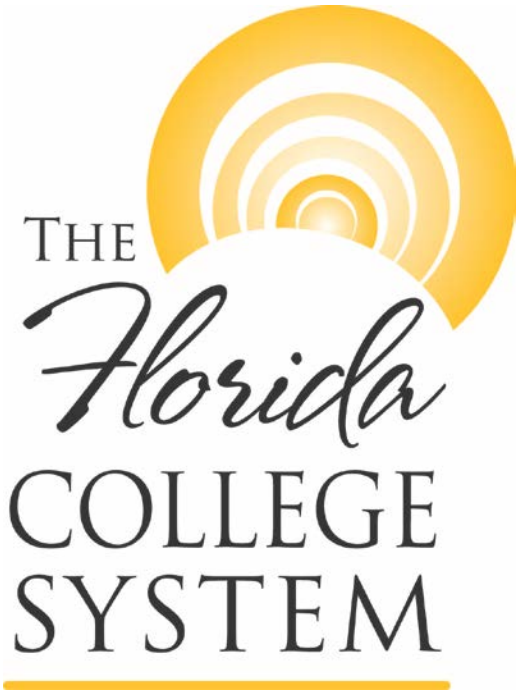

2013-2014
Resource Allocation
Funding Model

Prepared by the:
Florida College System Budget Office
Florida Department of Education

Executive Summary

2013-14 Florida College System Funding Model

Florida's model for allocating funds within the Florida College System uses a unique **standards-based** approach that seeks to more equitably distribute legislatively-appropriated funding than a simplistic, FTE-based methodology allows. Although FTE (full-time equivalent or "student enrollment") is a critical factor in the Funding Model, a host of other factors that directly impact an institution's ability to offer a quality education that meets the needs of its students and communities are also considered. The inclusiveness of the process used to impact policies that drive the model has resulted in a funding system that enjoys the support of the presidents of all 28 colleges in the system, promoting system-wide unity of purpose that has yielded significant benefits for Florida's College System.

System Design

Seven primary areas are included in the portion of the model that identifies the ideal level of funding for each institution **based on standards contained within the model**. These are:

- Direct Instruction
- Physical Plant Operations & Maintenance
- Academic Support
- Institutional Support
- Student Services
- Libraries
- District Cost Differential

From the calculated funding need is subtracted legislatively-appropriated funding and anticipated student fee revenues, adjusted for legally-mandated waivers and exemptions, to arrive at the calculated increase in state support needed. Each college's proportional share of this "calculated unmet need" represents their share of any new funding appropriated for the system. The "up-front" agreement by all colleges to their "share" eliminates divisive friction within the system, permitting all members to "speak with one powerful voice" in support of the entire system.

To ensure the validity of the standards and policies that drive the model, the Council of Presidents (COP) has seated a Funding Committee of stakeholders from throughout the system. The Funding Committee in turn has established fourteen sub-committees devoted to the examination and validation of all standards and policies that impact the model. These sub-committees advise the Funding Committee which in turn makes recommendations to the COP for updating/revising of the Funding Model. All policy-related changes to the model (as opposed to annual updating of standard data elements such as FTE) must be approved by the COP before they are incorporated into the model.

Division of Florida Colleges
Resource Allocation Funding Model

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Preface…

The funding process for Florida's College System has undergone several major shifts since the Division of Florida Colleges' inception in 1957. Initially, community colleges were funded through a Full-Time Equivalent (FTE) student-based formula approach. In the 1980s, the funding process changed to a methodology consisting of incremental funding increases to the previous year's budget, plus funds for special initiatives. The first special initiative was an FTE-based workload factor. In 1996, the workload factor was dropped in favor of a performance-based funding initiative.

Except for the shift from FTE to performance in 1996, the base-plus funding approach for community colleges continued essentially unchanged throughout the 1980s and early 1990s. In 1997, however, the Legislature enacted changes to the community college appropriations process, creating a separate amount for workforce development funds. The law required that workforce development funds be distributed by a formula that provided a base of up to 85 percent of the prior year appropriations with the remaining 15 percent subject to adjustments based on performance. The performance component of this new workforce development funding methodology was not implemented until July 1, 1999.

Beginning in 1994, Florida's community colleges were one of the first higher education systems to allocate a portion of new funds using performance-based incentives and performance-based program budgeting. Also, equalization studies for base institutional funding have been periodically completed to determine if enrollment and programmatic changes have resulted in substantial under-funding (or significant variations in funding adequacy across institutions). Based on these equalization studies, adjustments have been made to institutions identified as under-funded.

At the time the system was attempting to fully implement the Workforce Development Performance Funding process, discussions arose on the need to reexamine the overall method for funding Florida's community colleges. Most notably, in the spring of 1998, the Executive Director of the State Board of Community Colleges (SBCC), David Armstrong, believed that the funding methodology should be reviewed and could be improved with a greater level of participation of Board members and campuses in the budget development process. To accomplish this, SBCC Chairman Ron Belton established a Budget Development Task Force, chaired by Randy Hanna, the Vice-Chairman of the SBCC. Board members and college presidents were appointed to serve on the Task Force. The Task Force held several meetings with an external consultant, who was brought in to assist in the process and make recommendations for changes. The Task Force realized that broader participation was needed for the Funding Model aspect, and Chair Randy Hanna established the Ad Hoc Funding Committee composed of community college business officers, academic and student affairs officers, and Management Information System (MIS) staff.

Other groups that had called for reexamining the community college funding methodology included the Florida Senate and the legislative audit group, the Office of Program Policy Analysis and Government Accountability (OPPAGA). The Florida Senate, in a 1998 interim report, noted that the

> . . . distribution of funds to the individual community colleges through the Community College Program Fund is not currently based on a formula. . . . The amount appropriated to each college has not been based on growth or decline in actual enrollment or the number of full-time equivalent students. It has not been adjusted to reflect a college's degree mix, the number of campuses, or the total square footage of college facilities. . . . The result has been a funding approach that did not provide a consistent or equitable funding formula for colleges.

OPPAGA, in a 1998 report on community colleges, indicated a similar finding. Specifically, the report observed that

> Florida's community colleges have been funded through a "base plus" funding system for the last 15 or more years. While this historical based funding approach provides funding continuity from year to year, it does not take into account that institutional service needs change over time. As such, colleges that experience large growths in student enrollments or changes in program offerings might not receive adequate funding for the level of service they provide.

This report presents the funding methodology for community colleges that would address many of the problems that existed under the old funding methodology. This new methodology represents a comprehensive approach to funding community college requests and provides a foundation for addressing the challenges that community colleges will face while serving Florida's citizens in the new millennium.

Strengths of the Old Approach

An incremental funding approach, similar to Florida's community colleges' base plus model, is commonly used by states to allocate funds to higher education institutions. About half the states use incremental funding and about half use formulas to allocate funds among campuses. Frequently, states using formulas only use them for the allocation of new funds among the various campuses. Advantages of the old approach used by Florida's community colleges are listed below.

- ***Provides stability and predictability.*** The old system provided financial stability and predictability to campuses through a base level of state funds. Some of the colleges are relatively small and have limited flexibility to survive financial fluctuations.

- ***Promotes efficiency in institutional operations***. Individual campuses have substantial management flexibility and a high degree of autonomy in the allocation of funds.

- ***Provides clear rationale.*** The approach was straightforward and an easily understandable way to allocate funds.

- ***Encourages the achievement of statewide goals, including performance.*** Florida's community colleges were among the first to implement performance-based funding which has provided a strong incentive for campuses to achieve certain statewide goals, including student outcomes.

