recommended Funding Level
<b>Institutions</b>	<b>\$23,000,000</b>	<b>\$24,000,000</b>	<b>\$25,050,000</b>
Institution A	\$10,625,000	\$11,000,000	\$11,000,000
Institution B	\$5,050,000	\$4,500,000	\$5,050,000
Institution C	\$7,325,000	\$9,000,000	\$9,000,000

Recommended funding level is  
the greater of these values.

## PHASE 2: RATE-BASED APPROPRIATIONS

### STUDENT-FOCUSED FUNDING FORMULA SAMPLE RATE-BASED CALCULATIONS

#### Access

#### Weighted Credit-Hour Production

**Numbers are for illustrative purposes only.**

	<b>SAMPLE</b> Weighted Credit- Hour Production <b>BENCHMARK</b>	<b>SAMPLE</b> 2020 Actual Weighted Credit-Hour Production	<b>SAMPLE</b> Difference	<b>SAMPLE</b> Weighted Credit-Hour Rate	<b>SAMPLE</b> ACCESS Funding Change
<b>Institutions</b>	<b>500,000</b>	<b>519,000</b>	<b>19,000</b>		<b>\$570,000</b>
Institution A	250,000	265,000	15,000	\$30.00	\$450,000
Institution B	100,000	98,000	(2,000)	\$30.00	(\$60,000)
Institution C	150,000	156,000	6,000	\$30.00	\$180,000



**Benchmark values**

## PHASE 2: RATE-BASED APPROPRIATIONS

### STUDENT-FOCUSED FUNDING FORMULA SAMPLE RATE-BASED CALCULATIONS

#### Success

#### Weighted Momentum Milestones Achieved

Numbers are for illustrative purposes only.

	<b>SAMPLE</b> Weighted Momentum Milestone <b>BENCHMARK</b>	<b>SAMPLE</b> 2020 Actual Weighted Momentum Milestones	<b>SAMPLE</b> Difference	<b>SAMPLE</b> Momentum Milestone Rate	<b>SAMPLE</b> <b>SUCCESS</b> Funding Change
<b>Institutions</b>	<b>1,000</b>	<b>1,010</b>	<b>10</b>		\$15,000
Institution A	500	475	(25)	\$1,500	(\$37,500)
Institution B	200	225	25	\$1,500	\$37,500
Institution C	300	310	10	\$1,500	\$15,000



Benchmark values

## PHASE 2: RATE-BASED APPROPRIATIONS

### STUDENT-FOCUSED FUNDING FORMULA SAMPLE RATE-BASED CALCULATIONS

#### Impact

#### Weighted Degree Production

Numbers are for illustrative purposes only.

	<b>SAMPLE</b> Weighted Degree Production <b>BENCHMARK</b>	<b>SAMPLE</b> 2020 Actual Degree Production	<b>SAMPLE</b> Difference	<b>SAMPLE</b> Weighted Degree Production Rate	<b>SAMPLE</b> IMPACT Funding Change
<b>Institutions</b>	<b>1,000</b>	<b>1,008</b>	<b>8</b>		\$40,000
Institution A	350	342	(8)	\$5,000	(\$40,000)
Institution B	250	268	18	\$5,000	\$90,000
Institution C	400	398	(2)	\$5,000	(\$10,000)



Benchmark values

## PHASE 2: RATE-BASED APPROPRIATIONS

### STUDENT-FOCUSED FUNDING FORMULA SAMPLE RATE-BASED CALCULATIONS

#### Research

#### Institutional Investments in Research

**Numbers are for illustrative purposes only.**

	<b>SAMPLE Research Expenditure Benchmark</b>	<b>SAMPLE 2020 Actual Research Expenditures</b>	<b>SAMPLE Difference</b>	<b>SAMPLE Research Expenditure Rate</b>	<b>SAMPLE RESEARCH EXPENDITURE Funding Change</b>
<b>Institutions</b>	<b>\$12,000,000</b>	<b>\$12,100,000</b>	<b>\$100,000</b>		<b>\$13,000</b>
Institution A	\$5,000,000	\$5,100,000	\$100,000	\$0.13	\$13,000
Institution B	\$4,000,000	\$4,200,000	\$200,000	\$0.13	\$26,000
Institution C	\$3,000,000	\$2,800,000	(\$200,000)	\$0.13	(\$26,000)



