



Higher Education Funding Formula Summary

The Legislative Committee to Study the Funding of Higher Education (Chapter 375, *Statutes of Nevada 2011*) provided the Legislature with a recommendation for a new funding formula that fairly and equitably distributes State funding among Nevada's public higher education institutions. Taking into account the comments from the interim committee, the public testimony, the reports of SRI International and the National Governors' Association (NGA), the NSHE believes the new formula, as recommended by Governor Sandoval and approved by the 2013 Legislature fully captures the deliberations and final decisions of the interim committee, and strongly supports the new formula that incorporates these concepts.

The new model is based upon the belief that state funding must be equitable to all institutions, simpler and more transparent than the old formula, aligned with the goals of the State, and based upon national best practices in higher education financing and the commitment of Nevada to the goals of Complete College America.

The new funding model as adopted consists of two basic components – a base formula driven primarily by course completions and a performance pool driven by performance metrics that align with the goals of the State. Each is summarized below.

The Base Formula. The base formula allocates state resources (general fund dollars) to teaching institutions based upon completed courses as measured by student credit hours. Student credit hours are weighted by discipline cluster in an expanded matrix that is cost informed and was independently developed by the National Center for Higher Education Management Systems (NCHEMS). As a result of Committee and Legislative deliberations, the working definition of completion evolved to exclude F grades that result from non-attendance. This will be applied prospectively in Fall 2013 for future biennial budgets (this treatment is consistent with the treatment of completions for veterans by the U.S. Department of Veterans Affairs). Because all institutions did not have complete data on F's for non-attendance, the 2013-15 biennium budgets include all F grades. Similarly, as a result of the deliberations of the Committee, upper-division and graduate courses were given an additional weighting to support the research mission of UNR and UNLV.

Funding is determined by measuring work completed, with funding set-aside to support small community colleges and the operations and maintenance of dedicated research space at UNLV and UNR. A fundamental premise of the new formula remains the campus retention of fees and out of state tuition collected without offset to state general fund appropriations. Completions for nonresidents are therefore excluded from the tally of completed student credit hours and are not funded by the state.

The complex set of drivers from the old formula for administrative support, institutional support, libraries, operations and maintenance and the like are compressed into the single driver of work completed, measured by weighted student credit hours (WSCH). State support, when combined with student fee revenues generated by an institution, represents the total funding available to an institution in a given fiscal year. Each institutional President is responsible for recommending to the Board of Regents for approval the allocation of these resources to the various functional areas (instruction, academic support, student services, etc.) within the college or university budget. Institutional Presidents will have flexibility in establishing a budget plan and institutional priorities, but will also be held accountable for final performance outcomes as measured by student success, increased grant funding, alignment with state goals and the like.

See **Appendix A** for the weighting matrix based on the above principles.

Performance Pool. The adoption of the NSHE’s Performance Pool came about as part of the funding formula study. The interim committee was specifically charged with considering methods for rewarding institutions for graduating students, which ultimately resulted in this performance-driven initiative.

Throughout the funding formula study, it was understood that there would be no additional state funding allocated to NSHE institutions through the Performance Pool. Therefore, the Performance Pool is based on a carve-out of state funds over an initial four-year implementation period. In the first year (FY 2015) the carve-out from base state funding is 5 percent, 10 percent in the second year, 15 percent in the third year, and finally 20 percent in the fourth year (FY2018). The carve-out percentage will be set aside and depending on an institution’s performance in a prior year they can “earn back” the set aside funds.

Institutions compete against themselves in separate institutional pools, and an institution’s performance is measured based on seven metrics (two of which have sub-metrics for under-served populations). The majority of the metrics are based on the number of students graduating, including metrics for students graduating in defined populations (underserved populations, STEM, allied health, etc.). Each institution is allowed to select one field (based on a two digit Classification of Instructional Program (CIP) code) that supports economic development for which it may receive additional points.

A weight (percent) is applied to each metric. The individual weights for the metrics total 100 percent and are intended to signify importance or priority of the metrics. From the application of the weights, the Performance Pool sends a clear message that the top priority is graduating students. In addition, increasing sponsored project activity, transfer and articulation, and general efficiency are encouraged.

Institutions will earn the performance funds for any given fiscal year based on performance in a prior academic year. For all existing data outcomes the data for any given academic year is available in late November of the following fiscal year. The following table indicates the performance year of measure and the respective fiscal year when the earned performance pool funds will be distributed.