- ***Provides incentives***. Special initiatives such as matching state funds for external fund-raising provided a strong incentive for colleges to raise external funds.

Compelling Reasons to Change

The consultant and Division staff visited three community colleges to seek feedback from a broad array of campus personnel on changes that were needed. Comments were also received from meetings with Presidents, Chief Business Officers, other college administrative staff, and legislative staff. The reasons listed below were identified for making changes to the old budget methodology.

- ***Provide a "fair" funding methodology by addressing equalization and funding of enrollments (stable, declining, and growing)***. Some stakeholders felt that inequities in funding were not being addressed as effectively as possible and that a more comprehensive and consistent approach, such as a formula that would take into account enrollment changes and that would be consistent over time, would improve the process.

- ***Address clear, distinctive missions.*** Recognition of differences among colleges including unique roles in providing a variety of educational programs, providing access, serving multiple campuses, and providing public service programs is essential for high quality community colleges.

- ***Recognize unique circumstances.*** The old model did not give adequate consideration to certain unique circumstances, such as cost-of-living differences for various parts of the state that could be recognized in a new formula approach.

- ***Develop a clearer rationale on funding needs.*** Some stakeholders felt that through a formula approach, a more effective identification of funding needs could be developed that would recognize mission and important cost changes such as increased square footage for campus facilities. Others also observed that it would be possible to recognize legislative priorities, such as performance. Many felt that current funding was inadequate and that the support provided by lottery funds was being eroded.

- ***Recognize funding approaches used by other states.*** Florida's funding approach should reflect the best approaches used by other states.

- ***Develop consensus and unity among community colleges.*** Some felt that a more effective budgetary process could be developed that could result in the community colleges "speaking with one voice" and having more participation in and understanding of the budgetary process.

Overarching Direction

In discussions about future directions, the overarching framework identified by the Budget Development Task Force centered on the role of the Florida Community College System as the lynchpin of workforce development. The Task Force observed that the majority of Florida's growth jobs require postsecondary education below the baccalaureate level and that Florida's existing workforce has a high percentage of low skilled workers, making the skills crisis particularly acute. At the same time, Florida must address education levels with the State of Florida ranking near the bottom in high school graduation rates and college attendance rates.

The Budget Development Task Force also discussed the significant return on investment or results of community colleges in Florida and the importance of state education funding policy that supports the Community College System as a critical part of the state's economic development strategy. The Task Force concluded that state resources would be used most effectively when they are focused on three guiding goals for the future. Community colleges must:

1. *Increase significantly the number of recent high school graduates enrolling and succeeding in community colleges;*

2. *Be Florida's workforce and community development provider; and*

3. *Increase the level of education of Florida's population.*

In other activities, the Task Force reviewed statistics on the relative funding of higher education in Florida and examined formulas that were being used to fund the university and K-12 systems in Florida and higher education systems in other states.

Budgetary Framework

The Budget Development Task Force adopted a new budgetary framework consisting of six major challenges: Adequacy, Access, Performance, Technology, Workforce, and Partnership. The Ad Hoc Funding Committee was formed to explore the possibility of a formula model for funding the base in a way that would meet the Adequacy Challenge. The model described in this report is the result of that initial work, and the work of the standing Funding Committee that evolved from the initial Ad Hoc Funding Committee. The parameters and calculations of the model are reviewed periodically by the Funding Committee and adjustments are made as necessary.

The results of the Committee's work are presented to the Council of Presidents for approval before being submitted to the Governor and Legislature to ensure that the allocations recommended by the model are supported by the system.

The actual funding process remains base-plus. The Funding Model is not fully funded and only the increase funding dollars are distributed by the model index. The expectation is that, over time, funding will equalize under the model.

Formula Model – Overview…

Guiding Principles

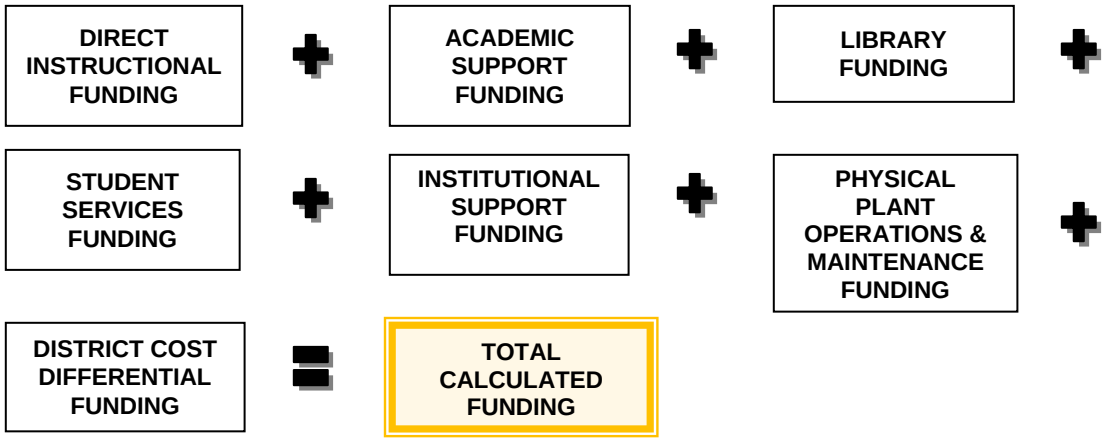
The original Ad Hoc Funding Committee of the Task Force met on three occasions and reviewed formula approaches that are used in a number of states. The Funding Committee began its work by adopting a set of guiding principles for a formula funding approach.

1. Colleges should retain institutional autonomy and maximum management flexibility in the use of funds and in decision-making.
2. The formula should provide for an equitable distribution of available resources, e.g., similar support for similar programs.
3. The formula should provide recognition of differences in institutional role and mission.
4. The formula should be compatible with the statewide plan and goals, including: access, quality, protection of physical and human assets, rewarding results and performance, continuous improvement, providing services that help citizens, communities, regions, and the state, and businesses and industry to meet their goals, and continuous high quality learning experiences that help students develop to their fullest potential.
5. The formula should adequately and reasonably reflect both current and future funding needs for community colleges.
6. The formula should be as simple as possible given the complexity of community colleges.
7. The formula should be based on reliable information and data systems that assure comparability among institutions.
8. Community colleges should demonstrate effective and efficient use of resources and be accountable for the use of public funds.
9. Community colleges must make a persuasive case for additional funding and will only be effective if they speak with one voice.
10. Community colleges have significant program needs that are essential for Florida's future. At the same time, the state's financial realities must be recognized in annual budget requests. The proposals adopted should be long-term and represent consistent policy and long-term financial needs.

Formula Overview

The overall formula model consists of several different components added together to reach a total projected funding calculation for the Florida College System. Student fees and other revenues are subsequently subtracted from this total calculated funding to arrive at the ideal amount to be funded through state appropriations.

Overall Formula Model



FORMULA MODEL - COMPONENT DESCRIPTION

This section provides a step-by-step explanation of the process used to calculate the overall formula model. Beginning with Total Direct Instructional Funding, this section describes the formulas, assumptions, and processes used to determine the funding calculation for each of the major college functions contained in the overall model.

TOTAL DIRECT INSTRUCTIONAL FUNDING

The basic purpose for the direct instructional component of the formula model is to provide a fair and precise method for calculating the instructional faculty funding and the instructional support funding of each college. The formula is fair because each college is funded through the same formula and precise because the formula is designed around the cost differences among instructional disciplines. The formula for Direct Instructional Funding consists of a process, as shown on the following page, that is repeated for each college and each instructional program and discipline reported in the Division's Annual Cost Analysis.