**Benchmark values**

## PHASE 2: RATE-BASED APPROPRIATIONS

### STUDENT-FOCUSED FUNDING FORMULA SAMPLE RATE-BASED CALCULATIONS

#### TOTAL RATE-BASED FUNDING

**Numbers are for illustrative purposes only.**

	<b>SAMPLE Inflation- Adjusted Base Funding Level</b>	<b>SAMPLE ACCESS Funding Change</b>	<b>SAMPLE SUCCESS Funding Change</b>	<b>SAMPLE IMPACT Funding Change</b>	<b>SAMPLE RESEARCH Funding Change</b>	<b>SAMPLE Recommended Funding Level</b>
<b>Institutions</b>	<b>\$25,050,000</b>	<b>\$570,000</b>	<b>\$15,000</b>	<b>\$40,000</b>	<b>\$13,000</b>	<b>\$25,688,000</b>
Institution A	\$11,000,000	\$450,000	(\$37,500)	(\$40,000)	\$13,000	<b>\$11,385,500</b>
Institution B	\$5,050,000	(\$60,000)	\$37,500	\$90,000	\$26,000	<b>\$5,143,500</b>
Institution C	\$9,000,000	\$180,000	\$15,000	(\$10,000)	(\$26,000)	<b>\$9,159,000</b>

# ESTIMATES – BASED ON FY19 VALUES

## EQUITY FUNDING PHASE (YEAR 1)

	FY19 Base Budget*	ESTIMATED ACCESS Pool Funds	ESTIMATED SUCCESS Pool Funds	ESTIMATED IMPACT Pool Funds	ESTIMATED RESEARCH Pool Funds	ESTIMATED Equity Funding Level
<b>Four-Year Institutions</b>	\$211,894,227	\$116,541,825	\$10,594,711	\$74,162,979	\$10,594,711	\$211,894,227
Bluefield State College	\$5,600,993	\$3,381,138	\$148,626	\$2,795,205	\$2,790	\$6,327,760
Concord University	\$8,552,843	\$5,653,282	\$431,642	\$3,792,474	\$10,008	\$9,887,406
Fairmont State University	\$15,111,777	\$9,598,950	\$914,443	\$6,967,601	\$7,077	\$17,488,071
Glenville State College	\$5,885,700	\$2,819,383	\$256,889	\$1,892,034	\$0	\$4,968,306
Marshall University*	\$44,273,845	\$28,417,338	\$2,495,827	\$17,264,873	\$919,274	\$49,097,313
Potomac State College of WVU	\$3,834,937	\$1,951,498	\$220,280	\$1,599,998	\$0	\$3,771,776
Shepherd University	\$9,671,542	\$6,805,022	\$574,636	\$4,578,085	\$15,079	\$11,972,823
West Liberty University	\$7,823,727	\$4,576,979	\$500,636	\$3,533,077	\$32,095	\$8,642,787
West Virginia State University*	\$9,861,240	\$5,518,461	\$272,847	\$3,397,759	\$401,706	\$9,590,773
West Virginia University*	\$93,559,659	\$45,188,404	\$4,576,909	\$27,240,456	\$9,206,682	\$86,212,452
WVU Institute of Technology	\$7,717,964	\$2,631,369	\$201,975	\$1,101,418	\$0	\$3,934,762

\*See exclusions slide for additional details.

# ESTIMATES – BASED ON FY19 VALUES

## EQUITY FUNDING PHASE (YEAR 1)

	FY19 Base Budget*	ESTIMATED Equity Funding Level	Change	Percent Change	Hold-Harmless Provision Dollars	Total Estimated Base (with Hold-Harmless Provision)
<b>Four-Year Institutions</b>	\$211,894,227	\$211,894,227	\$0	0.0%	\$12,381,432	\$224,275,659
Bluefield State College	\$5,600,993	\$6,327,760	\$726,767	13.0%	\$0	\$6,327,760
Concord University	\$8,552,843	\$9,887,406	\$1,334,563	15.6%	\$0	\$9,887,406
Fairmont State University	\$15,111,777	\$17,488,071	\$2,376,294	15.7%	\$0	\$17,488,071
Glenville State College	\$5,885,700	\$4,968,306	(\$917,394)	-15.6%	\$917,394	\$5,885,700
Marshall University*	\$44,273,845	\$49,097,313	\$4,823,468	10.9%	\$0	\$49,097,313
Potomac State College of WVU	\$3,834,937	\$3,771,776	(\$63,161)	-1.6%	\$63,161	\$3,834,937
Shepherd University	\$9,671,542	\$11,972,823	\$2,301,281	23.8%	\$0	\$11,972,823
West Liberty University	\$7,823,727	\$8,642,787	\$819,060	10.5%	\$0	\$8,642,787
West Virginia State University*	\$9,861,240	\$9,590,773	(\$270,467)	-2.7%	\$270,467	\$9,861,240
West Virginia University*	\$93,559,659	\$86,212,452	(\$7,347,207)	-7.9%	\$7,347,207	\$93,559,659
WVU Institute of Technology	\$7,717,964	\$3,934,762	(\$3,783,202)	-49.0%	\$3,783,202	\$7,717,964

