

# LEGISLATIVE OVERSIGHT COMMISSION ON EDUCATION ACCOUNTABILITY

Senate Finance Committee Room  
May 21, 2018

- **Interim Report on Higher Education Funding Model Study** 1  
Dr. Chris Treadway, Senior Director of Research and Policy



West Virginia  
Higher Education  
Policy Commission





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**Report to the Legislative Oversight Commission  
on Education Accountability**

**May 21, 2018**

**Interim Report on Higher Education Funding Model Study**





West Virginia Higher Education Policy Commission  
West Virginia Community and Technical College System



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MEMORANDUM

TO: Legislative Oversight Commission on Education Accountability

FROM: Chris Treadway, Ed.D.  
Senior Director of Research and Policy

DATE: May 21, 2018

RE: Interim Report on Higher Education Funding Model Study

House Bill 2815, enacted during the 2017 regular session of the West Virginia Legislature, directed the West Virginia Higher Education Policy Commission (Commission) to engage in a study of the allocation of general revenue funds to public colleges and universities. Lawmakers expressed concerns that the current system – which sets institutional base budgets based on the previous year’s appropriation and a subjective evaluation of individual institutional requests – has, over time, created significant disparities in institutional funding across both the two- and four-year systems. Tables 1 and 2 below show per full-time equivalent (FTE) funding levels for each of the state’s public colleges and universities calculated using total FTE enrollment (resident and non-resident students combined) and West Virginia resident FTE enrollment. In the four-year system, funding levels range from \$4,494 per West Virginia resident FTE at Concord University to \$9,046 per resident FTE at West Virginia University Institute of Technology. Similar disparities exist in the two-year system, where Blue Ridge Community and Technical College receives approximately \$2,668 per resident FTE, while Southern West Virginia Community and Technical College receives a general revenue appropriation of \$6,430 per resident FTE.

Table 1: State Appropriations per Full-Time Equivalent (FTE) Student at WV Public Four-Year Institutions

	2016-17 Annualized FTE				
	FY18 Base Budget	Enrollment		Base Appropriation per FTE	
		All Students	WV Residents	All Students	WV Residents
<b>Four-Year Institutions</b>	<b>\$229,434,536</b>	<b>58,867</b>	<b>36,461</b>	<b>\$3,898</b>	<b>\$6,293</b>
Bluefield State College	\$5,379,199	1,203	1,028	\$4,471	\$5,233
Concord University	\$8,278,077	2,217	1,842	\$3,734	\$4,494
Fairmont State University	\$14,579,417	3,639	3,171	\$4,006	\$4,598
Glennville State College	\$5,622,099	1,217	998	\$4,620	\$5,633
Marshall University*	\$54,940,572	12,125	8,864	\$4,531	\$6,198
Potomac State College of WVU	\$3,650,589	1,130	802	\$3,231	\$4,552
Shepherd University	\$9,360,954	3,163	2,039	\$2,960	\$4,591
West Liberty University	\$7,592,683	2,226	1,450	\$3,411	\$5,236
West Virginia State University**	\$9,514,960	2,252	1,938	\$4,225	\$4,910
West Virginia University***	\$103,079,979	28,579	13,507	\$3,607	\$7,632
WVU Institute of Technology	\$7,436,007	1,116	822	\$6,663	\$9,046

Table 2: State Appropriations per Full-Time Equivalent (FTE) Student at WV Public Two-Year Institutions

	2016-17 Annualized FTE				
	FY18 Base Budget	Enrollment		Base Appropriation per FTE	
		All Students	WV Residents	All Students	WV Residents
<b>Two-Year Institutions</b>	<b>\$54,637,860</b>	<b>12,118</b>	<b>11,212</b>	<b>\$4,509</b>	<b>\$4,873</b>
Blue Ridge CTC	\$4,880,509	1,980	1,829	\$2,465	\$2,668
BridgeValley CTC	\$7,158,055	1,395	1,364	\$5,131	\$5,248
Eastern West Virginia CTC	\$1,751,421	346	341	\$5,062	\$5,136
Mountwest CTC	\$5,314,947	1,455	1,197	\$3,653	\$4,440
New River CTC	\$5,247,765	1,167	1,155	\$4,497	\$4,544
Pierpont CTC	\$6,989,036	1,343	1,267	\$5,204	\$5,516
Southern West Virginia CTC	\$7,626,471	1,263	1,186	\$6,038	\$6,430
West Virginia Northern CTC	\$6,583,128	1,260	1,048	\$5,225	\$6,282
WVU at Parkersburg	\$9,086,528	1,909	1,825	\$4,760	\$4,979

Changes in the state’s demographics and population and subsequent enrollment shifts at our institutions have not historically been given much consideration in the budgeting process. Over time, those changes have resulted in the disparities we see today.

In accordance with the Legislature’s mandate, the Commission began work in the summer of 2017 to develop a comprehensive proposal for a new funding formula that will:

- focus **state taxpayer dollars** on educating West Virginia **resident** students, consistent with West Virginia Code §18B-1D-3(a)(2)(B)(ii);
- provide the West Virginia 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 on **reliable metrics** drawn from **existing data resources without increasing the reporting burden on the institutions**;
- be **straightforward** and **easy to understand**;
- be **transparent** and **auditable**;
- promote **innovation** and **student success**; and
- **reward** institutional successes with additional funding.