Direct Instructional Formula

Total Faculty Salaries	+	**Total Instructional Support**	+	**Technology Refresh**		
=	**Total Direct Instructional Funding**					

Main Academic Year

Class Size	x	**Faculty Credit Hour Load**	=	**Faculty Student Semester Hours**
Student Semester Hours *for Fall/Winter/Spring*	÷	**Faculty Student Semester Hours *for Fall/Winter/Spring***	=	**# of Faculty Positions Calculated *for Fall/Winter/Spring***
# of Faculty Positions Calculated *for Fall/Winter/Spring*	x	**Full-time Faculty Percentage**	=	**Full-time Positions Calculated *for Academic Year***
# of Faculty Positions Calculated *for Fall/Winter/Spring*	x	**Part-time Faculty Percentage**	=	**Part-time Positions Calculated *for Academic Year***
Full-time *Academic Year* Positions Calculated	x	**Full-time Faculty Salary Rate w/Fringe Benefits**	=	**Full-time *Academic Year* Faculty Salaries**
Part-time *Academic-Year* Positions Calculated	x	**Part-time Faculty Salary Rate w/Fringe Benefits**	=	**Part-time *Academic Year* Faculty Salaries**
Full-time *Academic Year* Faculty Salaries Calculated	+	**Part-time *Academic Year* Faculty Salaries Calculated**	=	***Academic Year* Faculty Salaries**

Summer

Student Semester Hours *for Summer*	÷	**Faculty Student Semester Hours *for Summer***	=	**# of Faculty Positions Calculated *for Summer***
# of Faculty Positions Calculated *for Summer*	X	**Part-time Faculty Salary Rate with Fringe Benefits**	=	***Summer* Faculty Salaries**

***Academic Year* Faculty Salaries**	+	***Summer* Faculty Salaries**	=	**Total Faculty Salaries**
Total Faculty Salaries	X	**Assigned Instructional Support Costs Percentage**	=	**Total Instructional Support**

Description

CLASS SIZE

Standard class sizes are identified for each discipline area. These class size figures represent the professional judgment of the committee as to acceptable standards for each discipline. Small schools with 3,000 FTE or less are assigned class sizes at 85% of the standard. Schools between 3,000 and 4,000 FTE are assigned class sizes at varying percentages between 85% and 100% of the standard. The percentage for each enrollment range is as follows:

(a) 3,000 FTE or less – 85%;
(b) 3,001 to 3,200 FTE – 87.5%;
(c) 3,201 to 3,400 FTE – 90%;
(d) 3,401 to 3,600 FTE – 92.5%
(e) 3,601 to 3,800 FTE – 95%; and
(f) 3,801 to 4,000 FTE – 97.5%.

FACULTY CREDIT HOUR LOAD

Standard instructional and academic faculty loads are assigned to instructional disciplines. These faculty load figures represent the professional judgment of the committee as to acceptable standards for each discipline.

FACULTY STUDENT SEMESTER HOURS

Faculty student semester hours are determined by multiplying the class size by the faculty credit hour load for each instructional discipline. Faculty student semester hours represent the number of semester hours that would be served by a standard FTE faculty member.

STUDENT SEMESTER HOURS

This factor is the average of actual semester hours for each instructional discipline during the previous three years (two years actual, third year estimated). The semester hours are given as generated for the fall and winter/spring terms in one column and the summer terms in another column.

TOTAL FACULTY POSITIONS CALCULATED/ REQUIRED

To determine the total number of faculty positions generated/needed to provide instruction for each discipline in the fall and winter/spring terms, the three-year average student semester hours generated for the terms is divided by the faculty student semester hour load. This is the number of FTE faculty needed to teach the average student load generated in the discipline for the terms. The same calculation is done for the summer term.

FULL-TIME POSITIONS CALCULATED/ REQUIRED

The full-time portion of the total faculty positions generated in the fall and winter/spring terms is determined by the full-time/part-time ratio for the discipline area. In recognition of the difficulty associated with hiring part-time faculty for small campuses in rural and isolated areas, a sliding scale adjustment is made to increase the full-time percentage for instruction in those areas by a factor of up to 15%, based on FTE. As a campus approaches 4,000 FTE, this adjustment factor is reduced and eliminated at 4,000 FTE. This calculation for full-time positions is done for the fall and winter/spring terms only, as full-time positions are not calculated for the summer term.

PART-TIME POSITIONS CALCULATED/ REQUIRED

The number of part-time positions required for the fall and winter/spring terms is the difference between the total number of faculty positions calculated and the number of full-time positions calculated. All positions generated for the summer term are considered part-time in the Funding Model. The number of part-time positions for the fall and winter/spring terms is added to the number of positions for the summer term to give a total number of part-time positions required.

FULL-TIME FACULTY COSTS

To determine the full-time faculty costs, the number of full-time positions calculated is multiplied by the system average full-time faculty salary including fringe benefits plus the salary increase policy.

PART-TIME FACULTY COSTS

The part-time salary is determined by multiplying the part-time faculty salary per credit hour by the part-time faculty credit hour load (to equate to an FTE part-time instructor) by the fringe benefits factor for part-time instructors. This salary is multiplied by the part-time positions calculated to determine the part-time faculty costs.

TOTAL FACULTY COSTS

The full-time faculty cost and the part-time faculty cost are added together to determine the total faculty cost.

INSTRUCTIONAL SUPPORT COST PERCENTAGE

The Instructional and Academic Support Committee assigned a direct instructional support cost category for each instructional discipline based on the idea that some disciplines require more support than others. The Committee identified three categories of support: 1-low, 2-medium, and 3-high. Note: Instructional support costs in this part of the Funding Model represent direct instructional support costs such as non-faculty personnel, current expenses, laboratory expenses, and capital items used in the classroom and laboratory. Indirect academic support costs such as curriculum development and computer labs are addressed in the "Academic Support" part of the overall Funding Model.

TOTAL INSTRUCTIONAL SUPPORT

The appropriate support cost percentages are applied to the total faculty salaries to determine the total support cost for each discipline.

TECHNOLOGY REFRESH

An allocation for "technology refresh" is added to support upgrading of outdated technology resources for direct instruction.

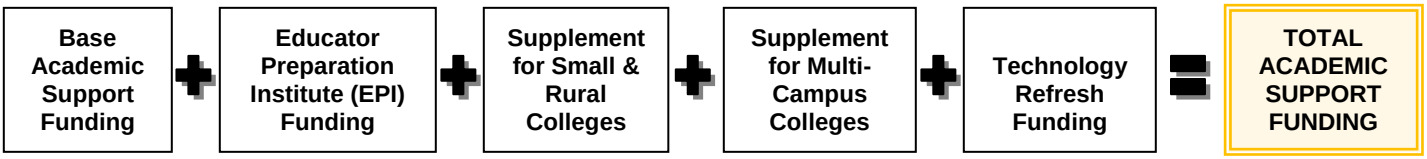
TOTAL DIRECT INSTRUCTIONAL FUNDING

The total faculty cost is added to the total support cost for each discipline to determine the total instructional funding needed for each discipline offered by each college. The sum of the cost by discipline is the direct instructional funding needed by each college, and the sum of each college's need is the system's need.

ACADEMIC SUPPORT FUNDING

Colleges provide a variety of services to help support and supplement the instructional programs provided by the college. These support services include computer labs, academic administration, and curriculum development and support. This component is intended to recognize the importance of these services by funding them separately from other college functions.

Formula



Description

BASE ACADEMIC SUPPORT

This figure is determined by multiplying the three-year average student FTE by the base academic support rate. The base academic support rate is based on expenditures for academic support reported in the Division's Annual Cost Analysis.

