

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #2

FILED

Jul 21 3 00 PM '93

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE

AGENCY: State College System Board of Directors TITLE NUMBER: 131

RULE TYPE: Legislative; CITE AUTHORITY WV Code 18B-5-2(b)

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: 5

TITLE OF RULE BEING PROPOSED: Resource Allocation Policy

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON August 20, 1993 AT 5:00 p.m.

ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO BE MAILED TO THE FOLLOWING ADDRESS.

Dr. Paul Marion

State College System of WV

1018 Kanawha Blvd., E

Charleston, WV 25301

THE ISSUES TO BE HEARD SHALL BE LIMITED TO THIS PROPOSED RULE.

Marie Carter

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

3.20

**TITLE 131
LEGISLATIVE RULE
STATE COLLEGE SYSTEM OF WEST VIRGINIA
BOARD OF DIRECTORS
SERIES 5**

TITLE: RESOURCE ALLOCATION POLICY

SECTION 1. GENERAL

- 1.1 Scope - This rule establishes the Resource Allocation Policy for distribution of state operating funds within the State College System.
- 1.2 Authority - West Virginia Code § 18B-5-2(b)
- 1.3 Filing Date -
- 1.4 Effective Date -

SECTION 2. PURPOSE

Section 18B-5-2(b) of the West Virginia Code mandates that each higher education governing board shall have a Resource Allocation Policy (RAP) for distribution within its system of all new state funds and for redistribution of existing base budgets to affect an equalization of the institutional funding differences at twenty percent (20%) per year over a five-year period, beginning with the 1994-95 fiscal year. The RAP for the State College System shall utilize the formula described in Section 3 of this rule for redistribution of the base budgets and for distribution of ninety percent (90%) of any additional state funds that may be appropriated each year to the System. The remaining ten percent (10%) of any available new state appropriations shall be used for special priorities determined each year by the Board of Directors.

SECTION 3. METHOD OF CALCULATION

The chancellor shall calculate the RAP formula in August of each year based on the following method:

- 3.1 Enrollment - Each institution's FTE enrollment for the previous fall semester shall be calculated for those students who paid tuition and fees or who have been granted waivers within the institution's five percent (5%) limit on

waivers. Students enrolled in courses paid for by third-party sponsors or in any other courses for which that student did not pay tuition and fees shall not be counted in the RAP formula. Separate figures shall be calculated for on-campus and off-campus enrollments at the four-year colleges. All enrollment at the free-standing community colleges shall be counted as on-campus enrollment.

- 3.2 Target Per-Student Appropriation - A target appropriation per FTE student shall be calculated for each institution by averaging the average amounts of state and local funds appropriated per FTE student during the previous fiscal year by the other SREB states in the institution's SREB category of peer institutions. This shall be the target amount per FTE student used for on-campus instruction. For courses offered at off-campus locations, the target amount shall be eighty-five percent (85%) of the figure used for on-campus courses to reflect the fact that an off-campus instruction fee is collected from students to help defray the costs.

3.3 Target Appropriation for Engineering Courses and System Services

3.3.1 Engineering - An adjustment for West Virginia Institute of Technology (WVIT) to reflect the high cost of engineering courses compared with the average cost for courses in other academic disciplines in the State College System shall be calculated as follows:

3.3.1.1 The FTE enrollment in engineering courses at WVIT during the previous fall semester is calculated.

3.3.1.2 The per-FTE appropriation for on-campus instruction used for WVIT is multiplied by twenty percent (20%) to determine the additional amount of state funds per FTE student needed for enrollments in engineering courses.

3.3.1.3 The FTE number calculated in the first step is multiplied by the additional cost calculated in the second step to produce the total amount needed by WVIT to cover the additional costs of engineering courses.

3.3.2 System Services - One-half of one percent ($\frac{1}{2}\%$) of the total appropriation to the State College System is allocated to the system services line for travel and other expenses of board members, the operation of the chancellor's office, and other expenses related to the

governance and administration of the State College System. When the RAP formula is calculated each year, the system services line shall be maintained at one-half of one percent ($\frac{1}{2}\%$) of the total.

