



# MEMORANDUM

TAB F

November 8, 2019

## USHE – Growth Funding Task Force

In July 2019, the Board of Regents created a task force to study the adoption of a model for funding growth in the USHE system. The Task Force, comprised of Regents and institutional representatives, met in September 2019 and reviewed a proposal by the Commissioner's Office and offered suggestions for improvement. The updated model was presented to the Finance and Facilities Committee in the October 11 meeting and the Committee recommended the revised model be submitted to the full Board of Regents for consideration as a statutory adjustment to USHE budget requests and funding.

The revised model includes two cost models: 1. direct instructional costs only and 2. a full cost model. The full cost model includes direct instruction costs in addition to: institutional support (administration), academic support (libraries, academic administration, etc.), student services, and physical plant.

After exploring of the possibility of passing legislation in the 2020 General Session to adopt this model for the System, initial conversations indicate that this issue will be overshadowed by other education matters this year and that next year will be a better time for the proposal. The Commissioner's Office therefore recommends using the proposed growth funding model to create a budget request using direct instructional costs only to be included in the USHE legislative budget request for FY 2020-21.

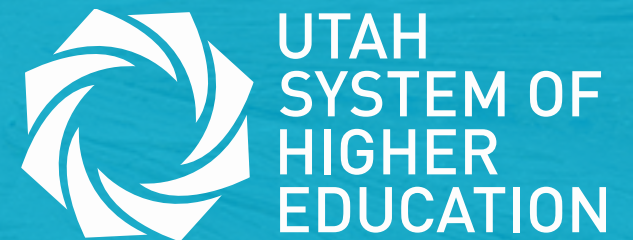
### **Commissioner's Recommendation**

The Commissioner recommends the Board review the model proposed by the Growth Funding Task Force and adopt an additional budget request for the 2020 General Session using direct instruction-only costs to estimate USHE institutional growth funding.

### **Attachment**

# USHE GROWTH FUNDING

November 15, 2019



# Growth Funding Model Requirements

- Simple
- Transparent
- Based on FTE Growth
- Provides Institutions Adequate Resources to accommodate growth in student population



# Growth Funding Model

## Funding as Institutions hit Milestones of new Student FTE

- Student FTE:
    - Budget-Related
    - Resident
    - Annualized Actual
      - Calendar Year
      - Spring/Summer/Fall
    - Course Level
      - Vocational (credit)
      - Lower Division
      - Upper Division
  - Milestone: 100 FTE
- Based on USHE Instruction/Full Cost Study
    - Average across all USHE
    - Undergraduate
      - Lower Division - \$3,918 average
      - Upper Division - \$7,083 average
  - Pro-Rated for Tax Funding
    - 50% for Research
    - 55% for Regional
    - 70% for Community Colleges
  - Adjusted for Institutional Size
    - 100% for > 10,000 FTE
    - 115% for 6,000 to 10,000 FTE
    - 120% for 3,000 to 6,000 FTE

# Growth Funding Numbers 2018 and 2019

Preliminary Estimates – Draft – Not Final

Baseline - Calendar Year Annualized 2018 Budget Related Resident FTE								
Course Level	UU	USU	WSU	SUU	DSU	UVU	Snow	SLCC
Vocational	-	792	3,352	479	852	4,340	708	5,067
Lower Division	8,289	8,420	5,837	2,943	3,156	10,334	2,413	8,779
Upper Division	9,810	6,480	3,402	1,703	1,232	5,807	72	-
Calendar Year 2019 Annualized Budget Related Resident FTE								
Course Level	UU	USU	WSU	SUU	DSU	UVU	Snow	SLCC
Vocational	-	821	3,391	505	955	4,488	689	4,906
Lower Division	8,374	8,379	5,894	3,097	3,128	10,570	2,448	8,732
Upper Division	9,868	6,634	3,470	1,795	1,357	6,135	78	-
FTE Growth								
Course Level	UU	USU	WSU	SUU	DSU	UVU	Snow	SLCC
Vocational	-	-	-	-	100	100	-	-
Lower Division	-	-	-	100	-	200	-	-
Upper Division	-	100	-	-	100	300	-	-

Preliminary Estimates – Draft – Not Final

# Direct instruction vs. Full Cost

- Full cost includes Direct Instruction costs plus:
  - Institutional Support
    - Administration, Finance, Legal, Development
  - Academic Support
    - Libraries, Media/AV/IT, Academic Administration
  - Student Services
    - Counseling, Financial Aid, Admissions, Records
  - Physical Plant
    - Utilities, Operation and Maintenance

# Growth Funding Calculations

Proportion of Tax Funds				Adjustment for Size			
Course Level	Research	Regional	Comm. Colleges	FTE	Research	Regional	Comm. Colleges
Vocational	50%	55%	70%	3,000-6,000			120%
Lower Division	50%	55%	70%	6,000-10,000		115%	
Upper Division	50%	55%		>10,000	100%	100%	100%

Direct Instruction Expenditure per FTE		Full Cost Expenditure per FTE	
Course Level	Average	Course Level	Average
Vocational	\$ 5,414.14	Vocational	\$ 10,548.14
Lower Division	\$ 3,918.38	Lower Division	\$ 9,088.13
Upper Division	\$ 7,083.43	Upper Division	\$ 12,296.00

# 2019 Growth Funding Instruction Only

Growth Funding - Direct Instruction																
Course Level		UU		USU		WSU		SUU		DSU		UVU		Snow	SLCC	
Vocational	\$	-	\$	-	\$	-	\$	-	\$	342,000	\$	298,000	\$	-	\$	-
Lower Division	\$	-	\$	-	\$	-	\$	248,000	\$	-	\$	431,000	\$	-	\$	-
Upper Division	\$	-	\$	354,000	\$	-	\$	-	\$	448,000	\$	1,169,000	\$	-	\$	-
Total Funding	\$	-	\$	354,000	\$	-	\$	248,000	\$	790,000	\$	1,898,000	\$	-	\$	-

**\$3,290,000**



# 2019 Growth Funding Full Cost

Growth Funding - Full Cost																	
Course Level		UU		USU		WSU		SUU		DSU		UVU		Snow		SLCC	
Vocational	\$	-	\$	-	\$	-	\$	-	\$	667,000	\$	580,000	\$	-	\$	-	
Lower Division	\$	-	\$	-	\$	-	\$	575,000	\$	-	\$	1,000,000	\$	-	\$	-	
Upper Division	\$	-	\$	615,000	\$	-	\$	-	\$	778,000	\$	2,029,000	\$	-	\$	-	
Total Funding	\$	-	\$	615,000	\$	-	\$	575,000	\$	1,445,000	\$	3,609,000	\$	-	\$	-	

\$6,224,000

# Recommendation

- Adopt Growth Funding as a Regent budget priority
  - \$3.3 million for the Instruction-Only model OR
  - \$6.2 million for the Full Cost model
- Legislation to adopt Growth Funding ongoing is unlikely this year