EDUCATOR PREPARATION INSTITUTE FUNDING

The Educator Preparation Institute (EPI) amount is a simple factor currently set at a fixed rate of $150,000 per institution.

SUPPLEMENT FOR SMALL COLLEGES

Colleges with 3,000 FTE or less are awarded an additional percentage of their base academic support as a small-college supplement. This supplement is intended to provide an adjustment for the diseconomies of scale that small colleges often face when providing certain academic support functions.

SUPPLEMENT FOR MULTI-CAMPUS COLLEGES

Colleges with multiple campuses are awarded an additional percentage of their base academic support for each campus with 400 or more student FTE. This supplement is intended to provide an adjustment for the additional costs that colleges incur when operating multiple campuses in their local communities.

TECHNOLOGY REFRESH

An allocation for "technology refresh" is added to support upgrading of outdated technology resources for academic support.

TOTAL ACADEMIC SUPPORT FUNDING

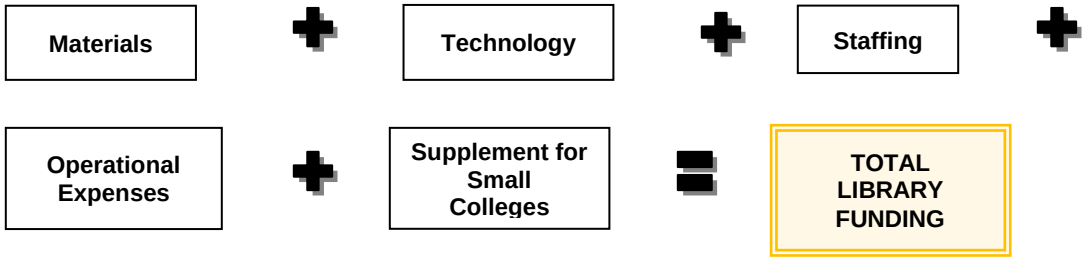
The base academic support funding, EPI support funding, the supplement for small colleges, if applicable, the supplement for multi-campus colleges, if applicable, and technology refresh funding are added to determine the total academic support funding for each college. The academic support request will be added to the overall institutional funding need for each college.

LIBRARY FUNDING

Library funding calculations are based on quantitative national standards for materials and staffing and the experience, analysis, and research of the College Center for Library Automation (CCLA). While these quantitatively based standards have been replaced within the formal accreditation process, they remain as a strong indicator of the required foundation of basic resources and staffing needed by a modern college. The Funding Model basic design was developed to guarantee achievement of the known quantitative minimum standards in an ongoing manner. The technology component is too new to be supported by national standards support, but it capitalizes on the recent experience of the CCLA in providing equipment in support of the statewide Library Information Network for Community Colleges (LINCC).

As seen in the formula below, the library funding calculation is composed of four parts: library materials, library technology, library staffing, and library operational expenses. A supplement for colleges with 3,000 FTE or less is added, if applicable. The number of FTE within an institution drives each of these calculations. A weighted multiplier is used for materials and administrative staff for multiple campus institutions.

Formula



Description

FTE

The three-year average by instructional category and college is used in the development of the model. For library model calculations, the library FTE is defined as the combined three-year average of the following instructional categories: Advanced and Professional (A&P), Postsecondary Vocational (PSV), Postsecondary Adult Vocational (PSAV), College Prep (CP), and Adult Education.

MULTI-CAMPUS

CCLA has established certification criteria for a campus, or site, to be supported as an official LINCC site. Factors in this certification include a staffed operation, supervision by a qualified professional librarian, and use of the online LINCC services. At this level, there is the beginning of a "critical mass" of library resources that must be provided (and in many cases duplicated) for each campus site. To handle this issue, the model does not address campus-level allocation but modifies the overall institutional assigned level. Each institution has a variety of local methods to address campus fiscal allocations. For each institution's instructional campus/site certified by CCLA or by the Division of Florida Colleges, a multi-campus factor is added to the volumes, serials, video/film/other items, and staffing request formula component for that institution. The multi-campus factor calls for the addition to the formula component of a simple multiplication of the base single

campus national standards level calculation by the "Multi-Campus Weight" factor by the number of additional sites.

MATERIAL REQUEST

The calculation of the models presented in the Standards for Community, Junior, and Technical College Learning Resource Programs, as jointly approved and endorsed by the American Library Association, the Association of Colleges and University Libraries, and the Association of Educational Communications and Technology, was used to establish a minimum collection size for a single campus by FTE enrollment size. The Funding Model determines the level for books, serials (journals and newspapers), and other items for each college based on the FTE enrollment and these "Standards." The multi-campus factor is then applied to determine the level needed for the college collection. It then establishes the annual need based on a multi-year "rolling window," i.e., based on the multi-year window a certain percent of the collection is updated annually.

Calculations are then made within these material categories as follows:

Book Volumes – Once the annual number of book volumes needed is determined as explained above, that number is multiplied by the "Book Cost per Volume." The "Book Cost per Volume" is the average cost of a book which is determined through review of "Table 5: U.S. College Books Average Prices and Price Indexes," which is contained in the section on *Price of U.S. and Foreign Published Materials* found in the Bowker Annual: Library and Book Trade Almanac or an equivalent annual summary of library materials costs. The value for this multiplier is obtained from the latest edition of Bowker, or equivalent, on an annual basis.

Serials – Once the annual subscription level is determined as outlined above, that number is multiplied times the "average cost of a journal subscription" multiplier that is determined though a standard pricing study (The Annual Library Journal Periodical Price Survey) done annually and published in the Library Journal magazine, or an equivalent similar survey.

Video and Film, and Other Items – This category includes film, video, microforms, maps, phonodisc-CDs, and various other electronic resources. Once the video and film level and the other items level is established as explained above, the two levels are added to determine the combined total needs and the annual base needs. The annual base needs are multiplied by the product of the "Video and Film and Other Items Cost Index" and the "Book Cost per Volume." [Note: This cost multiplier has been difficult to derive, and will continue to be studied and reviewed each year of the formula application. Since there is no data currently available in the educational materials marketplace, in discussion of experience in purchasing from within the full range of items listed under the Film/Video/Other category, it was decided that a general rule of the factor times the average cost of a book would be a pragmatic working number to generate the budget request figure.]

Electronic Resources – This category includes the various electronic resources needed in the operation of a college library. The funding for this area is determined by multiplying the library FTE by the "Electronic Resources Cost per Library FTE"

as determined through experience by the colleges and CCLA. The amount requested excludes the currently funded statewide e-resources administered by CCLA. The "Electronic Resources Cost per Library FTE" is determined each year.

Total Library Materials – Adding these four values together for each institution becomes the library materials component of the budget request. If an institution has specialized programs requiring specialized and/or high-cost library resources (such as allied health or legal assistant programs) additional special funding above the base-level resources will need to be added in the formula. A process to identify and request these specialized funds will require institutional notification to the Division to allow these requests to be included in the overall budget request process. It will be necessary for individual institutions to include them in additional resource requests to the Division.

TECHNOLOGY REQUEST

The library technology request is calculated as follows:

1. One (1) Internet capable multi-media PC for each FTE library staff member from the library staffing request below.

2. Internet capable multi-media PCs for classroom library instruction for each institution.

3. For multi-campus institutions for each campus with an FTE of 2,500 FTE or more, an additional classroom as indicated in 2 above is required.

4. For each 150 library FTE of the institution, one (1) Internet capable multi-media PC for use by students in the library.

The Library allocation of PCs included above is in addition to any PC calculations done via campus, computer laboratory, or institutional allocation process, which also may add units to the library.