Base Year	Year of Measure	Distribution Year
2011-12	2012-13 (FY2013)	FY2015
	2013-14 (FY2014)	FY2016

The performance year of measure is prior to the distribution year to ensure that institutions know in advance of the fiscal year what performance funds will be available for their budget. Metrics and point targets will be revisited by the Board of Regents at the end of every two-year performance cycle.

Institutions that do not earn 100 percent of their performance funds in the first year of the performance cycle will be given the opportunity to earn back those funds in the second year of the cycle. For example, for an institution who fails to meet its point targets in the first year, the unearned performance funds would carry forward to the second year where the institution could earn those funds back if it over-performs in year two. In other words, the institution would have to exceed its year two target. In the event that there are performance funds that are unearned at the end of the second year of the performance cycle, unearned funds will be distributed to all institutions for need-based financial aid. Because there are many “working poor” in Nevada who do not qualify for Title IV Federal Student Aid the institutions may determine students of need independent of Title IV guidelines.

See **Appendix B** for the Performance Pool metrics by institution and a report of actual performance for FY 2012-13 & performance pool funding for FY 2014-15.

Formula Set-Asides. The new formula includes two areas of funding that are outside the primary WSCH calculation. First is the small institution factor. Recognizing that all institutions have certain fixed administrative costs regardless of size, the formula model includes a direct appropriation for small institutions to offset these fixed costs. The small institution factor phases out as WSCH grows between 50,000 and 100,000 WSCH, when it reaches zero and is eliminated completely.

The second set-aside is for university operation and maintenance (O&M) of research infrastructure space. While research infrastructure is a critical component of the universities' missions and related instructional activity, it does not directly generate WSCH in the same way traditional instruction does (which is reflected in the additional research mission weightings for university upper-division and graduate course WSCH). As such, the 2013 Legislature approved direct funding for research infrastructure O & M at both research universities, including a permanent augmentation of \$1.7 million for UNLV. For the 2013-15 biennium only, a portion of this set-aside was funded through a temporary reduction to state support at CSN and NSC.

Implementation. Implementation of a new formula, effective July 1, 2013, within existing appropriation levels necessarily triggered reallocation of resources. With the new model, the resource reallocation resulted in significant budget reductions to all northern institutions which could have impacted the viability of northern community colleges to continue to serve their respective service areas. As a result, the Committee recommended to the Governor, Board of Regents, and ultimately the 77th Session of the Nevada Legislature that general funds be appropriated to hold the institutions losing significant funding harmless for the 2013-15 biennium. These funds were made available and are reflected as mitigation funding.

See **Appendix C** for the updated distribution effective FY 2013-14.

Summary. This new model will effectively shift the focus of formula funding from inputs (enrollments) to outputs (course completions and performance). It is intended to motivate institutional behavior that will increase degree productivity and contribute to the State's economy, and encourage and reward entrepreneurial actions. Recognizing the public and private benefits of higher education, the proposed formula assumes that the State (in the form of appropriations) and the students (in the form of tuition and fees) each assume a reasonable portion of the total funding for public higher education in Nevada.

Importantly, the NSHE worked closely with the interim committee, Governor Sandoval's Office and the 2013 Legislature to achieve a formula that was equitable and simple. The new formula as summarized in the preceding pages clearly meets that goal.

Funding Model for the Desert Research Institute. During the Interim Study Committee meetings, there was considerable discussion of the difference in mission and operation of DRI and other System institutions. For that reason DRI was not included in the formula models which had generally dealt with the teaching institutions and been based on their teaching function. However, the interim committee did find that DRI's state supported operating budget should be funded, in part, through a funding formula. Thus, recognizing the important role that DRI plays in the economic development goals of the State and understanding that DRI leverages a portion of its budget to grow its research capacity, NSHE proposed a new formula model for the institutional support and research administration functions. The new model is a sliding scale calculation based on the level of grants and contracts activity and would replace current line item funding for these two functions. A summary of the model is included as **Appendix D**.