3.4 Discount for Non-Resident Student Fee Advantage - The RAP formula is based on the goal of providing institutions in the State College System with the average amount of state appropriations provided for similar institutions in the SREB region. This assumes that each State College System institution enrolls approximately the same proportion of resident (in-state) and non-resident (out-of-state) students as its peers since state support is normally less for non-resident students as a result of higher tuition and fee rates. Therefore, a discount shall be calculated for any institution that enrolls a higher percentage of non-resident students than the average for its peer group. The peer group averages are eleven and one-half percent ($11\frac{1}{2}\%$) for the four-year colleges and five percent (5%) for the free-standing community colleges. Non-resident students attending State College System institutions as part of the SREB Common Market or a reciprocal agreement with another state that has been approved for the institution by the State College System board or previously approved by the Board of Regents pay resident tuition and fee rates, so they shall not be counted as non-resident students for purposes of calculating this discount. The discount shall be calculated as follows:

3.4.1 The percentage of each institution's previous fall semester enrollment that is made up of non-resident students is compared with the average for its peer group. If the institution's percentage is greater than eleven and one-half percent ($11\frac{1}{2}\%$) for any four-year college or five percent (5%) for any free-standing community college, eleven and one-half percent ($11\frac{1}{2}\%$) or five percent (5%) is subtracted from the institution's percentage and the difference is multiplied by the institution's FTE enrollment for the previous fall semester. This produces the number of discounted students.

3.4.2 The registration fees and six percent (6%) of the higher education resource fees paid by students at all institutions, as well as tuition paid by students at the four-year colleges, are dedicated for capital obligations and system purposes. Because these funds are unavailable for institutional operating expenses, they are subtracted from the average tuition and fees for each institution's SREB peer category for both resident and non-resident students to calculate the amount of fees remaining for operations at those institutions that have a higher percentage of non-resident students than their peer group. The amount of fees remaining for operations for resident

students is subtracted from the amount for non-residents for each institution and the difference is then multiplied by the number of discounted students calculated in Section 3.4.1 of this rule to produce the discount for the non-resident student fee advantage at certain institutions.

- 3.5 Indicated Level of State Support - The indicated level of state support for each institution and the system services line shall be calculated by multiplying the on-campus and off-campus enrollment figures times the appropriate target per-student appropriation figure, plus the target appropriation for engineering and system services, minus the discount for non-resident student fee advantage.
- 3.6 Actual State Fund Allocation - The actual state fund allocation for each institution and the system services line shall consist of the state general revenue funds and lottery funds allocated for the current fiscal year.
- 3.7 Percentage of Indicated Level of State Support - Each institution's actual state fund allocation shall be divided by its indicated level of state support to calculate its percentage of the indicated level of state support. Also, the overall percentage for the State College System shall be calculated by dividing the total System allocation by the total indicated level of state support.
- 3.8 Reallocated Base Budgets - In order to redistribute existing base budgets to affect an equalization of the institutional state funding differences by the 1998-99 fiscal year, the percentage of indicated state support for each institution and the system services line shall be compared each year with the overall percentage for the State College System and the base budget amounts for the next fiscal year shall be increased or decreased by the amount of money required to reduce by twenty percent the difference between the institution's percentage and the System percentage of indicated state support.
- 3.9 Additional State Funds - The reallocated base budget figure shall be subtracted from the indicated level of state support for each institution and the system services line to determine the amount of additional state funds indicated for each institution and the system services line for the next fiscal year.
- 3.10 Percentage of Additional State Funds - The amount of additional state funds indicated for each institution and the system services line shall be divided by the total amount of additional funds indicated for the State College

System to determine the share to be allocated to each institution and the system services line of ninety percent of any additional funds that may be appropriated to the State College System for the next fiscal year.

SECTION 4 APPLICATION

- 4.1 Reallocation of Base Budgets - After the conclusion of each regular legislative session, through the 1998 session, the board shall reallocate the base budgets of the institutions and the system services line for the next fiscal year to reflect the amount calculated as described in Section 3.8 of this rule. If the Governor mandates a reduction in base budgets during a fiscal year, the base used for calculating the reallocated base budgets for the next fiscal year shall be the reduced base in effect at the time the calculations are run after the conclusion of the legislative session. Once an equalization of the institutional state funding differences has been achieved in the 1998-99 fiscal year, the base budgets shall be adjusted each year thereafter to maintain the base budgets at the same percentage of the indicated level of state support as the System as a whole.

- 4.2 Additional State Funds - If additional state funds are appropriated to the State College System over the base for the previous fiscal year, the board shall distribute ninety percent (90%) of the new funds within the System by the percentages calculated as described in Section 3.10 of this rule. The remaining ten percent (10%) of any additional funds that may be appropriated shall be allocated based on special priorities determined each year by the board.

- 4.3 Reduced State Funds - If the total appropriation of state funds to the State College System for the next fiscal year is less than the current base, the board shall first reallocate the base budgets as indicated in Section 3.8 and then distribute ninety percent (90%) of the amount of the reduction for the next fiscal year by the percentages calculated as described in Section 3.10 of this rule. The remaining ten percent (10%) of the total reduction shall be applied based on factors determined by the board.