NSHE Funding Formula 2013-2025

The funding formula methodology used by the Nevada State Legislature to determine and distribute state General Fund appropriations to Nevada System of Higher Education's (NSHE) seven teaching institutions was adopted by the 2013 Legislature. The funding formula was established in budget policy, not in statute, and based on recommendations developed as a result of the interim legislative study established in 2011 through the enactment of Senate Bill 374 (Chapter 375, Statutes of Nevada 2011). The funding formula, including the funding distribution methodology and performance funding, continues to be established in budget policy and reviewed and updated, as necessary, during each legislative session.

The information summarized in this document originated in source documents found on the Nevada Legislature's website, including but not limited to the biennial Appropriations Reports (2013-2023 Legislative Sessions), as well as minutes, exhibits, and audio recordings of various money committee meetings.

The NSHE funding formula includes four components:
1. Weighted Student Credit Hours (WSCH) are the basis for distributing General Fund appropriations;
2. Small Institution Funding assists Great Basin College (GBC) and Western Nevada College (WNC) with fixed administrative costs;
3. Research Space Operations and Maintenance (O&M) Funding for the University of Nevada, Las Vegas (UNLV) and the University of Nevada, Reno (UNR); and
4. Performance funding set-asides for each teaching institution.

The methodology includes biennial funding adjustments for caseload changes (increases or decreases in WSCH) and institution specific adjustments (small institution funding and research operations and maintenance funding). Additionally, the funding formula includes the methodology used to distribute General Fund appropriations (less institution-specific allocations) to each of NSHE's teaching institutions based on the uniform WSCH value for each fiscal year (FY). The WSCH methodology was developed to equitably distribute General Fund appropriations across all teaching institutions. The WSCH value is an output of the funding formula; it does not determine changes to the amount of General Fund appropriations approved by the Legislature.

<u>Available General Fund Appropriations</u>
As a general process, before funding is allocated to the teaching institutions, funding is requested by NSHE, recommended by the Governor, and approved by the Legislature.

Consistent with all State agencies, General Fund appropriations for NSHE's teaching institutions are based on the traditional base, maintenance and enhancement budget methodology:

- <u>Base</u>: The amount of General Fund appropriation approved during the current biennium serves as the baseline for the next biennium.

- <u>Maintenance</u>: The base amount is adjusted to reflect increases or decreases in anticipated expenditures during the next biennium. Maintenance decision units also accommodate for inflationary adjustments and fringe benefit adjustments, which are consistent for all State agencies. Additionally, NSHE maintenance decision units include

caseload adjustments, small institution funding, and research operating and maintenance funding.

- Enhancements: These requests seek additional funding for new projects intended to be implemented during the upcoming biennium and may be institution specific.

Beginning with the implementation of the current NSHE funding formula methodology in FY 2014, the Legislature's policy has been that projected non-General Fund revenues do not offset the amount of General Fund appropriations appropriated for the teaching institutions. (In the previous funding formula, General Fund appropriations were offset by projected non-General Fund revenues.)

Weighted Student Credit Hours
Weighted Student Credit Hours are based on the course taxonomy initially approved by the 2013 Legislature. The assigned weights reflect general cost-informed differences in the delivery of instruction (e.g. the cost of delivering a science course is greater than a liberal arts course, generally). Credit hours earned by students who are Nevada residents are weighted by discipline cluster and academic level developed by the National Center for Higher Education Management Systems (NCHEMS) and modified by the 2011-2012 Committee to Study the Funding of Higher Education. The taxonomy has been approved by each subsequent Legislature – with one modification. The 2017 Legislature approved an increase to the weighting for Career and Technical Education credit hours at the community colleges, effective in the Fall semester of 2017. Otherwise, the weights assigned to the discipline clusters have been unchanged since the formula's initial implementation in FY 2014.

Weighted Student Credit Hours for non-resident students are excluded from the funding formula methodology, because non-resident tuition is collected from non-resident students. The combination of non-resident tuition and per course registration fees are intended to fund 100 percent of the cost of instruction by an institution.

