



Docket Item:

Community College Support Fund Distribution: Growth Management Component

Summary:

This item provides background information on the HECC Biennial Quality Growth Factor, a component of the Community College Support Fund (CCSF) that requires HECC action.

Docket Material:

According to OAR 589-002-0120 6(c)(C)(ii):

(C) The state board has authority, on a biennial basis to, set the “quality growth factor” that may increase or decrease the number of FTE that will be counted for funding purposes above or below the Biennial Growth Management Component. The state board will consider the following principles as guidelines for setting the “quality growth factor”:

- (i) Balance the desire to support growth beyond that which is funded through the funding formula distribution model with the desire to enhance quality by increasing the level of funding provided on a per-student FTE basis.
- (ii) The TPR per FTE should not erode by more than 5% on an annual basis.
- (iii) Where current TPR per FTE is determined to be insufficient to support the “quality of education” desired, a growth factor could be established that would increase the TPR per FTE.
- (iv) If revenue is significantly reduced during a biennium, the Board may reduce the “quality growth factor.”

The table below describes the methodology for calculating funding per FTE and is based on a HECC Biennial Quality Growth Factor of 0.0%. This scenario increases the value of an FTE at Current Service Level for 2017-19 (4.7%). Based on OAR 589-002-0120, the Total Public Resources per FTE should not erode more than 5%. For the 2017-19 biennium, that would be a floor of \$3498. The calculation is predicated on a 1% Strategic Fund for 2017-19.

If HECC were to apply a negative Quality Growth Factor, the value of each FTE would increase, but the number of fundable FTE would go down. If the HECC were to apply a positive Quality Growth Factor, the value of each FTE would decrease, but the number of fundable FTE would go up, allowing community colleges growth to be state funded.

Due to predicted stability in enrollment and funding, the Oregon Presidents Council (OPC) has recommended a 0.00% Biennial Quality Growth Factor for the 2017-19 biennium.

HIGHER EDUCATION COORDINATING COMMISSION

April 12, 2017

2017-19 Biennial Growth Management Calculation			
		Source: S. Violette, 4/7/17	
A	Funded Annual Base FTE <i>Used in Weighting</i>	121,917	Funded actual FTE Allowed in Base Year 2016-17 used for weighting
B	Annual Base Total Public Resources (TPR)	428,793,588	For 2017-19 Fiscal Year 2016-17 TPR Thereafter, the prior biennium's TPR annualized
C	Annual Base TPR Per Funded FTE	3,517	Calculated (B/A)
D	Current Service Level Inflation	4.70%	DAS 2017-19 CSL Inflation
E	Cost Adjusted TPR Per <u>Funded</u> FTE	3,682	Calculated (C*(1+D))
F	Annual TPR	448,197,195	2017-19 CCSF Formula Distribution Model - TPR Annualized (GBB)
G	<u>Preliminary</u> Funded FTE <i>Used for Weighting</i>	121,727	Calculated (F/E)
H	BASE <u>Biennial</u> Growth Management Component	-0.16%	Calculated (G-A)/A
I	HECC Biennial Quality Growth Factor	0.00%	HECC Decision Point
J	Total Biennial Growth Management Component (net)	-0.16%	Calculated (H+I)
K	Annual Growth Factor	-0.08%	Calculated (H+I)/2
L1	FY18 FTE Funded <i>Used for Weighting</i>	121,819	Calculated (A)*(1+K)
L2	FY19 FTE Funded <i>Used for Weighting</i>	121,722	Calculated (A)*(1+J)
M	Final TPR per Funded FTE	3,682	Calculated (F/L)

2017-19 Total Public Resources	
CCSF Funding Formula (Calc 8th Qtr Payment 17-19)	\$ 539,381,973
Property Tax from CSL Calculation Est. from Tax Tab	\$ 357,012,417
Total	<u>\$ 896,394,390</u>
Half of Total for Annualized TPR	\$ 448,197,195

Staff Recommendation:

Information item. HECC Biennial Quality Growth Factor will need to be set no later than the June HECC meeting.