**NSHE Course Taxonomy
Weights by Discipline Clusters**

COMMUNITY COLLEGES AND STATE COLLEGE

Discipline Clusters	Lower Division	Upper Division	Masters	Doctoral
Liberal Arts, Math, Social Science, Languages, Other	1.0	2.0	4.0	5.0
05. Area, Ethnic, Cultural & Gender Studies	1.0	2.0	4.0	5.0
09. Communication, Journalism and related programs	1.0	2.0	4.0	5.0
16. Foreign Languages, Literature and Linguistics	1.0	2.0	4.0	5.0
19. Family and Consumer Sciences/Human Sciences	1.0	2.0	4.0	5.0
23. English Language & Literature/Letters	1.0	2.0	4.0	5.0
24. Liberal Arts & Sciences, General Studies and Humanities	1.0	2.0	4.0	5.0
25. Library Science	1.0	2.0	4.0	5.0
27. Mathematics & Statistics	1.0	2.0	4.0	5.0
28. Reserve Officer Training Corps	1.0	2.0	4.0	5.0
29. Military Technologies	1.0	2.0	4.0	5.0
30. Multi/Interdisciplinary Studies	1.0	2.0	4.0	5.0
38. Philosophy & Religious Studies	1.0	2.0	4.0	5.0
42. Psychology and Applied Psychology	1.0	2.0	4.0	5.0
45. Social Sciences	1.0	2.0	4.0	5.0
54. History	1.0	2.0	4.0	5.0
99. Honors Curriculum and Other	1.0	2.0	4.0	5.0
Basic Skills Cluster	1.0			
32. Basic Skills	1.5			
Business Cluster	1.0	2.0	4.0	6.0
44. Public Administration & Social Service Professions	1.0	2.0	4.0	6.0
52. Business Management, Marketing & related support services	1.0	2.0	4.0	6.0
Education Cluster	1.5	2.0	2.5	5.0
13. Education	1.5	2.0	2.5	5.0
Services Cluster	1.5	2.0	3.0	4.0
31. Parks, Recreation, Leisure & Fitness Studies	1.5	2.0	3.0	4.0
12. Personal & Culinary Services	1.5	2.0	3.0	4.0
43. Security and Protective Services	1.5	2.0	3.0	4.0
Visual and Performing Arts Cluster	1.5	2.5	5.0	5.0
50. Visual & Performing Arts	1.5	2.5	5.0	5.0
Trades/Tech Cluster	2.0	2.5		
46. Construction Trades	2.0	2.5		
47. Mechanic Repair Technologies/Technicians	2.0	2.5		
48. Precision Production	2.0	2.5		
49. Transportation & Materials Moving	2.0	2.5		
Sciences Cluster	2.0	3.0	5.0	8.0
01. Agricultural, Agriculture Operations & related sciences	2.0	3.0	5.0	8.0
03. Natural Resources & Conservation	2.0	3.0	5.0	8.0
11. Computer & Information Sciences & Support Services	2.0	3.0	5.0	8.0
26. Biological & Biomedical Sciences	2.0	3.0	5.0	8.0
40. Physical Sciences	2.0	3.0	5.0	8.0
Law Cluster	2.0	2.0	4.0	4.0
22. Legal Professions and Studies	2.0	2.0	4.0	4.0
Engineering/Architecture Cluster	2.0	3.0	5.0	8.0
04. Architecture	2.0	3.0	5.0	8.0
14. Engineering	2.0	3.0	5.0	8.0
15. Engineering Technologies/Technicians	2.0	3.0	5.0	8.0
Health Cluster	2.0	2.0	5.0	6.0
51. Nursing, Allied Health, Health Professions	2.0	2.5	5.0	6.0

