

Funding Formula Update

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Funding Formula Review Process

Objective

Objective:

To provide a cohesive and successful strategy, through collaboration with the system presidents, to allocate funding to two-year and four-year institutions by rewarding student success through progression, completion, and workforce development in alignment with the Higher Education Master Plan goal of 60% of all working-age adults in Louisiana holding a degree or high-value credential by 2030.



Funding Formula Review Process Challenge

Challenge:

An agreed-upon design for a funding allocation model presents a three-fold challenge:

- 1) The legislature appropriates on an annual basis finite state dollars to higher education that must be allocated to institutions.
- 2) Incentives aligned with performance must be applied and measured for institutions within each sector while accounting for differing roles, scopes, and missions.
- 3) The model must reward performance appropriately to increase student and institutional success across all institutions while also protecting institutions against drastic and rapid changes in funding levels.



Funding Formula Review Process

Board of Regents Authority

Constitutional – Article 8, Section 5(D)(4)

(4) To formulate and make timely revision of a master plan for postsecondary education. As a minimum, the plan shall include a formula for equitable distribution of funds to the institutions of postsecondary education.

Statutory – R.S. 17:3129.2(B)(1)-(3)

The commissioner of higher education and the president of each public postsecondary education system shall jointly and collaboratively:

- (1) Review the postsecondary education funding formula and develop a comprehensive outcomes-based funding formula that ensures the equitable allocation of state funds to public postsecondary educational institutions, appropriately considers costs, places significant emphasis on student and institutional outcomes, and aligns with the state's economic development and workforce needs.
- (2) Consult with and solicit meaningful feedback and guidance from institutional presidents, chancellors, faculty, chief academic officers, chief financial officers, students, and business and civic leaders.
- (3) Make recommendations for any changes needed in the Master Plan for Postsecondary Education and the Louisiana Granting Resources and Autonomy for Diplomas Act as provided in R.S. 17:3139, et seq., to support and facilitate implementation of the outcomes-based funding formula.



Funding Formula Review Process

Membership

Advisory Committee Membership

The work of developing a funding formula for postsecondary education remains essential as a collaborative process as called for in state law. Members may discuss, advise, and recommend proposed changes to the formula. Membership includes

- System CFOs (4, one from each system)
- System CAOs (4, one from each system)
- System-appointed institutional representative (4, one from a degree-granting institution within a system)
- BOR (3)

By system, members include:

LSU System – Kimberly Lewis, Dr. Roy Haggerty, and Dr. Paul Coreil

SU System – Flandus McClinton, Dr. Alexander Appeaning, and Dr. Lauria Young

UL System – Eddie Meche, Dr. Jeannine O'Rourke, and Dr. Mark Arant

LCTC System – Joe Marin, Dr. Wendi Palermo, and Dr. Tina Tinney

Board of Regents – Matthew LaBruyere, Dr. Tristan Denley, Elizabeth Bentley Smith



Funding Formula Review Process

Assumptions

- 1) Fundamentally, the formula is designed to allow for the distribution of state funding in support of student success and completion and is applied objectively to all public colleges and universities. It is not a tool used to govern but rather a tool to allocate legislatively appropriated resources in pursuit of the state's higher education goals. Distribution of funding, including those revenues defined by the funding formula, to individual institutions is assigned to the management boards in the state's Constitution.
- 2) Advisory Committee members from the systems are expected to discuss thoughts and recommendations amongst themselves and share with system and institutional leadership, as necessary. The communication of meeting discussions allows for better feedback and aids the implementation process.



Funding Formula Review Process

Guiding Principles

Any changes to the funding model should reflect the Higher Education Master Plan goal including, but not limited to:

- Focus on student access and success with an emphasis on underrepresented populations;
- Encourage educational attainment in high-demand and high-reward disciplines, as aligned to workforce needs;
- Recognize and reward distinctions in institutional missions and scopes; and
- Use clearly defined, currently available data.