A yearly price calculation for a "PC unit" will be established each budget request year. The annual PC unit cost includes an Internet capable PC, LAN support costs, printer/printer support costs, and software support costs.

The total PCs listed in 1-4 above should be on multi-year replacement cycle. The total number of PC units is divided by the replacement schedule cycle to determine the annual replacement figure and this figure is multiplied by the annual PC unit cost to create an annual institutional library technology budget request.

When the overall technology component of the funding formula matures, this identified special need of the library may be folded into the overall institutional technology calculation process.

STAFFING REQUEST

Library staffing positions calculations start by using the "Staffing Requirements for Single-Campus Services" as established in Standards for Community, Junior, and Technical College Learning Resource Programs. The standards recommend the

minimum number of administrators, professionals, technicians, and other staff for a single campus college library based on library FTE student enrollment.

The minimum number of staff for each position type is determined for each college. The multi-campus factor is then applied to the minimum staff numbers to determine the number of staff for each position type needed by the college.

An average salary for library administrator, professional librarian, library paraprofessional staff, and other library support staff is established each year. The model applies the full-time employee benefit factor to each salary to determine a salary with benefits factor for each position. The number of staff for each type is multiplied by the salary with benefits factor for that position to determine the costs for the minimum number of staff for the position. The staff costs for position types are added to determine the institution library staffing component of the model.

OPERATIONAL EXPENSES REOUEST

Each college needs funding for operational expenses in addition to the funding for materials, technology, and staffing. These expenses include such items as office supplies, travel, training, memberships, printing, repairs, service contracts, etc. Based on extensive cost analysis and annual financial report reviews, it was determined that the operational expenses request should be a percentage of the expenses for library materials, technology, and personnel.

SUPPLEMENT FOR SMALL/ RURAL COLLEGES

Colleges with 3,000 FTE or less are awarded an additional percent of their base total material, technology, staffing, and operation request as a supplement for small colleges. This additional percent is the "Supplement for Small College Rate." The supplement for small colleges is intended to provide an adjustment for the diseconomies of scale that small colleges often face when providing library services.

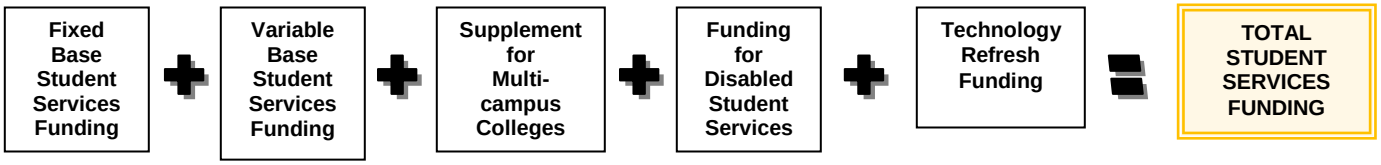
TOTAL LIBRARY FUNDING

When values have been calculated for library materials, library technology, library staffing, library operations, and the small college supplement components as outlined above, they are combined into a single amount to determine the total library support for each college.

STUDENT SERVICES FUNDING

Colleges provide a variety of services through student services to assist students in pursuit of their educational goals and objectives. These support services include registration and record keeping, counseling and advising, the administration of financial aid, assistance to the disabled, and placement services. This component is intended to recognize the importance of these services by calculating the funding needed separately from other college functions.

Formula



Description

FIXED BASE STUDENT SERVICES FUNDING

The base student services funding contains two parts: the fixed student services allocation and the variable student services amount. The fixed part of the base funding is determined by combining the average salaries with benefits at the seven smallest colleges of the following four positions needed to operate student services: chief student services officer, admissions and student records officer (registrar), financial aid/veterans' affairs officer, and a student counselor.

VARIABLE BASE STUDENT SERVICES FUNDING

The second part of the base funding, the variable student services amount, is calculated by multiplying the three-year average student FTE and headcount total by the base student services rate. The base student services rate was determined by the committee to reflect need and is tested for validity periodically against student services expenditures reported in the Division's Cost Analysis.

The two amounts are added together to determine the base student services funding component of the student services formula for each college.

SUPPLEMENT FOR MULTI-CAMPUS COLLEGES

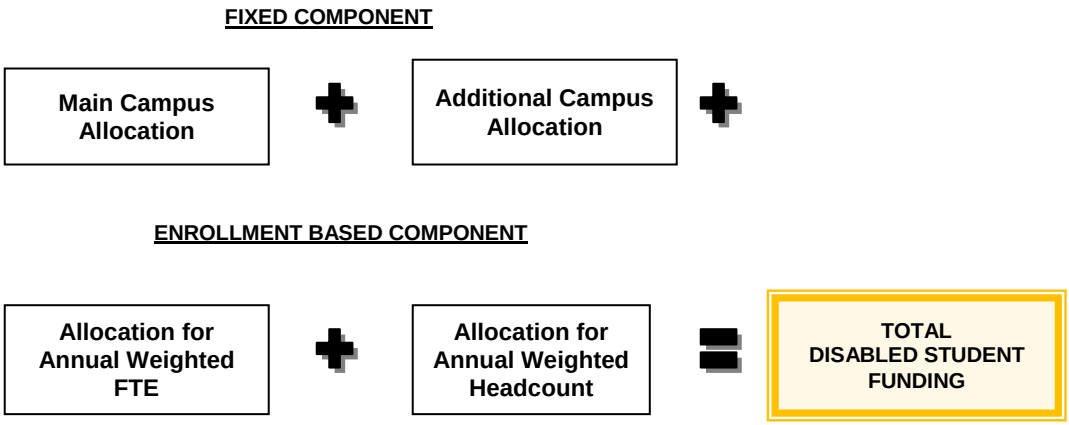
College with multiple campuses are awarded a supplement which is intended to provide an adjustment for the additional costs that colleges incur when operating multiple campuses in their local communities. For additional campuses with 400 or more FTE, the supplement is the student services multi-campus supplement rate times the college's base student services funding or the minimum amount per additional campus, whichever is greater. The minimum amount reflects the support of one counselor for a campus.

For campuses with less than 400 FTE, a percentage of the multi-campus supplement identified in the above paragraph (the greater of the percentage of the base or the additional campus minimum amount) will be allocated based on enrollment in the respective campuses.

FUNDING FOR DISABLED STUDENT SERVICES

The disabled student services funding in the student services funding formula consists of the sum of two components, a fixed cost component and a variable enrollment-based component. The fixed cost component has two factors, a main campus calculation and an additional campus allocation. The enrollment based component also has two factors, an allocation for annual weighted FTE and an allocation for annual weighted headcount. The formula is illustrated below.

Funding Formula for Disabled Student Services



ALLOCATION FOR FIXED COST COMPONENT:

Main Campus Calculation: Each college needs a full-time coordinator with college-wide responsibilities for students with disabilities. This model uses an average salary rate for the previous year increased by an inflation factor with fringe benefits applied using the full-time employee fringe benefit factor. Each college is entitled to funds for replacement costs relative to adaptive technology and related equipment for students with disabilities. The replacement cost is calculated using the value of the base total equipment cost inflated by an inflation factor multiplied by the equipment replacement rate (which is based on the useful life of the equipment). The cost of the full-time coordinator and the replacement cost of the basic equipment are added to obtain the main campus component.

Additional Campus Component: The additional campus component will include a full-time assistant coordinator. The calculation of cost for the assistant coordinator is the same as for the coordinator above with a smaller average salary rate. The replacement cost for equipment for the additional campus is the same as calculated for the main campus. The cost of the full-time assistant coordinator and the replacement cost of the basic equipment are added to obtain the additional campus component.