**NSHE Course Taxonomy
Weights by Discipline Clusters**

UNIVERSITIES

Discipline Clusters	Lower Division	Upper Division	Masters	Doctoral
Liberal Arts, Math, Social Science, Languages, Other	1.0	2.2	4.4	5.5
05. Area, Ethnic, Cultural & Gender Studies	1.0	2.2	4.4	5.5
09. Communication, Journalism and related programs	1.0	2.2	4.4	5.5
16. Foreign Languages, Literature and Linguistics	1.0	2.2	4.4	5.5
19. Family and Consumer Sciences/Human Sciences	1.0	2.2	4.4	5.5
23. English Language & Literature/Letters	1.0	2.2	4.4	5.5
24. Liberal Arts & Sciences, General Studies and Humanities	1.0	2.2	4.4	5.5
25. Library Science	1.0	2.2	4.4	5.5
27. Mathematics & Statistics	1.0	2.2	4.4	5.5
28. Reserve Officer Training Corps	1.0	2.2	4.4	5.5
29. Military Technologies	1.0	2.2	4.4	5.5
30. Multi/Interdisciplinary Studies	1.0	2.2	4.4	5.5
38. Philosophy & Religious Studies	1.0	2.2	4.4	5.5
42. Psychology and Applied Psychology	1.0	2.2	4.4	5.5
45. Social Sciences	1.0	2.2	4.4	5.5
54. History	1.0	2.2	4.4	5.5
99. Honors Curriculum and Other	1.0	2.2	4.4	5.5
Basic Skills	1.5			
32. Basic Skills	1.5			
Business Cluster	1.0	2.2	4.4	6.6
44. Public Administration & Social Service Professions	1.0	2.2	4.4	6.6
52. Business Management, Marketing & related support services	1.0	2.2	4.4	6.6
Education Cluster	1.5	2.2	2.75	5.5
13. Education	1.5	2.2	2.75	5.5
Services Cluster	1.5	2.2	3.3	4.4
31. Parks, Recreation, Leisure & Fitness Studies	1.5	2.2	3.3	4.4
12. Personal & Culinary Services	1.5	2.2	3.3	4.4
43. Security and Protective Services	1.5	2.2	3.3	4.4
Visual and Performing Arts Cluster	1.5	2.75	5.5	5.5
50. Visual & Performing Arts	1.5	2.75	5.5	5.5
Trades/Tech Cluster	2.0	2.75		
46. Construction Trades	2.0	2.75		
47. Mechanic Repair Technologies/Technicians	2.0	2.75		
48. Precision Production	2.0	2.75		
49. Transportation & Materials Moving	2.0	2.75		
Sciences Cluster	2.0	3.3	5.5	8.8
01. Agricultural, Agriculture Operations & related sciences	2.0	3.3	5.5	8.8
03. Natural Resources & Conservation	2.0	3.3	5.5	8.8
11. Computer & Information Sciences & Support Services	2.0	3.3	5.5	8.8
26. Biological & Biomedical Sciences	2.0	3.3	5.5	8.8
40. Physical Sciences	2.0	3.3	5.5	8.8
Law Cluster	2.0	2.2	4.4	4.4
22. Legal Professions and Studies	2.0	2.2	4.4	4.4
Engineering/Architecture Cluster	2.0	3.3	5.5	8.8
04. Architecture	2.0	3.3	5.5	8.8
14. Engineering	2.0	3.3	5.5	8.8
15. Engineering Technologies/Technicians	2.0	3.3	5.5	8.8
Health Cluster	2.0	2.2	5.5	6.6
51. Nursing, Allied Health, Health Professions	2.0	2.2	5.5	6.6

The instructional matrix is divided into eleven discipline clusters that are assigned weights for various course levels (e.g. lower division, upper division, master's, doctoral) using relative cost data from studies conducted in Texas, Illinois, Ohio and Florida. These are states that have successfully used cost studies in formula funding. The matrix is then applied to completions using the NSHE course taxonomy. This matrix assigns weights based on a student's progression to degree completion (e.g. upper division is weighted more than lower division, etc.) and will further provide for funding based on the discipline cluster as recommended by NCHEMS (e.g. clinical and science, technology, engineering and math (STEM) fields will have greater weights than liberal arts).

The completed student credit hours are multiplied by the weight assigned in the instructional matrix to determine the weighted student credit hours for each institution. Weighted student credit hours (WSCH) for each institution will be multiplied by an average *price* that will initially be determined based on the current state appropriation less the cost of any adjustments for small institutions and O&M costs directly related to university research facilities. This average *price* is the amount the formula will generate for each weighted student credit hour – effectively establishing a system-wide price for course completions. The average *price* will be applied to the institutional WSCH to determine base funding for each institution.

