

**BOARD OF HIGHER EDUCATION**

**REQUEST FOR COMMITTEE AND BOARD ACTION**

**COMMITTEE:** Fiscal Affairs and Administrative Policy      **NO.:** FAAP 21-12

**COMMITTEE DATE:** April 27, 2021

**BOARD DATE:** May 4, 2021

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**APPROVAL OF THE STATE UNIVERSITY AND COMMUNITY COLLEGE FUNDING  
FORMULA ALLOCATIONS FOR FY2021**

**MOVED:** The Board of Higher Education hereby approves the Community College and State University funding formula allocations for FY2021 (Attachments A and B).

**VOTED:** Motion adopted by FAAP 4/27/2021; adopted by BHE 5/4/2021.

**Authority:** M.G.L. c. 15A, § 9(dd); M.G.L. c. 15A, §15B; Section 2 of Chapter 227 of the Acts of 2020, Line Items 7066-1400 and 7100-4000.

**Contact:** Thomas J. Simard, Deputy Commissioner for Administration and Finance

## **BACKGROUND**

Under Massachusetts General Law, the Board of Higher Education is charged with developing funding formulas for the community colleges and state universities. M.G.L. c. 15A, § 9(dd). Consistent with that charge, the FY2021 budget included appropriations for formula funding for the State University and Community College segments in the amounts of \$5,469,870 and \$5,883,238 respectively.

Formula funding for the Community Colleges and State Universities was first established between 2013 and 2015. During that time, the Department formed planning committees to develop the formulas, and the work was facilitated and supported by the National Center for Higher Education Management Systems (NCHEMS). While the formulas differ by segment, they reflect a combination of base funding variables, derived primarily from credit FTE enrollment, and performance outcomes, including primarily degree attainment.

By FY2017, state appropriations for formula funding had declined to just 1% of base appropriations and allocations were approved in proportional amounts. For the FY2021 budget, appropriations for formula funding were doubled to 2% of prior year base appropriations, and the attached formula dashboards reflect the proposed allocations using the methodologies that were developed several years ago by the planning groups for each segment. The calculated amounts for each segment are based upon an split between 30% enrollment and 70% performance and range from 1.5% to 2.5% of base appropriations.