In addition, for campuses with less than 400 FTE a percentage of the additional campus component identified above will be allocated based on enrollment in the respective campuses.

Total Allocation for Fixed Cost Component: The total calculations for the main campus and the additional campus are added together to yield the allocation for the fixed cost component.

ALLOCATION FOR VARIABLE ENROLLMENT-BASED COMPONENT: (Enrollment is the sum of the Summer, Fall, and Winter/Spring Semesters.)

The Weighted FTE Allocation: These funds are generated to support instructional activities such as tutors, scribes, and interpreters. Disabled student FTE for each type of disability is weighted using cost factors based on the relative differences in cost by disability type. The total weighted FTE is multiplied by a relative cost indicator (Disabled Students Amount per Weighted FTE) to obtain the total FTE allocation.

The Weighted Headcount Allocation: These funds are generated to support student services such as intake and counseling. The student headcount for each type of disability is weighted using cost factors based on the relative differences in disability type. The total weighted headcount is multiplied using a relative cost indicator (Disabled Students Amount per Weighted Headcount) to obtain the total headcount allocation.

Total Allocation for Variable Enrollment Based Component: The total calculations for the FTE and headcount sub-components are added together to yield the allocation for the enrollment based component.

Total Disabled Student Services Funding: The fixed cost component and the enrollment based component are added together to give the total disabled student funding. This total is included in the total student services funding.

TECHNOLOGY REFRESH

An allocation for "technology refresh" is added to support upgrading of outdated technology resources for student services.

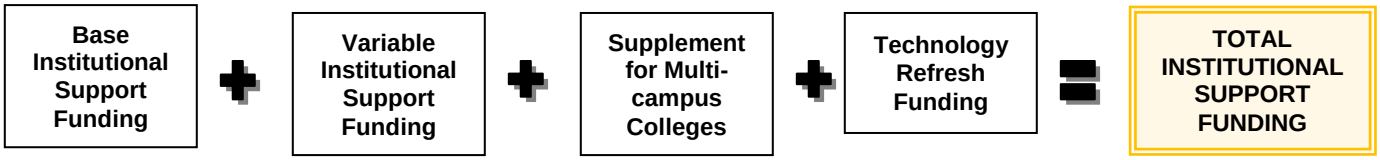
TOTAL STUDENT SERVICES FUNDING

The fixed and variable base student services allocations, the supplement for multi-campuses, funding for disabled student services, and technology refresh are added together to determine the total student services funding for each college.

INSTITUTIONAL SUPPORT FUNDING

Like businesses and other agencies, colleges maintain certain functions or services that support the basic operations of their institutions. This institutional support includes such functions as personnel (human resources), accounting and finance, and purchasing. Institutional support also includes a college's executive leadership (i.e., the president and various vice-presidents), who are responsible for institutional planning and shaping the overall direction of the college. In all, institutional support plays a vital role in helping a college identify and meet the service needs of its local community.

Formula



Description

BASE INSTITUTIONAL SUPPORT FUNDING

The base institutional support funding for each college consists of salaries and benefits for seven key positions in institutional support for each college. The positions include: (1) President, (2) Chief Academic Affairs Officer, (3) Chief Business Affairs Officer, (4) Technology, Management Information Services Officer, (5) Comptroller, (6) Human Resources Director / Manager, (7) Institutional Advancement Director / Manager (marketing and communication, fundraising, government relations).

VARIABLE INSTITUTIONAL SUPPORT FUNDING

The variable institutional support funding for each college represents a percent of its sum total funding for academic instruction, academic support, libraries, student services, and special projects.

SUPPLEMENT FOR MULTI-CAMPUS COLLEGES

Colleges with multiple campuses are awarded a supplement. For each additional campus with 400 or more FTE, the college is awarded the greater of a percentage of the sum of their base and variable institutional funding or a campus minimum allocation. This supplement is intended to provide an adjustment for the additional costs that colleges incur when operating multiple campuses in their local communities.

For additional campuses with less than 400 FTE, a percentage of the supplement identified above is allocated based on enrollment in the respective campuses.

TECHNOLOGY REFRESH

An allocation for "technology refresh" is added to support upgrading of outdated technology resources for institutional support.

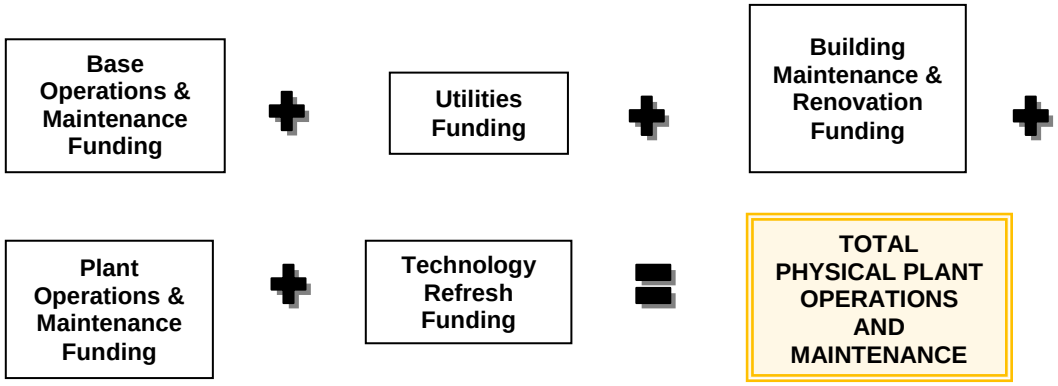
TOTAL INSTITUTIONAL SUPPORT FUNDING

As indicated in the formula, the base institutional support funding, the variable institutional support funding, the supplement for multi-campuses, and technology refresh funding are added to determine the total institutional support for each college. The institutional support portion will be added to the overall institutional funding need for each college.

PHYSICAL PLANT OPERATIONS & MAINTENANCE FUNDING

Florida's 28 colleges use a variety of campuses, centers, and off-site locations throughout the state to bring services closer to the student. In addition, colleges offer a comprehensive array of educational programs at flexible hours to meet the needs of their particular student populations. Physical plant operations and maintenance plays an important role in helping to ensure that colleges provide the best and safest learning and working environment for their employees and students. Accordingly, this component of the Funding Model is intended to ensure that colleges have adequate resources for functions such as building and equipment maintenance, police and campus security services, grounds operations and maintenance, utilities, facilities planning, and custodial services. The following formula is use to calculate the total physical plant operations and maintenance funding.

Formula



Description

BASE OPERATIONS AND MAINTENANCE FUNDING

The determination of base operations and maintenance funding involves two parts as illustrated below.

First, each college receives a fixed base operation and maintenance (O&M) allocation. This amount is based upon salaries and benefits for four key positions in physical plant operations and maintenance on the primary campus. These positions include (1) Facilities Director, (2) Maintenance Supervisor, (3) Security, Health, and Safety Officer, (4) Building Official/Facilities Planner.

Second, a supplemental base (O&M) allocation is included for each additional campus with 400 FTE or more to support (salaries and benefits) the following three key positions: (1) Assistant Facilities Director, (2) Assistant Maintenance Supervisor, and (3) Assistant Security, Health, and Safety Officer.

For additional campuses with less than 400 FTE, a percentage of the supplemental base identified in the above paragraph will be allocated based on enrollment at the respective campus.

The two amounts, the fixed base allocation for operations and maintenance and the supplemental base allocation per campus, are added together to determine the base operation and maintenance amount for each college.