NSHE PERFORMANCE POOL (2012-13 Actuals)

UNLV (2% Target)		2011-12 Baseline		2012-13 Actual/Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
Bachelor's Degrees	30%	3,670	1,101.0	3,857	1,157.1		
At-Risk Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	912	273.7	970	290.9		
Master's and Doctoral Degrees	10%	1,370	137.0	1,166	116.6		
At-Risk Master's and Doctoral Graduates (Minority + Pell-Eligible x .4)*	"	231	23.1	235	23.5		
Sponsored/External Research Expenditures in \$100,000's	15%	426.4	64.0	437.3	65.6		
Transfer Students w/a transferable associate's degree	5%	1,628	81.4	1,727	86.4		
Efficiency - Awards per 100 FTE	20%	27.2	5.4	27.2	5.4		
Economic Development (STEM and Allied Health) Graduates	20%	879	175.8	852	170.4		
Economic Development (business and management) Graduates	"	1,504	300.8	1,587	317.4		
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	2,162.2	--	2,233.2	--	0.0
TOTAL WEIGHTED POINTS - TARGET		--	--	--	2,205.4	--	2,249.6
FY 2015 Performance Funding Curve-Out					\$6,521,597		
Percent of Target Achieved					101.3%		
FY2015 Performance Pool Funds Earned Back					\$6,521,597		
*2011-12 points corrected due to error in original institutional file submission							
UNR (2% Target)		Points		Weighted Pts.		Points	
		Weighted Pts.		Points		Weighted Pts.	
Bachelor's Degrees	30%	2,603	780.9	2,759	827.7		
At-Risk Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	398	119.5	513	154.0		
Master's and Doctoral Degrees	10%	774	77.4	790	79.0		
At-Risk Master's and Doctoral Graduates (Minority + Pell-Eligible x .4)	"	93	9.3	120	12.0		
Sponsored/External Research Expenditures in \$100,000's	15%	888.3	133.2	1,017.3	152.6		
Transfer Students w/a transferable associate's degree	5%	1,260	63.0	1,234	61.7		
Efficiency - Awards per 100 FTE	20%	24.9	5.0	25.9	5.2		
Economic Development (STEM and Allied Health) Graduates	20%	1,133	226.6	1,217	243.4		
Economic Development (psychology) Graduates	"	165	33	189.0	37.8		
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	1,447.9	--	1,573.3	--	0.0
TOTAL WEIGHTED POINTS - TARGET		--	--	--	1,476.9	--	1,506.4
FY 2015 Performance Funding Curve-Out					\$4,565,358		
Percent of Target Achieved					106.5%		
FY2015 Performance Pool Funds Earned Back					\$4,565,358		
NSC (4% Target)		Points		Weighted Pts.		Points	
		Weighted Pts.		Points		Weighted Pts.	
Bachelor's Degrees	50%	270	135.0	303	151.5		
At-Risk Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	72	36.2	69	34.6		
Gateway Course Completers	5%	802	40.1	709	35.5		
Transfer Students w/a transferable associate's degree	5%	331	16.6	336	16.8		
Efficiency - Awards per 100 FTE	20%	13.1	2.6	14.4	2.9		
Economic Development (STEM and Allied Health) Graduates	20%	119	23.8	134	26.8		
Economic Development (business and management) Graduates	"	31	6.2	35	7.0		
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	260.5	--	275.0	--	0.0
TOTAL WEIGHTED POINTS - TARGET		--	--	--	270.9	--	281.7
FY 2015 Performance Funding Curve-Out					\$628,433		
Percent of Target Achieved					101.5%		
FY2015 Performance Pool Funds Earned Back					\$628,433		
CSN (2% Target)		Points		Weighted Pts.		Points	
		Weighted Pts.		Points		Weighted Pts.	
1 to 2 Year Certificate	10%	236	23.6	235	23.5		
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)	"	56	5.6	69	6.9		
Associate's and Bachelor's Degrees	30%	2,112	633.6	2,506	751.8		
At-Risk Associate's and Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	492	147.6	718	215.4		
Transfer Students w/24 credits or associate's degree	10%	2,876	287.6	3,254	325.4		
Efficiency - Awards per 100 FTE	20%	11.7	2.3	14.3	2.9		
Gateway Course Completers	10%	12,236	1,223.6	12,604	1,260.4		
Economic Development (STEM and Allied Health) Graduates	20%	736	147.2	780	156.0		
Economic Development (business and management) Graduates	"	454	90.8	520	104.0		
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	2,561.9	--	2,846.2	--	0.0
TOTAL WEIGHTED POINTS - TARGET		--	--	--	2,613.1	--	2,665.4
FY 2015 Performance Funding Curve-Out					\$4,375,933		
Percent of Target Achieved					108.9%		
FY2015 Performance Pool Funds Earned Back					\$4,375,933		

