The Elements of Finance Policy

- **Students**
  - Tuition & Fees
  - Scholarships & Waivers
  - Pell & Tax Credits

- **Philanthropy & Other Sources**

- **Federal Government**

- **States**
  - Operating Support -- Outcomes-Based Funding as One Component

- **Institutions - Sectors**
  - Student Aid

- **Outcomes**
The Elements of a Financing Strategy

- Appropriations to institutions
- Tuition
- Student financial aid
- Improvements to institutional productivity
Components of State Funding of Institutions

Mission Funding – maintaining existing capacity

Capacity-Building
• Capital
• Programs
• Delivery Modes
• Infrastructure

Outcomes
Major Takeaways from the October 30 OPM Presentation

“How the State Funds Higher Education Institutions”
State Support for Higher Education Institutions Comes in Four Ways

- Direct appropriations to public institutions (Block Grants)
- Indirect appropriations to public institutions (GF Fringe Benefit Support)
- Bonding for capital improvements at public institutions
- Direct appropriations for student financial aid to Connecticut students attending public or private institutions in the state
Funding for Fringe Benefits a Complicating Issue

- Benefits for employees on GF Block Grant paid via comptroller’s fringe benefit accounts
- Benefits for employees not on GF block grant are paid by revenues from
  - Tuition
  - Research grants
  - Clinical practice
- Effective rate is ≈80%
- Implications
  - Current students’ tuition is paying for former employees’ benefits
  - Universities less price competitive – in competition for research grants
  - Having state directly appropriate funds for this purpose would result in
    - Current students paying for current costs
    - Eliminate “charge back”
Funding for Fringe Benefits a Complicating Issue
(continued)

- Block grant funding is
  - Incremental
  - Based on “roster” costs and collective bargaining increases
  - Adjusted ± based on state’s ability to pay

Implications
- Block grant funding is
  - Driven by staffing numbers and collective bargaining
  - Disconnected from enrollment/workload changes and from strategic plan priorities
From the Background Data Provided

- State funding for need-based aid has been decreasing
- Implications
  - Institutions are diverting resources to provide (taking over what should be a state responsibility)
  - Students in institutions with fewer resources are disadvantaged
Back to a Focus on Outcomes-based Funding
An NCHEMS Comment

It’s hard to stay focused on outcomes-based funding element if mission/base funding element is in need of repair/attention.
Minimum Requirements for Outcomes-based Component Specified in Statute

- Rewarding public and independent institutions for
  - Increasing number of degrees awarded to residents of the state
    - special emphasis on
      - Areas with workforce shortages
      - Students from underrepresented populations
    - Increasing business activity in state through research
- Rewarding public institutions for increasing their productivity
  - Decreasing cost of earning a degree
Design Principles

• For Four-year institutions
  1. Increase in number of degrees produced – most recent year relative to average of prior three years
     • Baccalaureate
     • Masters
     • Doctoral & First Professional

• For Two-Year institutions
  2. Increase in number of degrees produced – most recent year relative to average of prior three years
     • Associates
     • Certificates in selected fields
     • Transfers with at least 30 credits to an in-state four-year institution
  3. Increase in number of students successfully completing first college-level English and Mathematics courses

• For ALL institutions
  4. Value of a completion is weighted 1.5(?) for awards in workforce shortage areas as defined by the Planning Commission
  5. Value of a completion is weighted 1.5 (?) for awards to students from underrepresented populations as defined by the Planning Commission
     • Low income/Pell recipients (?)
     • Minorities (?)
Design Principles

- For all Research Universities
  6. Increase in dollar value of externally funded research - must recent year relative to average of prior three years
    • Value of 2.0 (?) is applied to research funds received from in-state funders
  7. Other measures of contributions to economic vitality?
    • Licensure revenues?
    • Employment in in-state spin-off companies?

- For all Public Institutions
  8. Decreases in (tuition & fee plus state appropriation) revenues per completion. Where completer is defined as:
    • Degree recipient for 4-year institutions
    • Degree recipient, certificate recipient (in selected fields), or transfer with 30 or more credits for 2-year institutions
  9. Increase in number of undergraduate completers per 100 FTE UG enrollees
Implementation Principles

1. Performance scores/allocations are calculated separately for each institution
2. Results are aggregated for
   - UCONN
   - CSUC – 4-Year
   - CSUC – 2-Year
   - Charter Oak
3. Allocations are made at the aggregate level to the appropriate governing board
4. Governing boards make allocations to institutions