Funding Formula Review Workgroup

Began meeting at the end of March

Initial meetings laid groundwork and included:

- Review of the Louisiana funding formula
- National perspective of funding formulas
- Review of base funding models
- National funding model trends
- Review of Louisiana's outcome metrics

Next set of meetings focused on revision ideas, additions, and alternative proposals on the following:

- Discussion on research, institutional local and non-credit instruction
- Discussion on dual enrollment, reverse transfers, workforce development and institutional tiers based on mission
- Follow up on rewarding transfers, revising the cost component of the funding formula, and improving adult education outcomes



Funding Formula Review Workgroup

Based on discussions, feedback for the proposed model was received during meetings, along with surveys of individual workgroup members and by system.

Consensus feedback included:

- Focus on workforce that recognizes priority jobs
- Continue incentivizing student demographic completers
- Consider the missions of the institutions through metrics



Funding Formula Review Workgroup

Feedback for the proposed model was received during meetings, along with surveys of individual workgroup members and by system.

Additional recommendations included:

- Maintain/strengthen base component for stability
- Address research for more balanced funding to institutions
- Ensure model reflects high-cost program areas and research facilities
- Create a balance between performance, production, and innovation to be nimble with industry demands
- Account for all credentials



Proposed Model

With the prospective model focus, a proposed model was shared with the workgroup and additional comments were provided.

Proposed Model includes:

- Larger Base component than previous model (65%)
- Larger Outcomes component than previous model (35%)
- Cost model from previous formula absorbed within Base and Outcomes
- Greater focus on completers (credential, demographic, workforce)
- Focus on the student's path to completing while rewarding research at universities
- Maintains practice of not funding 100% online, out-of-state students and not funding associate degree completers at universities



Changes from Current Model to Proposed Model

The change in components aligns to institution missions and Master Plan:

- Greater focus on Completers
- Adds Meauxmentum Framework through metrics of English and Math pass rates and dual enrollment & work-based learning
- Continues rewarding the student path to completing through progression, transfers, and grad completers
- Rewards Research as a stand-alone component and avoids drastic shifts in funding among universities



Comparisons

Compares Outcomes components from Current model to Proposed Model by metric categories.



Proposed Model

Comparison to Current Model

Components	Current	Proposed
Base	50%	65%
Cost	20%	0%
Outcomes	30%	35%



Proposed Model

Comparison to Current Model

Two- Year Outcome Metrics	Current	Proposed
TTD Assoc. Cert./Diploma	X	
Assoc. Cmpl		X
Workforce	X	X
Cross Enroll	X	
Adult Cmpl	X	X
Pell Cmpl	X	X
Underserved Cmpl	X	X
Progression	X	X
Math Pass Rates		X
English Pass Rates		X
Transfer Students	X	X
Dual Enrollment		X

Four-Year Outcome Metrics	Current	Proposed
TTD Bacc.	X	X
Grad Cmpl	X	X
Workforce	X	X
Adult Cmpl	X	X
Pell Cmpl	X	X
Underserved Cmpl	X	X
Progression	X	X
Math Pass Rates		X
English Pass Rates		X
Transfer Students	X	X
Dual Enrollment		X
Research	X	X



Proposed Model

Comparison to Current Model

Current model adds all metrics points earned together to determine institution pro-rata

Proposed model creates outcomes components to create dedicated focus on metrics. Components are:

Two-years – Completers and Meauxmentum

Four-years – Completers, Meauxmentum, and Research



Comparisons with Funding

Compares Outcomes components from Current model to Proposed Model by metric categories.

Current model – 30% Outcomes

Proposed Model – 35% Outcomes



Changes from Current Model to Proposed Model

The change in metric categories is illustrated in the table below:

Formula Model Comparisons						
Two-Year Sector	Percentages			Dollars		
	Current (30%)	Proposed (35%)	Change	Current (30%)	Proposed (35%)	Change
Completers (All credentials)	7.17%	18.22%	11.05%	\$3,259,006	\$9,655,806	\$6,396,801
Workforce	18.90%	31.37%	12.47%	\$8,582,930	\$16,621,660	\$8,038,730
Demographics	41.21%	21.84%	-19.37%	\$18,719,672	\$11,575,097	(\$7,144,575)
Transfers	0.86%	8.33%	7.46%	\$391,584	\$4,411,890	\$4,020,306
Meauxmentum*	0%	6.53%	6.53%	\$0	\$3,458,104	\$3,458,104
Cross Enrolled	0.18%	0%	-0.18%	\$79,605	\$0	(\$79,605)
Progression/Mission	31.68%	13.72%	-17.96%	\$14,390,279	\$7,271,032	(\$7,119,248)
Total	100%	100%	0%	\$45,423,075	\$52,993,588	\$7,570,513