NSHE PERFORMANCE POOL (2012-13 Actuals)

GBC (2% Target)	Weights	2011-12 Baseline		2012-13 Actual/Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
1 to 2 Year Certificate	10%	107	10.7	135	13.5		
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)	"	23	2.3	25	2.5		
Associate's and Bachelor's Degrees	30%	321	96.3	285	85.5		
At-Risk Associate's and Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	67	20.0	54	16.2		
Transfer Students w/24 credits or associate's degree	10%	48	4.8	63	6.3		
Efficiency - Awards per 100 FTE	20%	24.6	4.9	25.3	5.1		
Gateway Course Completers	10%	1,065	106.5	1,215	121.5		
Economic Development (STEM and Allied Health) Graduates	20%	174	34.8	138	27.6		
Economic Development (mechanic and repair technologies) Graduates	"	39	7.8	44	8.8		
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	288.2	--	287.0	--	0.0
TOTAL WEIGHTED POINTS - TARGET		--	--	--	293.9	--	299.8
FY 2015 Performance Funding Curve-Out					\$636,694		
Percent of Target Achieved					97.6%		
FY2015 Performance Pool Funds Earned Back					\$621,611		

GBC's adjusted 2013-14 target is 306.7. It must over perform by 6.9 weighted points in 2013-14 in order to earn back the 2.4 percent of funding not earned in 2012-13.

TMCC (2% Target)	Weights	2011-12 Baseline		2012-13 Actual/Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
1 to 2 Year Certificate*	10%	51	5.1	70	7.0		
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)*	"	21	2.1	18	1.8		
Associate's Degrees	30%	1,035	310.5	950	285.0		
At-Risk Associate's Graduates (Minority + Pell-Eligible x .4)	"	249	74.6	238	71.5		
Transfer Students w/24 credits or associate's degree	10%	989	98.9	1,281	128.1		
Efficiency - Awards per 100 FTE*	20%	17.1	3.4	16.1	3.2		
Gateway Course Completers	10%	4,230	423.0	4,350	435.0		
Economic Development (STEM and Allied Health) Graduates	20%	273	54.6	248	49.6		
Economic Development (precision production) Graduates	"	5	1.0	18	3.6		
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	973.3	--	984.8	--	0.0
TOTAL WEIGHTED POINTS - TARGET		--	--	--	992.7	--	1,012.6
FY 2015 Performance Funding Curve-Out					\$1,518,361		
Percent of Target Achieved					99.2%		
FY2015 Performance Pool Funds Earned Back					\$1,506,270		

* revised 10/11/13 - certificate of general studies removed from base - targets adjusted accordingly

TMCC's adjusted 2013-14 target is 1,020.5. It must over perform by 7.9 weighted points in 2013-14 in order to earn back the 1 percent of funding not earned in 2012-13.

WNC (2% Target)	Weights	2011-12 Baseline		2012-13 Actual/Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
1 to 2 Year Certificate	10%	30	3.0	20	2.0		
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)	"	8	0.8	4	0.4		
Associate's and Bachelor's Degrees	30%	465	139.5	502	150.6		
At-Risk Associate's and Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	114	34.1	114	34.2		
Transfer Students w/24 credits or associate's degree	10%	213	21.3	354	35.4		
Efficiency - Awards per 100 FTE	20%	21.0	4.2	23.3	4.7		
Gateway Course Completers	10%	1,549	154.9	1,684	168.4		
Economic Development (STEM and Allied Health) Graduates	20%	122	24.4	138	27.6		
Economic Development (construction trades) Graduates	"	9	1.8	9	1.8		
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	383.9	--	425.1	--	0.0
TOTAL WEIGHTED POINTS - TARGET		--	--	--	391.6	--	399.5
FY 2015 Performance Funding Curve-Out					\$679,820		
Percent of Target Achieved					108.5%		
FY2015 Performance Pool Funds Earned Back					\$679,820		

NOTE: For all data where the defined source is IPEDS, the 2012-13 data is from institutional IPEDS submissions - final data will be public through IPEDS in the spring.