The 2013 Legislature determined that all WSCH, including "F" grades, would be used for the distribution of funding during the 2013-2015 biennium. However, beginning with the 2015-2017 biennium, WSCH would exclude all "F" grades for non-attendance/effort.

The table below displays the number of WSCH earned by institution. The WSCH for FY 2012 and FY 2016 demonstrate the number of credit hours earned prior to and following the revisions to the WSCH taxonomy approved by the Legislature.

	FY 2012 WSCH Including All "F Grades" (Leg. Approved)	FY 2012 WSCH Excluding "F Grades" for Non-Attendance/Effort	FY 2014 WSCH*	FY 2016 WSCH*	FY 2016 WSCH* Including CTE Adjustment	FY 2018 WSCH**	FY 2020 WSCH**	FY 2022 WSCH**
UNLV	886,813	872,181	915,704	1,009,083	1,009,083	1,078,174	1,115,625	1,149,097
UNR	619,941	612,130	655,013	721,836	721,836	763,270	783,516	763,960
CSN	626,677	586,695	578,716	580,102	618,582	627,075	663,630	564,061
GBC	60,769	59,134	62,209	69,321	83,883	76,324	87,716	81,614
TMCC	214,603	201,083	198,251	204,816	220,784	218,966	227,510	204,001
WNC	74,414	69,964	72,151	75,616	83,842	86,284	87,071	89,534
NSC	92,826	89,326	94,470	101,857	101,857	126,472	157,417	176,879
TOTAL WSCH	2,576,043	2,490,513	2,576,514	2,762,631	2,839,867	2,976,565	3,122,485	3,029,146

*WSCH exclude F Grades for Non-attendance/effort
**WSCH exclude F Grades for Non-attendance/effort and the Increased CTE adjustment

WSCH Caseload Adjustments
Each biennial budget includes adjustments to the General Fund appropriation for the seven teaching institutions based on changes in the number of WSCH earned by Nevada resident

students, excluding "F" grades for non-attendance/effort. First, the change in the WSCH earned during the two preceding even numbered fiscal years is calculated. Then, the result is multiplied by the WSCH value approved during the current (odd numbered) fiscal year. For example, the caseload adjustment for the 2023-2025 biennium (FY 2024 and FY 2025) is based on the difference in total WSCH earned in FY 2020 and FY 2022 multiplied by the WSCH value for FY 2021.

The table below demonstrates the increase in General Fund appropriation based on the increase in WSCH for the 2021-2023 biennium.

	FY 2018 WSCH	FY 2020 WSCH	WSCH Growth[1]	FY 2021 WSCH Value	FY 2022 & FY 2023 Caseload Adjustment
Increase in WSCH Caseload Adjustment Legislatively Approved WSCH Caseload Adjustment for 2021-2023 Biennium					
Total	2,976,565	3,122,485	145,918	$164.61	$24,019,562

[1] Amount included in the 2021 Appropriations Report, which notes totals may not sum due to rounding

Conversely, the table below demonstrates the decrease in General Fund appropriation based on a decrease in WSCH for the 2023-2025 biennium. This is the first biennium in which NSHE experienced a reduction in total WSCH and, therefore, a reduction in funding for the caseload adjustment.

	FY 2020 WSCH	FY 2022 WSCH	WSCH Growth	FY 2023 WSCH Value	FY 2024 & FY 2025 Caseload Adjustment
Decrease in WSCH Caseload Adjustment Legislatively Approved WSCH Caseload Adjustment for 2023-2025 Biennium					
Total	3,122,485	3,029,145	(93,340)	$166.90	($15,578,063)

This process was initially established with the policy adopted by the 2015 Legislature and has been continued by subsequent legislatures.

Pre-Formula Appropriations: Small Institution Funding
All institutions have certain fixed administrative costs, and these fixed costs are generally a greater percentage of variable (enrollment-based) revenues at smaller institutions than at larger institutions due to economies of scale. The NSHE funding formula recognizes this funding gap by providing additional General Fund appropriations to small institutions, specifically, GBC and WNC.