\*See exclusions slide for additional details.

Value becomes new base budget.

# RATE-BASED APPROPRIATIONS

Beginning Fiscal Year 2020

Weighted **Credit-Hour** Rate

**\$24.11**

Weighted **Momentum** Milestone Rate

**\$939**

Weighted **Degree Production** Rate

**\$6,585**

Research Expenditure Rate

**\$0.0703**

- Rates will be adjusted annually for **inflation**.

# NONRESIDENT STUDENT SCENARIOS

## SCENARIO 1

### Nonresident Students Excluded from all Calculations

	FY19 Base Budget*	ESTIMATED ACCESS Pool Funds	ESTIMATED SUCCESS Pool Funds	ESTIMATED IMPACT Pool Funds	ESTIMATED RESEARCH Pool Funds	ESTIMATED Equity Funding Level
<b>Four-Year Institutions</b>	\$211,894,227	\$116,541,825	\$10,594,711	\$74,162,979	\$10,594,711	\$211,894,227
Bluefield State College	\$5,600,993	\$3,029,254	\$140,097	\$2,589,489	\$2,790	\$5,761,629
Concord University	\$8,552,843	\$5,083,501	\$402,705	\$3,526,145	\$10,008	\$9,022,359
Fairmont State University	\$15,111,777	\$8,524,981	\$831,527	\$6,387,089	\$7,077	\$15,750,674
Glenville State College	\$5,885,700	\$2,559,735	\$238,893	\$1,751,329	\$0	\$4,549,956
Marshall University*	\$44,273,845	\$27,050,139	\$2,327,914	\$16,795,362	\$919,274	\$47,092,689
Potomac State College of WVU	\$3,834,937	\$1,852,314	\$205,636	\$1,540,943	\$0	\$3,598,893
Shepherd University	\$9,671,542	\$6,669,605	\$561,676	\$4,554,217	\$15,079	\$11,800,578
West Liberty University	\$7,823,727	\$4,468,766	\$501,396	\$3,468,511	\$32,095	\$8,470,768
West Virginia State University*	\$9,861,240	\$4,922,192	\$257,732	\$3,109,322	\$401,706	\$8,690,952
West Virginia University*	\$93,559,659	\$49,906,921	\$4,931,599	\$29,382,893	\$9,206,682	\$93,428,095
WVU Institute of Technology	\$7,717,964	\$2,474,417	\$195,537	\$1,057,681	\$0	\$3,727,634

\*See exclusions slide for additional details.

# NONRESIDENT STUDENT SCENARIOS

## SCENARIO 2

Nonresident Students Included in all Calculations at **25% Weight**

	FY19 Base Budget*	ESTIMATED ACCESS Pool Funds	ESTIMATED SUCCESS Pool Funds	ESTIMATED IMPACT Pool Funds	ESTIMATED RESEARCH Pool Funds	ESTIMATED Equity Funding Level
<b>Four-Year Institutions</b>	\$211,894,227	\$116,541,825	\$10,594,711	\$74,162,979	\$10,594,711	\$211,894,227
Bluefield State College	\$5,600,993	\$3,029,254	\$140,097	\$2,589,489	\$2,790	\$5,761,629
Concord University	\$8,552,843	\$5,083,501	\$402,705	\$3,526,145	\$10,008	\$9,022,359
Fairmont State University	\$15,111,777	\$8,524,981	\$831,527	\$6,387,089	\$7,077	\$15,750,674
Glenville State College	\$5,885,700	\$2,559,735	\$238,893	\$1,751,329	\$0	\$4,549,956
Marshall University*	\$44,273,845	\$27,050,139	\$2,327,914	\$16,795,362	\$919,274	\$47,092,689
Potomac State College of WVU	\$3,834,937	\$1,852,314	\$205,636	\$1,540,943	\$0	\$3,598,893
Shepherd University	\$9,671,542	\$6,669,605	\$561,676	\$4,554,217	\$15,079	\$11,800,578
West Liberty University	\$7,823,727	\$4,468,766	\$501,396	\$3,468,511	\$32,095	\$8,470,768
West Virginia State University*	\$9,861,240	\$4,922,192	\$257,732	\$3,109,322	\$401,706	\$8,690,952
West Virginia University*	\$93,559,659	\$49,906,921	\$4,931,599	\$29,382,893	\$9,206,682	\$93,428,095
WVU Institute of Technology	\$7,717,964	\$2,474,417	\$195,537	\$1,057,681	\$0	\$3,727,634