UTILITIES FUNDING

For utilities, each college receives an amount equal to its highest annual average utility cost per gross square foot of space (as reported in the Annual Financial Report) over the last three years times its most recently available gross square footage amount.

BUILDING MAINTENANCE & RENOVATION

The funding for building maintenance and renovation represents the "Sum-of-the-Digits" as provided for in Section 1013.64(1) (a), Florida Statutes.

PLANT OPERATIONS AND MAINTENANCE

Plant operations and maintenance includes the cost associated with grounds, custodial services, maintenance functions, security and supervisory overhead.

The grounds cost for each college is the sum of the grounds personnel cost and the expenses associated with the grounds maintenance. The grounds personnel cost is the product of the average cost for a grounds staff person and the number of grounds staff needed by the college. The number of grounds staff needed is the college's acres divided by the standard of acres a grounds person can maintain. The expense for grounds is the product of the college's acres and the system's average expense cost per acre.

The calculation of custodial personnel funding for each college involves several steps. First, the gross square footage of college buildings is identified for each college. Second, this gross square footage is divided by the square footage that each custodial staff member is expected to maintain to determine the number of custodial staff needed by each college. An average annual custodial staff cost is identified and multiplied by the number of custodial staff needed to determine the cost of a college's custodial staff.

Finally, the staffing amounts calculated above are adjusted by an intensity of use factor. Some buildings on campus are used more than others. Consequently, the increased student traffic requires the custodial staff to clean the carpet, floors, faucets, electrical surfaces, etc., more often.

The intensity of use factor is used in the calculation of the funds needed by custodial services. The higher the percentage, the higher the funding will be. The intensity of use factor is determined first by dividing the gross square footage of a college by the college's three-year FTE average to generate a square foot per FTE. Next, the college square foot per FTE is divided by the system-wide square foot per FTE. This formula generates a percentage of how often a college uses building space relative to the entire college system. This percentage is the "Intensity of Use Factor" for the college. Upper and lower caps on the Intensity of Use Factor provide a range within which the factor is applied. If the calculated Intensity Factor is greater than

the high factor in Standard Factor/ Operation & Maintenance of Physical Plant Factors, the high factor is used. If it is less than the low factor, the low factor is used. If it is between the high and the low, the actual calculated factor is used. The appropriate factor is multiplied by the figure generated by the staffing formula as outlined above to determine the total custodial workload funding for a college.

Custodial expenses for each college are calculated by multiplying the system average custodial expense cost by the college's square feet.

The custodial staff costs and the custodial expenses are added to determine the cost for custodial services.

TECHNOLOGY REFRESH

An allocation for "technology refresh" is added to support upgrading of outdated technology resources for physical plant operations and maintenance support.

TOTAL PHYSICAL PLANT OPERATIONS & MAINTENANCE FUNDING

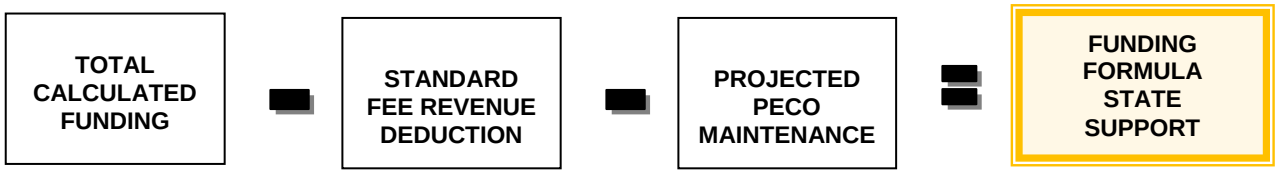
The total physical plant funding represents the sum of Base Operations and Maintenance Funding, Utilities Funding, Building Maintenance and Renovation Funding, Plant Operations & Maintenance Funding, and the Technology Refresh Funding.

DISTRICT COST DIFFERENTIAL (DCD) FUNDING

It is a recognized fact that the costs of hiring equally qualified personnel varies from county to county within the state. The use of a district cost differential factor is an effort to equalize funding based on these differing costs of hiring for employees. The District Cost Differential (DCD) is a product of the Florida Price Level Index (FPLI) Study that is conducted annually. The DCD is derived pursuant to section 1011.62(2), Florida Statutes. The college district factor is the population weighted DCD of the counties within the college's district. All college DCD factors are rounded up to a minimum of one.

DEDUCTIONS FROM TOTAL CALCULATED FUNDING

State appropriations and student tuition account for most of the total revenues used to fund colleges. Standard fee revenues and projected funding for PECO maintenance are deducted from the model's total calculated funding to determine the funding for state support.



Standard Fee Revenues

The standard fee is provided each year by the Legislature in the General Appropriations Act. Each College Board of Trustees has the discretion to establish its student tuition and fees within a set range which could be above or below the standard rate set by the Legislature. Colleges are also allowed to charge additional discretionary fees such as student activity and services, technology, student financial aid, and capital improvement at rates set forth in section 1009.23, Florida Statutes.

For the purposes of the Funding Model, standard fee revenues include tuition, out-of-state fees, and technology fees. The standard fee rate per credit hour is multiplied by the number of fee-paying FTE students to determine the amount of standard fee revenue generated by FTE for each college. To this total, the non-resident fees are added to yield the total standard student fee revenue generated by FTE students.

Non-resident FTE produces non-resident revenue dollars for the college. A three-year moving average non-resident FTE is calculated using an FTE projection for the most recent year with the previous two years of actual non-resident FTE.

The estimate is calculated using a non-resident participation rate which is calculated by dividing the second previous year's non-resident FTE by the year's actual FTE in the A&P, PSV, PSAV, and College Prep categories. The rate is then multiplied by the three-year average FTE for the categories to produce the previous year's FTE non-resident estimate. This estimate is then averaged with the prior two years non-resident FTE to produce the three-year average non-resident FTE.

This average is then multiplied by the non-resident fees per FTE to calculate the non-resident fees generated for each college. These fees are then added to the standard fee revenue generated by FTE to yield the total standard student fee revenue generated by FTE students for each college.

Student fees are not collected for dual enrollment FTE. Hence, in the Funding Model, an amount equal to the fees that are not paid by dual enrolled students is removed from each college's standard student fee revenue generated by FTE. A three year average dual enrollment FTE and student fee rates are used to calculate the amount of fees to remove for each college.

The three-year average dual enrollment calculation uses an estimate for the most recent year and the prior two years actual dual-FTE. Using the most recent year's FTE, the participation rate of the prior year is applied to estimate the recent year's dual-FTE in the dual enrollment instructional categories.

Colleges may waive or exempt student fees under certain conditions, as provided by law. The fees waived and exempted are not collected and therefore, in the Funding Model, are subtracted from each college's standard student fee revenue generated by FTE.