Performance Pool Outcomes - Data Definitions

Outcome	Definitions
1 to 2 year Certificate	The total number of certificates requiring 30 or more credit hours granted during an academic year. Students earning multiple certificates in an academic year will have each earned certificate count as a separate outcome. An additional weight of .4 per certificate awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Associate's Degrees	The total number of associate's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per associate's degree awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Bachelor's Degrees	The total number of bachelor's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per bachelor's degree awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Master's Degrees	The total number of master's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per master's degree awarded to a minority student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Doctoral Degrees	The total number of doctoral degrees conferred during an academic year. First-professional degrees (medical, dental, law) are not included. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per doctoral degree awarded to a minority student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Transfer Students w/a Transferable Associate's Degree	Total number of students transferred to a 4-year institution with a transferable associate's degree from an NSHE community college. (Source: NSHE Data Warehouse)
Transfer Students w/24 credits or Associate's Degree	The total number of students who enrolled at a four-year institution during the fall or spring semester of a given reporting year who had earned at least 24 credits or a transferable associate's degree at a community college prior to the reporting year. Students are excluded if they are co-enrolled at a 4-year institution and a 2-year institution during the term in which they otherwise would have been included as a transfer student. (Excludes courses from the 24 credit count if the grades are AU, AD, NR, ND, X, I, F, U, W.) (Source: NSHE Data Warehouse)
Efficiency - Awards per 100 FTE	The number of bachelor's, master's and doctoral awards per 100 FTE at 4-year institutions and the number of certificates, associate's and bachelor's (where applicable) per 100 FTE at the 2-year institutions. (Source: IPEDS and Official FTE)
Sponsored/External Research Expenditures	The total amount expended on sponsored programs/projects of research and other scholarly activities for the fiscal year. This amount includes federal, federal pass-through, State of Nevada, other state and local government, private for-profit, private non-profit. Other scholarly activity includes the instructional, public service, student services, and "other" functional grant categories, including workforce development. The figures exclude the scholarship/fellowship category. (Source: Sponsored Projects)
Gateway Course Completers	The total number of students (unduplicated) who successfully completed a college-level English or mathematics course (grad C- and above) in the reporting year. (Source: NSHE Data Warehouse)
Economic Development - STEM and Allied Health Graduates	Total number of certificates, associate's, bachelor's, master's, or doctoral degrees awarded (first professional awards are excluded) in an academic year based on CIP codes for STEM and health professionals as identified by NCHEMS for the NGA metrics. (CIPs: 4 - architecture and related services; 11 - computer and information sciences and support services; 14 - engineering; 15 - engineering technologies/technicians; 26 - biological and biomedical sciences; 27 - mathematics and statistics; 40 - physical sciences; 41 - science technologies/technicians; and 51 - health professions and related clinical sciences) (Source: IPEDS)
Economic Development - Institution Selected Discipline	Total number of certificates, associate's, bachelor's, master's, or doctoral degrees awarded (first professional awards are excluded) in an academic year based on CIP code selected by the institution which aligns with the state's economic development plan. (UNLV- 52 Business, Management, and Related Support Services; UNR- 42 Psychology; NSC- 52 Business, Management, and Related Support Services; CSN- 52 Business, Management, and Related Support Services; GBC - 47 Mechanic and Repair Technologies/Technician; TMCC- 48 Precision Production; WNC- 46 Construction Trades.) (Source: IPEDS)

**Nevada System of Higher Education
State Support Approved by Institution
Fiscal Year 2014 State Supported Operating Budget**

<u>Institution</u>	<u>UNLV</u>	<u>UNR</u>	<u>NSC</u>	<u>CSN</u>	<u>TMCC</u>	<u>WNC</u>	<u>GBC</u>	<u>Total</u>
FY 2012 Resident Weighted Student Credit Hours (WSCH)	886,813	619,941	92,826	626,677	214,603	74,414	60,769	2,576,043
Times amount approved per WSCH	<u>\$137.69</u>	<u>\$137.69</u>	<u>\$137.69</u>	<u>\$137.69</u>	<u>\$137.69</u>	<u>\$137.69</u>	<u>\$137.69</u>	<u>\$137.69</u>
State Support via WSCH (1)	\$122,104,753	\$85,359,306	\$12,781,157	\$86,286,782	\$29,548,559	\$10,246,019	\$8,367,247	\$354,693,823
<u>Funding Formula Amounts Approved Outside WSCH</u>								
Small Institution Factor (2)	\$0	\$0	\$0	\$0	\$0	\$767,580	\$1,176,930	\$1,944,510
Research O&M (3)	\$3,218,775	\$3,582,891	\$0	\$0	\$0	\$0	\$0	\$6,801,666
<u>Legislative Actions Outside the Funding Formula</u>								
Salary Restoration (4)	\$2,187,456	\$1,330,455	\$113,889	\$1,041,051	\$479,206	\$161,453	\$194,497	\$5,508,007
Mitigation (5)						\$2,305,787	\$2,737,776	\$5,043,563
Research O&M-One-time reallocation from CSN/NSC (6)	<u>\$1,725,398</u>	<u>\$0</u>	<u>(\$566,616)</u>	<u>(\$1,158,782)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Support (7)	\$129,236,382	\$90,272,652	\$12,328,430	\$86,169,051	\$30,027,765	\$13,480,839	\$12,476,450	\$373,991,569
Total State Support per WSCH	\$145.73	\$145.61	\$132.81	\$137.50	\$139.92	\$181.16	\$205.31	\$145.18