This allocation is intended to decrease over time, from a maximum of $1.5 million per fiscal year per institution to $0.0, as the number of WSCH increases to 100,000 (for each institution). The 100,000 WSCH threshold was anticipated to be the point at which the institutions would generate sufficient enrollment-based revenues to support their fixed administrative costs.

Small Institution Funding is determined by the actual number of WSCH greater than 50,000 but less than 100,000. Then, the $30 WSCH value is applied to the difference between the actual WSCH earned and 100,000 WSCH, with a maximum $1.5 million available per institution per fiscal year. As the WSCH for an institution approaches 100,000, the level of Small Institution Funding decreases. The $30 WSCH value for Small Institution Funding has not been adjusted since the implementation of the NSHE funding formula in FY 2014. The Small Institution Funding amount is the same in each year of a biennium.

The table below demonstrates the process for calculating the Small Institution Funding for GBC and WNC for the 2023-2025 biennium.

Small Institution Funding: 2023-2025 Biennium based on $30 WSCH value				
	FY 2022 WSCH	Number of WSCH less than 100,000	WSCH Value $30	FY 2024 and FY 2025
GBC	81,614	18,386	$30	$ 551,580
WNC	89,534	10,466	$30	$ 313,980

The table below summarizes the investment made at GBC and WNC as a result of the Small Institution Funding allocation. With very few exceptions, the amount of funding for each institution has decreased since FY 2014. This decrease is the result of increases in the WSCH totals.

Small Institution Funding Allocation of General Fund Appropiations						
	FY 2014 and FY 2015	FY 2016 and FY 2017	FY 2018 and FY 2019	FY 2020 and FY 2021	FY 2022 and FY 2023	FY 2024 and FY 2025
GBC	$ 1,176,930	$ 1,133,730	$ 920,370	$ 710,280	$ 368,520	$ 551,580
WNC	$ 767,580	$ 835,470	$ 734,520	$ 411,480	$ 387,885	$ 313,980
TOTAL	$ 1,944,510	$ 1,969,200	$ 1,654,890	$ 1,121,760	$ 756,405	$ 865,560

The total amount of the Small Institution Funding appropriation is the same for each year of the biennium.

Pre-Formula Appropriations: Research Space Operations and Maintenance Funding
Similar to the Small Institution Funding for GBC and WNC, research space O&M funding addresses the cost for research space at UNLV and UNR that is not associated with WSCH. Research O&M funding is determined by identifying the square footage of dedicated research space at each university and the associated research expenditures.

At the time the current funding formula was adopted (2013), UNLV and UNR utilized their own, institution specific methodologies for determining the research O&M costs. However, in response to direction from the 2021 Legislature, the universities developed a uniform methodology for the identification of research space to ensure a consistent application of calculated funding needed for these designated areas.

The table below summarizes the General Fund appropriation for research O&M for each fiscal year, since the formula was implemented. While research O&M funding is generally the same amount in each year of the biennium, separate amounts were appropriated to UNR in each year of the 2019-2021 biennium due to a new building coming on line in FY 2021.

	FY 2014 and FY 2015[1]	FY 2016 and FY 2017[2]	FY 2018 and FY 2019[3]	FY 2020[4]	FY 2021[4]	FY 2022 and FY 2023	FY 2024 and FY 2025[5]
University Research Space Operation and Maintenance (O&M) Allocation of General Fund Appropriations							
UNLV	$ 4,944,173	$5,008,199	$5,621,935	$4,151,084	$4,151,084	$ 4,563,433	$ 4,493,978
UNR	$ 3,582,891	$4,102,076	$3,831,987	$5,147,775	$5,404,243	$ 5,696,206	$ 5,575,112
TOTAL	**$ 8,527,064**	**$9,110,275**	**$9,453,922**	**$9,298,859**	**$9,555,327**	**$10,259,639**	**$10,069,090**

