

BOARD OF HIGHER EDUCATION

REQUEST FOR BOARD ACTION

NO.: BHE 23-29

BOARD DATE: February 14, 2022

**APPROVAL OF THE COMMUNITY COLLEGE AND STATE UNIVERSITY FUNDING
FORMULA ALLOCATIONS FOR FY2023**

MOVED: The Board of Higher Education hereby approves the Community College and State University funding formula allocations for FY2023 (Attachments A and B).

VOTED: Motion approved and advanced to the full BHE by the Executive Committee on 2/6/2023; and adopted by the BHE on 2/14/2023.

Authority: M.G.L. c. 15A, § 9(dd); M.G.L. c. 15A, §15B; Line item 7066-1400 of section 2 of Chapter 165 of the Acts of 2014; Line items 7066-1400 and 7100-4000. Section 2 of Chapter 126 of the Acts of 2022.

Contact: Joe Wallerstein, Interim 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 FY2023 budget includes appropriations for formula funding for the State University and Community College segments in the amounts of \$9,001,345 and \$9,530,811 respectively. The FY2023 budget language further requires the BHE to approve the allocations of funds. Section 2 of Chapter 126 of the Acts of 2022, line items 7066-1400 and 7100-4000.

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 FY2023 budget, appropriations for formula funding were increased by 3% of prior year base appropriations. The attached formula dashboards reflect the proposed allocations using the methodologies that were approved by the Board in FY2021 and were developed in collaboration with each segment during the first year of implementation. The calculated amounts for each segment are based upon a split between 30% enrollment and 70% performance and range from 1.5% to 3% of base appropriations.