Our efforts to develop this model have been ongoing since summer of 2017. Figure 1 shows a timeline of the major tasks we have accomplished to date, beginning in June 2017 with an extensive examination of funding models used in other states. Throughout the late summer and early fall of last year, Commission staff continued our research and began conducting mathematical modeling exercises to determine the extent to which specific factors like enrollment, degree production, graduation rates, developmental education success rates, and others might affect a potential model. We also visited with legislative leaders and representatives of the Governor’s Office to solicit input and discuss the proposed timeline for our work.

Throughout the month of November, we hosted a series of nine individual webinars with the executive leadership teams of each public four-year institution to discuss the Legislature’s expectations, a proposed project timeline, and recommendations for the specific data elements that would drive a new funding formula. Institutional leaders were encouraged to share their initial thoughts and ideas during the webinar meetings, followed by formal feedback as the work progressed into 2018.

On December 29, 2017, the Commission submitted an interim report to the Legislative Oversight Commission on Education Accountability and the Joint Committee on Government and Finance. A report

and formal presentation were also delivered at the March 23, 2018 meeting of the West Virginia Higher Education Policy Commission. A copy of the Commission presentation, which includes our preliminary recommendations for a funding formula for the state’s baccalaureate institutions, is available for review at <http://www.wvhepc.edu/wp-content/uploads/2018/03/FundingModelPresentation.pdf/>

Members of the public were invited to review the proposal and submit feedback during a formal public comment period from March 23 to April 27, 2018. The Commission received more than 1,400 written comments, which will be released to the public prior to the June 22, 2018 Commission meeting. Efforts to review and consider each recommendation are ongoing.

As our work to develop a four-year funding formula continues, we are also engaging leaders from the state’s two-year public institutions in the design of a formula that recognizes the distinct mission of the Community and Technical College System. Webinars were conducted with the leadership teams of each two-year institution during the week of May 7, 2018. Additionally, the West Virginia Council for Community and Technical College Education (Council) will host a full-day public meeting at Stonewall Resort on June 4, 2018 to gather public feedback on the two-year model.

The Commission looks forward to continuing this important work throughout the summer and expects to deliver a final report to the Legislature in the fall of 2018. In the meantime, I invite you to contact me by telephone at (304) 558-1112 or email at [chris.treadway@wvhepc.edu](mailto:chris.treadway@wvhepc.edu) should you have questions or wish to discuss the proposal in further detail.

June 2017	Commission research staff begins review of other states’ higher education funding models.
July 7, 2017	Effective date of House Bill 2815
August – October 2017	Funding model research continues.  Commission staff use institutional data to conduct mathematical modeling exercises to determine the extent to which factors commonly used by other states will affect a potential model.  Factors are combined into hypothetical models that are later used in preliminary discussions with constituent groups.  Conversations are held with key legislative leaders and Governor’s Office representatives to consider the factors that should be included in a preliminary draft of the funding framework and to discuss the possibility of an extended timeline for the research study.
November 2017	Nine web-based meetings are hosted with the executive leadership teams of each four-year institution between November 8 and 28. Institutional leaders share initial impressions on the proposed framework, and are invited to submit more formal feedback as the process continues through the end of the year and into the second phase of the project.
December 2017	Commission programming and research staff continue mathematical modeling work.
December 29, 2017	Preliminary report on the status of the project is submitted to legislative leadership as required by statute. The report includes a proposal for a modified timeline to extend the work through the end of 2018.

January 2018	<p>Meetings are held with key legislative leaders, legislative staff members and Governor’s Office representatives to gather feedback on the preliminary report submitted on December 29, 2017.</p> <p>Institutions continue to offer feedback on the proposed framework.</p> <p>Work begins on developing a funding framework proposal for the Community and Technical College System.</p>
February 2018	<p>Mathematical modeling work continues.</p> <p>Preparations are made for a formal presentation to the Higher Education Policy Commission.</p>
March 23, 2018	Funding model proposal is presented to the Higher Education Policy Commission as an information item for solicitation of comments.
March 23, 2018 to April 27, 2018	Formal public comment period (four-year model)
April 19, 2018	A presentation is delivered to the West Virginia Council for Community and Technical College Education on the funding formula study and the requirements established in House Bill 2815.
May 2018	Commission staff review public comments and prepare recommendations for modifications to the four-year model.
May 7-11, 2018	Nine web-based meetings are hosted with the executive leadership teams of each two-year institution. Institutional leaders share initial impressions on the proposed framework, and are invited to submit more formal feedback as the process continues through the end of the year and into the second phase of the project.
June 4, 2018	The West Virginia Council for Community and Technical College Education hosts a full-day funding model summit at Stonewall Resort. This meeting is open to the public.
June 22, 2018	An updated four-year proposal is presented for consideration by the Higher Education Policy Commission.
June to August 2018	Work continues to finalize recommendations for two- and four-year funding models.
Fall 2018	A final report is submitted to the Legislative Oversight Commission on Education Accountability and the Joint Committee on Government and Finance.