[1] 2013 Legislature approved an additional $1.73 million for UNLV in each fiscal year of the biennium as a post-formula adjustment by redistributing formula funding from CSN ($1.2 million) and NSC ($566,616); funding is outside of the square footage calculation and approved for the purpose of growing research at the university

[2] 2015 Legislature approved UNLV continuing to receive $1.7 million in each fiscal year by redistributing formula funding from CSN and NSC

[3] 2017 Legislature approved three adjustments that impacted Research O&M funding: Governor's recommended budget for UNR's Research O&M, which omitted a portion of the rate per square foot calculation after NSHE confirmed that UNR was prepared to absorb the shortfall in the 2017-2019 biennium; UNLV's total research space decreased when duplicate reporting of space was corrected; continuation of funding for UNLV totaling $1.7 million in each fiscal year by redistributing formula funding from CSN and NSC

[4] 2019 Legislature approved a $1.7 million reduction in funding at UNLV in each year of the biennium, eliminating the redistribution of formula funding from CSN and NSC; the Legislature approved increased funding for UNR to correct an error in the rate per square foot from the 2017-2019 biennium and an increase in square footage in FY 2021 due to the addition of the Pennington Engineering Building

[5] Decrease in funding at UNLV is the result of decreases in dedicated research space in FY 2022 and the per square foot cost of O&M

Other Pre-Formula Appropriations
Pre-Formula appropriations are allocated to a specific teaching institution for a specific purpose; the funding is not distributed based on the WSCH value for that fiscal year.

The 2013 Legislature approved General Fund appropriations totaling $5.7 million for GBC and $4.6 million for WNC over the 2013-2015 biennium to mitigate the effect of the funding formula implementation on each institution; this was a one-time appropriation.

The 2015 Legislature approved General Fund appropriations totaling $3.0 million for GBC and $2.0 million for WNC over the 2015-2017 biennium to mitigate the effect of the funding formula; this was a one-time appropriation.

The 2017 Legislature approved an increase to the weighting for Career and Technical Education credit hours at the community colleges totaling $9.2 million in FY 2018 and $12.2 million in FY 2019. The increased funding supported faculty costs, curriculum development, expansion of course offerings, and equipment to support CTE programs. The increased General Fund appropriations were a pre-formula allocation during the 2017-2019 biennium. In subsequent biennia, this increased weighting was incorporated in the course taxonomy used to determine WSCH.

The 2017 Legislature also approved General Fund appropriations totaling $9.7 million in FY 2019 to build capacity within the teaching institutions and support workforce growth and development, based on a four-year plan provided by each institution. This one-time funding was excluded from the calculation of the WSCH value.

The 2019 Legislature approved General Fund appropriations totaling $18.25 million for the 2019-2021 biennium to build capacity at the community colleges and NSC to support workforce growth and development. Additionally, the 2021 Legislature approved General Fund appropriations totaling $20.2 million for the 2021-2023 biennium to continue the capacity building at the community colleges and NSC to support workforce growth and development.

This was authorized as one-time funding, on the basis that the funding approved for program development would result in the generation of new WSCH once the programs were implemented and the new WSCH would add ongoing funding through the caseload adjustment process.

The 2023 Legislature approved General Fund appropriations totaling $20 million for the 2023-2025 biennium to increase the number of Graduate Assistant positions and the Graduate Assistant stipend amounts for UNR and UNLV. Increasing the number of Graduate Assistants allows the universities to enhance their research mission, maintain their Carnegie R1 status, and be competitive in attracting the best students nationally. Increasing the stipend amount represented a cost of living adjustment.

Additionally, the 2023 Legislature approved General Fund appropriations totaling approximately $1.0 million in each year of the 2023-2025 biennium for summer school teacher education courses to improve the teacher pipeline. Based on traditional budget policy, summer school courses, other than Nursing programs and science-based prerequisites for Nursing, have not been supported with General Fund appropriations. This decision by the 2023 Legislature establishes a policy to continue support for Nursing programs and expand state support for summer school to include teacher preparation courses.