(1) State support via WSCH at UNLV and UNR represents funding provided to each of the university's main instructional budget accounts. Does not include other budget accounts administered by each of the universities which do not utilize the higher education funding formula to determine state support.

(2) To account for increased costs due to economies of scale, the funding formula provides additional funding to institutions that generate under 100,000 weighted student credit hours.

(3) The funding formula provides research universities Operation and Maintenance (O&M) funding for space allocated exclusively for research purposes since these activities do not directly produce weighted student credit hours.

(4) The 2013 Legislature approved partial restoration of previous salary reductions. A portion of these funds were distributed to the Board of Examiners on an actual cost basis, not through the funding formula. These funds will be re-distributed through the funding formula on a WSCH basis in the NSHE 2015-17 biennial budget request.

(5) The 2013 Legislature approved mitigation funds for WNC and GBC to offset the loss of General Fund support due to the impact of implementing the new funding formula.

(6) The 2013 Legislature augmented amounts allocated for Research O&M at UNLV and temporarily financed the additional costs through reductions in state support for CSN and NSC.

(7) In addition to state support, the funding formula provides that institutions retain 100% of the student tuition and fees generated by that institution with no General Fund offset.

Formula Model for DRI

Current O&M/NSHE New Space Formula

In the new formula for teaching institutions, facilities are treated as a means of building capacity for student success and therefore O&M is included in the weighted student credit hour concept. Because DRI facilities will not produce greater student capacity, a different treatment is indicated. Funding physical plant operations and maintenance includes both non-formula components and new space formula components. Allocations for utilities, insurance, and rental or lease costs are not formula driven and are budgeted separately based on consumption, rate changes, contractual agreements, and addition or subtraction of any facilities. The existing new space formula provides O&M support for operating, personnel, equipment, and utility costs based upon new facility square footage and new improved acreage. Operating costs are determined by applying the current cost per maintained square foot of existing facilities against new facility space and personnel and equipment costs are based upon salary and equipment costs approved by the Legislature for use in the NSHE funding formula for O&M support.

Institutional and Research Administration Formula

This second aspect of DRI funding is a new step function model which acknowledges the complexity and cost associated with the growth of the research function and encourages DRI to maximize its efforts in that regard. This driver replaces current line item funding of DRI infrastructure on a revenue neutral basis. Institutional and research administration support would equal 12% of the first \$25,000,000 of grants and contracts. Plus 7.5% of the next \$5 million in grants and contracts (from \$25,000,001 to \$30,000,000 million). Plus 6% of the next \$5 million in grants and contracts (from \$30,000,001 to \$35,000,000 million). Plus 5% of any grants and contracts of \$35,000,001 or more. See following example:

Institutional and Research Administration Formula				
(based on Sponsored Projects Expenditures)				
		Total	Formula	
Percentage	Step	Revenue	Calculation	Total by
Per Step	Breaks	by Step	By Step	Step
5.0%	4,000,000	39,000,000	200,000	3,876,697
6.0%	5,000,000	35,000,000	300,000	3,676,697
7.5%	5,000,000	30,000,000	376,697	3,376,697
12.0%	25,000,000	25,000,000	3,000,000	3,000,000
	Cumulative Amount		3,876,697	

The two components together have been designed to approximate the current (FY 2012-13) State base budget funding to DRI and will provide the basis for the funding calculation in future biennial budgets.