*Meauxmentum includes English & Math Passage and Dual Enrollment & Work-based Learning

COMPONENTS

Completers

Mission/
Meauxmentum



Changes from Current Model to Proposed Model

The change in metric categories is illustrated in the table below:

Formula Model Comparisons						
Four-Year Sector	Percentages			Dollars		
	Current (30%)	Proposed (35%)	Change	Current (30%)	Proposed (35%)	Change
Completers (Bacc.)	7.57%	36.08%	28.51%	\$10,136,037	\$56,376,771	\$46,240,733
Workforce	11.83%	13.73%	1.90%	\$15,850,738	\$21,455,804	\$5,605,066
Demographics	14.16%	13.05%	-1.12%	\$18,966,714	\$20,384,953	\$1,418,239
Transfers	0.36%	0.54%	0.18%	\$485,282	\$845,717	\$360,435
Meauxmentum*	0%	8.50%	8.50%	\$0	\$13,280,936	\$13,280,936
Grad Level	1.69%	2.42%	0.73%	\$2,263,184	\$3,786,518	\$1,523,334
Progression/Mission	27.46%	11.39%	-16.07%	\$36,777,572	\$17,802,294	(\$18,975,278)
Research	27.57%	10.67%	-16.91%	\$57,695,709	\$22,322,165	(\$35,373,544)
Total	100%	100%	0%	\$133,932,993	\$156,255,158	\$22,322,165

*Meauxmentum includes English & Math Passage and Dual Enrollment & Work-based Learning

COMPONENTS

Completers

Mission/
Meauxmentum

Research



Changes from Current Model to Proposed Model

The change in metric categories is illustrated in the table below:

Formula Model Comparisons						
2yr & 4yr Sectors	Percentages			Dollars		
	Current (30%)	Proposed (35%)	Change	Current (30%)	Proposed (35%)	Change
Completers (<=Bacc.)	7.47%	31.56%	24.09%	\$13,395,043	\$66,032,577	\$52,637,534
Workforce	13.62%	18.20%	4.57%	\$24,433,668	\$38,077,464	\$13,643,796
Demographics	21.01%	15.27%	-5.74%	\$37,686,386	\$31,960,050	(\$5,726,336)
Meauxmentum*	0.00%	8.00%	8.00%	\$876,866	\$16,739,039	\$4,380,741
Transfers	0.49%	2.51%	2.02%	\$0	\$5,257,607	\$16,739,039
Grad Level/Cross Enr.	1.31%	1.81%	0.50%	\$2,342,789	\$3,786,518	\$1,443,729
Progression/Mission	28.53%	11.98%	-16.55%	\$51,167,851	\$25,073,326	(\$26,094,525)
Research	27.57%	10.67%	-16.91%	\$49,453,465	\$22,322,165	(\$27,131,300)
Total	100%	100%	0%	\$179,356,068	\$209,248,746	\$29,892,678

*Meauxmentum includes English & Math Passage and Dual Enrollment & Work-based Learning

COMPONENTS

Completers

Mission/
Meauxmentum

Research



Comparisons with Funding

Compares Outcomes components from Current model to Proposed Model by metric categories.