\*See exclusions slide for additional details.

# NONRESIDENT STUDENT SCENARIOS

## SCENARIO 3

Nonresident Students Included in all Calculations at **100% Weight**

	FY19 Base Budget*	ESTIMATED ACCESS Pool Funds	ESTIMATED SUCCESS Pool Funds	ESTIMATED IMPACT Pool Funds	ESTIMATED RESEARCH Pool Funds	ESTIMATED Equity Funding Level
<b>Four-Year Institutions</b>	\$211,894,227	\$116,541,825	\$10,594,711	\$74,162,979	\$10,594,711	\$211,894,227
Bluefield State College	\$5,600,993	\$2,396,214	\$122,953	\$2,168,008	\$2,790	\$4,689,965
Concord University	\$8,552,843	\$4,058,464	\$344,541	\$2,980,479	\$10,008	\$7,393,492
Fairmont State University	\$15,111,777	\$6,592,908	\$664,869	\$5,197,715	\$7,077	\$12,462,568
Glenville State College	\$5,885,700	\$2,092,628	\$202,720	\$1,463,047	\$0	\$3,758,395
Marshall University*	\$44,273,845	\$24,590,546	\$1,990,413	\$15,833,407	\$919,274	\$43,333,640
Potomac State College of WVU	\$3,834,937	\$1,673,881	\$176,201	\$1,419,950	\$0	\$3,270,032
Shepherd University	\$9,671,542	\$6,425,990	\$535,626	\$4,505,315	\$15,079	\$11,482,011
West Liberty University	\$7,823,727	\$4,274,090	\$502,923	\$3,336,227	\$32,095	\$8,145,335
West Virginia State University*	\$9,861,240	\$3,849,502	\$227,353	\$2,518,360	\$401,706	\$6,996,921
West Virginia University*	\$93,559,659	\$58,395,541	\$5,644,517	\$33,772,403	\$9,206,682	\$107,019,143
WVU Institute of Technology	\$7,717,964	\$2,192,060	\$182,595	\$968,069	\$0	\$3,342,725

\*See exclusions slide for additional details.

# NONRESIDENT STUDENT SCENARIOS

## SCENARIO COMPARISON

HOLD-HARMLESS PROVISION NOT APPLIED

	ESTIMATED Percent Change Non-Resident Students Excluded	ESTIMATED Percent Change Non-Resident Students Weighted at 25 Percent	ESTIMATED Percent Change Non-Resident Students Weighted at 100 Percent
<b>Four-Year Institutions</b>	0.0%	0.0%	0.0%
Bluefield State College	13.0%	2.9%	-16.3%
Concord University	15.6%	5.5%	-13.6%
Fairmont State University	15.7%	4.2%	-17.5%
Glenville State College	-15.6%	-22.7%	-36.1%
Marshall University*	10.9%	6.4%	-2.1%
Potomac State College of WVU	-1.6%	-6.2%	-14.7%
Shepherd University	23.8%	22.0%	18.7%
West Liberty University	10.5%	8.3%	4.1%
West Virginia State University*	-2.7%	-11.9%	-29.0%
West Virginia University*	-7.9%	-0.1%	14.4%
WVU Institute of Technology	-49.0%	-51.7%	-56.7%

# A FEW NOTES ON **FEEDBACK** AND **COMMENTS**

Received During and After the Comment Period

- All public comments are available for review online (link provided at the end of the presentation).
- Comments received after the conclusion of the public comment period are found at the end of the document (Section III).
- Additional comments include a funding proposal from Marshall University.
- Independent evaluation of the proposal by HCM Strategists / Lumina Strategy Labs.