The 2023 Legislature approved funding for a two-grade salary increase for specific University Police positions, this increased the base funding for UNLV, UNR, CSN, and WNC.

Additional Appropriations: Distributed through the NSHE Funding Formula
The 2017 Legislature approved two budget amendments that added General Fund revenue to the base budgets, resulting in the funds being distributed through the funding formula. The NSC budget was increased by $584,319 in FY 2018 and $584,320 in FY 2019 for debt service payments for the lease purchase agreement approved to finance construction of the Nursing Sciences and Education Building and the Student Activities and Administration Building. Additionally, the UNLV budget was increased by $500,000 in FY 2018 and FY 2019 for graduate assistants.

Distribution Methodology: Weighted Student Credit Hours
General Fund appropriations for NSHE's seven teaching institutions are distributed to each institution using the WSCH value calculated for that biennium. The WSCH value is calculated by subtracting pre-formula adjustments (including funding for small institutions, research space O&M, and institution-specific enhancements) from the total General Fund appropriations, then dividing that amount by the total number of WSCH completed in the applicable fiscal year. The WSCH value is the output of a calculation used to uniformly distribute available funds to each institution; the WSCH value is not based on a predetermined amount or to generate funding increases from year to year.

The following is an example of the WSCH value calculation and distribution based on FY 2020 General Fund appropriations:

FY 2020 Legislatively Approved (formula) General Fund Appropriation	$498,707,401
Less: Small Institution Funding	($1,121,760)
Less: Research O&M	($9,298,859)
Subtotal	**$488,286,791**
Divided by FY 2018 WSCH	2,976,565
FY 2020 Legislatively Approved WSCH Value	**$164.04**
Allocation by Institution	
UNLV: 1,078,174 WSCH x $164.04	$176,867,672
UNR: 763,270 WSCH x $164.04	$125,209,649
CSN: 627,075 WSCH x $164.04	$102,867,415
GBC: 76,324 WSCH x $164.04	$12,520,473
TMCC: 218,966 WSCH x $164.04	$35,919,997
WNC: 86,284 WSCH x $164.04	$14,154,348
NSC:126,472 WSCH x $164.04	$20,746,937
Subtotal:	**$488,286,791**

The WSCH value has increased from $137.69 in FY 2014 to $166.90 in FY 2023. With one exception (in FY 2019), the WSCH value has increased each fiscal year since this funding formula methodology was implemented in FY 2014.

WSCH Value by Fiscal Year									
(based on the General Fund appropriation less pre-formula adjustments)									
FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
$137.69	$141.50	$152.61	$153.55	$156.01	$153.18	$164.04	$164.61	$166.24	$166.90

A WSCH value was not calculated for the 2023-2025 biennium, because the 2023 Legislature approved the suspension of the distribution component of the NSHE funding formula and allocated General Fund appropriations to each of the instructional institutions using the traditional base, maintenance, and enhancement decision unit model. According to the 2023 Appropriations Report, suspending the distribution component of the funding formula methodology resulted in no net change to the General Fund appropriation to each teaching institution.

Performance Funding Pool Set-Aside
The NSHE funding formula methodology includes a system of performance funding, funded by setting aside a percentage of the General Fund revenue appropriated to NSHE's seven teaching institutions. The percentage of the set-aside began at 5 percent in FY 2015 and increased 5 percent per fiscal year until the percentage reached 20 percent, beginning in FY 2018.

Each institution can earn back its set-aside by achieving performance criteria approved by the Board of Regents and the state legislature. Performance criteria are based on performance metrics and point targets (refer to summary paper on the NSHE Performance Pool). NSHE teaching institutions participated in the selection and modification of performance metrics and targets, the majority of which are based on the number of certificates and degrees granted. The focus on certificate and degree completion is intended to signal the primary importance of graduating students; this focus is reinforced by the addition to other metrics related to research and transfers.

