
Docket Item:

Student Success and Completion Model (SSCM) Review

Summary:

In an effort to simplify and modernize mission differentiation funding, a number of considerations can be taken in to account. This docket item outlines some options for accomplishing both objectives.

Mission Differentiation Funding:

Mission Differentiation Funding supports the unique activities of each university. There are three components including mission support, regional support, and research support.

Currently in rule there are 33 items totaling \$69 million. Many of the line items are the result of prior decision making. When the SSCM was created, many of the items were carried over from the previous distribution model called the Resource Allocation Model (RAM) that had been in use for many years. In an effort to modernize, the design should be aligned with the goals of each component.

Mission Support

The goal of mission support is to support each institution's unique mission. This includes public services that each institution provides. The HECC does not specify or track the distribution and use of funding.

Since the funding formula was realigned around outcomes, many of the line items that provide funding for academically oriented programming could be removed from mission differentiation. As a result, an institution would earn funding through the outcomes portion of the formula for these programs instead.

Currently there are 10 items totaling \$19 million in mission support that could be considered academic in nature. The funding associated with the remaining line items could be combined in to one amount for each institution that would serve as a block grant to be used to support institution specific missions. The total amount could then be adjusted based on the needs of each institution.

A biennial reporting requirement could be included allowing each institution the opportunity to provide feedback on those public services provided and the resulting stakeholders served.

Regional Support

Regional support provides core support for regional institutions with smaller enrollment bases to ensure geographic access to public higher education for all Oregonians. Regional support could act as a base funding amount that provides stability and predictability in support of essential district operations including those fixed costs that are independent of enrollment.

The community college funding formula offers an illustrative example of how this could work. Funding could be based on FTE enrollment with an institutional size factor included. The funding per FTE could be determined similar to that of the community college formula.

The community college formula provides \$910 per FTE for base funding which is roughly 15% of total public resources per FTE. A similar amount for the public universities would be \$3,600. That amount could be adjusted for inflation going forward.

The institutional size factor could be based on the FTE count similar to the community college formula. The scale is inverted so that the smaller the institution, the larger the factor.

FTE Count	Factor
0 – 1,000	1.3
1,001 – 2,000	1.2
2,001 – 3,000	1.1
3,001 – 4,000	1.0
4,001 – 5,000	0.9

Funding would no longer be available after the institution reaches an enrollment of 5,000 FTE. The funding received would be based on the following formula:

Funding per FTE * current FTE count * size factor = Regional Support

Example Calculation for an Institution with 2,133 Current FTE:

$$\$3,600 * 2,133 * 1.1 = \$8,446,680$$

The concept is to provide stable funding for those fixed costs that are independent of enrollment. Smaller institutions often lack the economies of scale needed to spread fixed costs out over a larger number of students thereby lowering the incremental cost. As a result, they often rely on tuition to cover those expenses. Providing a stable funding base in this manner could allow the smaller institutions a way to offer more affordable tuition rates as a result.

Research Support

In the current formula, the goal of research support is to provide an incentive to attract additional sponsored research to the campuses, as well as to provide additional research support to institutions on the basis of instructional faculty salaries. There are a couple of options to consider.

One option would be to continue the goal of providing an incentive to attract matching dollars by employing more of a formula-driven approach. A simple formula could include a funding amount per FTE faculty. If we were to assume the same funding amount as in the regional support formula, it would look like this:

FTE Faculty * funding per FTE = Research Support

Example Calculation for an Institution with 128 Current FTE faculty:

$$128 * \$3,600 = \$460,800$$

Another option is to discontinue funding research through mission differentiation. The goal would be to establish a policy of having research funded outside of the formula with the Legislature establishing the desired research outcomes via each appropriation. This would enable the State to focus on student outcomes with the SSCM and research outcomes with specific appropriations separate from the formula.

Staff Recommendation:

For discussion purposes only.