Current model – 35% Outcomes (for comparison purposes)

Proposed Model – 35% Outcomes



Changes from Current Model to Proposed Model

The change in metric categories is illustrated in the table below:

Formula Model Comparisons						
Two-Year Sector	Percentages			Dollars		
	Current (35%)	Proposed (35%)	Change	Current (35%)	Proposed (35%)	Change
Completers (All credentials)	7.17%	18.22%	11.05%	\$3,802,173	\$9,655,806	\$5,853,633
Workforce	18.90%	31.37%	12.47%	\$10,013,418	\$16,621,660	\$6,608,242
Demographics	41.21%	21.84%	-19.37%	\$21,839,617	\$11,575,097	(\$10,264,520)
Transfers	0.86%	8.33%	7.46%	\$456,848	\$4,411,890	\$3,955,042
Meauxmentum*	0%	6.53%	6.53%	\$0	\$3,458,104	\$3,458,104
Cross Enrolled	0.18%	0%	-0.18%	\$92,872	\$0	(\$92,872)
Progression/Mission	31.68%	13.72%	-17.96%	\$16,788,659	\$7,271,032	(\$9,517,627)
Total	100%	100%	0%	\$52,993,588	\$52,993,588	\$0

*Meauxmentum includes English & Math Passage and Dual Enrollment & Work-based Learning

COMPONENTS

Completers

Mission/
Meauxmentum



Changes from Current Model to Proposed Model

The change in metric categories is illustrated in the table below:

Formula Model Comparisons						
Four-Year Sector	Percentages			Dollars		
	Current (35%)	Proposed (35%)	Change	Current (35%)	Proposed (35%)	Change
Completers (Bacc.)	7.57%	36.08%	28.51%	\$11,825,377	\$56,376,771	\$44,551,394
Workforce	11.83%	13.73%	1.90%	\$18,492,528	\$21,455,804	\$2,963,276
Demographics	14.16%	13.05%	-1.12%	\$22,127,833	\$20,384,953	(\$1,742,880)
Transfers	0.36%	0.54%	0.18%	\$566,162	\$845,717	\$279,555
Meauxmentum*	0%	8.50%	8.50%	\$0	\$13,280,936	\$13,280,936
Grad Level	1.69%	2.42%	0.73%	\$2,640,382	\$3,786,518	\$1,146,136
Progression/Mission	27.46%	11.39%	-16.07%	\$42,907,167	\$17,802,294	(\$25,104,873)
Research	27.57%	10.67%	-16.91%	\$57,695,709	\$22,322,165	(\$35,373,544)
Total	100%	100%	0%	\$156,255,158	\$156,255,158	\$0

*Meauxmentum includes English & Math Passage and Dual Enrollment & Work-based Learning

COMPONENTS

Completers

Mission/
Meauxmentum

Research



Changes from Current Model to Proposed Model

The change in metric categories is illustrated in the table below:

Formula Model Comparisons						
2yr & 4yr Sectors	Percentages			Dollars		
	Current (35%)	Proposed (35%)	Change	Current (35%)	Proposed (35%)	Change
Completers (<=Bacc.)	7.47%	31.56%	24.09%	\$15,627,550	\$66,032,577	\$50,405,027
Workforce	13.62%	18.20%	4.57%	\$28,505,946	\$38,077,464	\$9,571,518
Demographics	21.01%	15.27%	-5.74%	\$43,967,450	\$31,960,050	(\$12,007,401)
Meauxmentum*	0.00%	8.00%	8.00%	\$0	\$16,739,039	\$16,739,039
Transfers	0.49%	2.51%	2.02%	\$1,023,010	\$5,257,607	\$4,234,597
Grad Level/Cross Enr.	1.31%	1.81%	0.50%	\$2,733,254	\$3,786,518	\$1,053,264
Progression/Mission	28.53%	11.98%	-16.55%	\$59,695,826	\$25,073,326	(\$34,622,501)
Research	27.57%	10.67%	-16.91%	\$57,695,709	\$22,322,165	(\$35,373,544)
Total	100%	100%	0%	\$209,248,746	\$209,248,746	\$0

*Meauxmentum includes English & Math Passage and Dual Enrollment & Work-based Learning

COMPONENTS

Completers

Mission/
Meauxmentum

Research



Next Steps

Workgroup feedback designed model has been sent for final review and with final feedback due by Thursday, November 7th.

If consensus is reached, proposed model presented to System Presidents for review, discussion, and feedback. (throughout November)

If approved by System Presidents, Board of Regents will consider at December Board meeting.