# ALIGNMENT WITH NATIONAL BEST PRACTICES

As Determined by HCM Strategists / Lumina Strategy Labs

1	Established completion or attainment goals are linked to the model.	Aligned
2	Recurring base funding is distributed and is sustained over consecutive years.	Aligned
3	A significant level of funding is distributed.	Aligned
4	Limited, measurable metrics are used, with degree/credential completion being prioritized.	Aligned
5	Institution mission is reflected through varying weights, scales or metrics.	Partially Aligned
6	The funding structure is formula-driven to ensure incentives for continuous improvement.	Aligned
7	Success of underrepresented students is prioritized.	Aligned
8	The model is stable, both in year-to-year fluctuations and during initial implementation.	Partially Aligned

# INDEPENDENT ASSESSMENT OF THE PROPOSAL

By HCM Strategists / Lumina Strategy Labs



## ***Scott Boelscher, Senior Associate***

Scott Boelscher is a senior-level associate with HCM's higher education policy team, providing clients with high-level strategic advice in the areas of budgeting, state policy and finance. He works with several of HCM's clients, including Lumina Foundation and the Bill and Melinda Gates Foundation.

Prior to joining HCM, Scott served as a senior associate of budget and finance for the Kentucky Council on Postsecondary Education, advising the Commission on matters of strategic planning, budget development, policy setting, legislative affairs and communications. Scott produced analyses of fiscal policy issues, including outcomes-based funding, tuition, financial aid, enrollment trends, and state support, as well as managing Kentucky's "Bucks for Brains" endowment match program. Scott also served as a liaison to the legislature, managing legislative requests and briefing legislators on various postsecondary policy issues.

Scott previously served as director of fiscal analysis and facilities planning with the Tennessee Higher Education Commission, where he co-designed the Tennessee Higher Education Outcomes-Based Funding Formula, provided all related management and advised multiple states on the development and implementation of outcomes-based funding models.

Scott earned his bachelor's degree in Economics from the University of Kentucky. He received his master's degree in Public Policy from Vanderbilt University.

Scott lives in Lexington, Kentucky with his wife and three children. He enjoys hiking and rock climbing in Kentucky's Red River Gorge and singing Dolly Parton songs with his daughter.

# ADDITIONAL INFORMATION

Copies of this presentation, the original proposal, the public comment document and the HCM Strategists / Lumina Strategy Labs Report are available for download at:



<http://www.wvhepc.edu/resources/reports-and-publications/>

For questions or additional  
information related to this report, contact:

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Senior Director of Research and Policy

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# EXCLUSIONS

## Special-Purpose Funding **Excluded** from Model Calculations

<b>West Virginia University</b>	<b>\$42,748,158</b>
Jackson's Mill	\$480,879
State Priorities - Brownfield Professional Development	\$316,556
WVU Health Sciences	\$16,778,145
Rural Health Outreach Program	\$162,520
WVU Health Sciences - Charleston Division	\$2,218,598
WVU Health Sciences - Eastern Division	\$2,158,359
BRIM Subsidy	\$1,203,087
West Virginia University Health Sciences Rural Health Initiative Program and Site Support (Lottery Funds)	\$1,132,812
MA Public health Program and Health Sciences Technology (Lottery Funds)	\$52,445
Health Sciences Career Opportunities Program (Lottery Funds)	\$325,138
HSTA Program (Lottery Funds)	\$1,680,240
Center for Excellence in Disabilities (Lottery Funds)	\$303,739
Soft Drink Tax Appropriation	\$15,935,640
<b>Marshall University</b>	<b>\$16,159,902</b>
Brownfield Professional Development	\$309,606
WV Autism Training Center	\$1,742,215
VISTA E-Learning®	\$229,019
Marshall University Graduate College Writing Project	\$25,412
Luke Lee Listening Language and Learning Lab	\$96,203
Marshall University School of Medicine (Lottery Funds)	\$11,774,743
Rural Health Initiative Program and Site Support (Lottery Funds)	\$408,216
Vice Chancellor for Health Sciences - Rural Health Residency Program	\$166,770
Marshall University Rural health Outreach Program	\$156,022
Forensic Lab	\$226,009
Center for Rural Health	\$153,075
Marshall University Brim Subsidy	\$872,612
<b>West Virginia State University</b>	<b>\$1,586,340</b>
Land Grant Match	\$1,586,340



For questions or additional  
information related to this report, contact:

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# Student-Focused Funding

for West Virginia Public Higher Education

West Virginia Higher Education Policy Commission

August 24, 2018