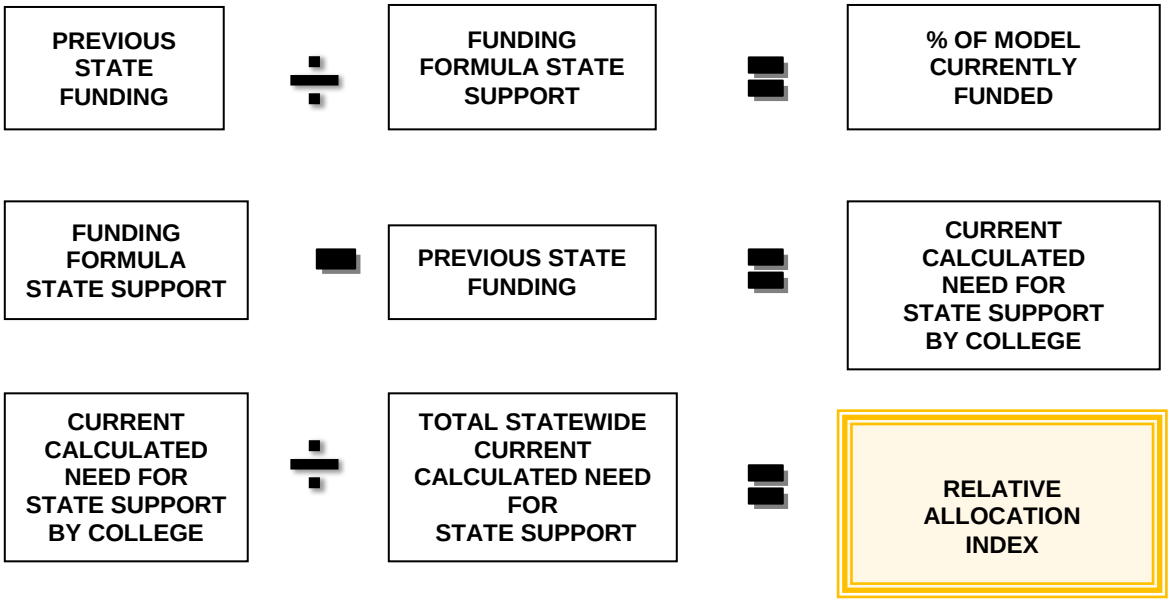
Projected Public Education Capital Outlay (PECO) Maintenance

The physical plant operations and maintenance funding includes the building maintenance and renovation funding which is the total amount required by the college to properly maintain the facilities. The amount calculated is based on section 1013.64(1) (a), Florida Statutes, and is referred to as the "Sum-of-the-Digits" formula. The PECO funding amount is a deduction from the overall model, and the balance is left in the formula to satisfy the total calculated funding for maintenance and repairs.

DEVELOPMENT OF RELATIVE ALLOCATION INDEX

The Relative Allocation Index is the result of a comparison of the current funding level to the Funding Model calculations. Each college's Funding Model calculated state dollars is compared to its current funded amount. The difference is the calculated increase/decrease in state support. Each college's share of the overall increase/decrease in state support is the Relative Allocation Index. The following formulas are used to calculate the Relative Allocation Index.

Formula



Description

PREVIOUS STATE FUNDING — The previous year's state funding is calculated by summing state appropriations for the Florida College System Program Fund, General Revenue, and Lottery funds.

FUNDING FORMULA STATE SUPPORT — Funding formula state support is the total calculated funding produced by the Funding Model minus standard fee deductions and projected PECO maintenance.

% OF MODEL CURRENTLY FUNDED BY STATE — The percent of model currently funded is derived by dividing the previous state funding by the funding formula state support.

CALCULATED NEED FOR STATE SUPPORT — The Calculated Need for State Support is derived by subtracting the State Funding from the Funding Formula State Support.

RELATIVE ALLOCATION INDEX

The Relative Allocation Index expresses the need of each college for state support relative to the total need of the system as computed in the Funding Model calculation. Each college's Funding Model Calculated State Dollars is compared to its current funding amount. The difference is the calculated increase/decrease in state support. Each college's share of the overall increase/decrease in state support is the Relative Allocation Index.

FUTURE DIRECTIONS…

All funding allocation approaches are imperfect. Funding allocation methods can never solve all the resource allocation challenges or recognize the full range of objective and subjective differences among institutions. Given opportunities available in the current policymaking climate in Florida, the funding approach, however, can be modified to align values with day-to-day decisions, to center on vision, to build on strengths, and to take advantage of external opportunities.

In 1998, the work of the Budget Development Task Force and the Ad Hoc Funding Committee suggested the directions listed below.

1. ***Adopt a new Funding Model.*** As soon as possible, implement a new state funding system for operations consisting of two parts: Formula Funding and Challenge Initiatives. Formula Funding is designed to provide stability and support for campuses to fulfill their missions. In contrast, Challenge Initiatives are intended to support innovation and change. The proposed formula will provide stability and support for colleges to fulfill their missions.

2. ***Maintain current strengths.*** Current effective strategies that should be maintained include:

    a. providing lump-sum allocations to campuses for basic operations, and

    b. maintaining extensive campus autonomy in the management of funds.

3. ***Adjust Funding to Address Adequacy and Major Enrollment Changes.*** Adopting a formula approach addresses both adequacy of funding for all campuses and major enrollment changes. When a formula is initially adopted, campuses are likely to be funded at differential levels compared with the formula. Priority should be given over a number of years to making adjustments for campuses that are substantially under-funded in comparison with other colleges so that over time, all campuses will be at the same relative level of formula funding. Enrollment changes using a three-year moving average is an effective way to recognize enrollment growth and, at the same time, provide stability for those campuses that are experiencing enrollment decline.

4. ***Adopt a policy that provides for stable and predictable funding.*** In Florida, the K-12 system has a "Quality Assurance" factor that provides that no school receives fewer funds than the previous year. A similar quality assurance policy should be adopted as a part of budgetary policies for colleges.

5. ***Include accountability measures.*** Accountability mechanisms should be put in place around the various elements of the Formula and Challenge Funding.

6. ***Consider a multi-year funding plan and goals.*** A multi-year funding plan of four to six years could provide a positive direction with reasonable funding targets for Formula and Challenge Funding.

7. ***Improve data systems.*** Although Florida is far ahead of many states in collecting and analyzing data, including its annual cost analysis, one of the difficulties in developing a sound formula model was the absence of comparable, consistent information in certain areas, such as adult education. If a formula approach is used, renewed efforts are necessary to assure that data is accurate and comparable for all colleges.

The new Funding Model was adopted in 1999 and has been used as a basis for distribution of new funding to the colleges. The Funding Committee still struggles with the issues of adequacy and equity and works with the Council of Presidents and the Division of Florida Colleges staff to adjust the model annually and develop funding strategies to address these two critical issues.

Historical Acknowledgements…

This report is based on the recommendations of the Ad Hoc Funding Committee of the Budget Development Task Force of the State Board of Community Colleges. We have maintained acknowledgement of the original membership of the Ad Hoc Funding Committee to give credit for the many hours of dedication to making this a successful Funding Model for the Florida Community College System. The Ad Hoc Funding Committee members included:

Mr. Richard A. Becker
Ms. Christyne B. Hamilton
Dr. Norman Will
Ms. Brenda Fettrow
Ms. Ginger A. Cruze
Dr. Richard Madaus
Ms. Dorothy Vandegrift
Mr. Ed Cisek
Dr. Rand S. Spiwak
Mr. Barry Keim
Dr. Jon Cosby
Dr. Keith T. Samuels
Mr. Ron Fahs
Mr. Bob Jones
Dr. Gary Yancey
Dr. Carol Copenhaver
Mr. Robert M. Wolf
Mr. Robert S. Austin, Jr.
Mr. Willie B. Felton, Jr.
Dr. Dale O'Daniel
Dr. Tom Furlong
Ms. Connie Graunke
Mr. Lacy Gilchrist

Budget Development Task Force Members

Mr. Randall W. Hanna, Chair
Mr. Patrick E. Byrne
Ms. Jan R. Cummings
Dr. Robert W. Judson
Dr. Eduardo J. Padron
Dr. Lawrence W. Tyree
Dr. T.K. Wetherell
Dr. Charles Atwell
Dr. Catherine P. Cornelius
Mr. Richard W. D'Alemberte
Dr. E. Ann McGee
Mr. George I. Platt
Dr. Steven Wallace
Mr. Wendell W. Williams