The performance funding earned by an institution for a fiscal year is based on its actual performance during the academic year two years prior to the fiscal year in which the funds are appropriated. For example, FY 2025 performance pool funding for each institution is earned based on the performance of the institution in academic year (AY) 2023. This process allows

the performance funding to be made available to institutions at the beginning of the fiscal year in which the funds will be expended.

The table below demonstrates the correlation between the academic year, for which metrics are measured, and the fiscal year, in which funding are earned.

Distribution Year (Funding Year)	Year of Measure (Performance Year)
FY 2015	2012-13 (AY 2013)
FY 2016	2013-14 (AY 2014)
…	
FY 2025	2022-23 (AY 2023)
FY 2026	2023-24 (AY 2024)

Institutions do not "compete" against each other for performance pool funding. Rather, each institution's performance is based on a year-over-year comparison of its attainment of the metrics. Additionally, teaching institutions have a two-year period to earn the performance pool set-aside for a specific fiscal year. If an institution does not earn 100 percent of its set-aside amount in the current fiscal year, it can earn the remaining amount in the next fiscal year by exceeding its performance metrics in the second year.

To date, each institution has earned its performance pool set aside within the two-year period. While it has not occurred to date, the current funding formula policy is that any unearned performance funds remaining at the end of a two-year period will be reallocated to support statewide, need-based financial aid at all seven teaching institutions.

Summary of Modifications to the Distribution Methodology
The Legislature established the NSHE funding formula and distribution methodology in policy, not in statute. This allows each Legislature to review the policy biennially and to either reaffirm its commitment to the existing policy or include modifications.

Since being approved by the 2013 Legislature, the policy guiding the NSHE funding formula methodology experienced the following modifications:

The 2017 Legislature approved an increase to the weighting for Career and Technical Education credit hours at the community colleges of 1.5 points in FY 2018 and 2.0 points in FY 2019; the increased weighting was effective with the academic year beginning September 2017 and included in the FY 2018 WSCH.

The 2023 Legislature approved the suspension of the funding distribution component of the NSHE funding formula and the utilization of the traditional base, maintenance, and enhancement decision unit model for the allocation of General Fund appropriations to each instructional institution. This resulted in no net change to the total General Fund appropriations to the seven teaching institutions.

General Fund Appropriations for NSHE Instructional (Formula) Budgets: FY 2014 – FY 2025
Since the inception of the funding formula, General Fund appropriations have generally increase.
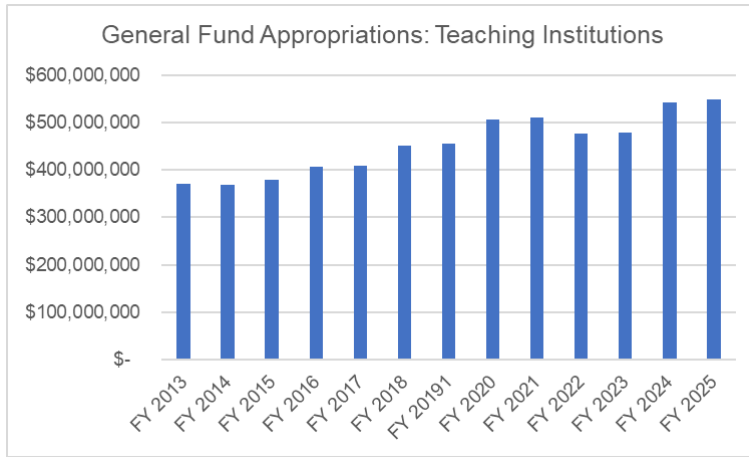
The table and chart below compare General Fund appropriations for all NSHE budget accounts teaching institutions, professional schools, and non-formula accounts) with the legislatively authorized revenues for student fees, non-resident tuition, as well as federal and other funds.

Comparison of Revenue Sources for All NSHE Budgets												
Funding Source	2013-2015 Legislature Approved (Millions)	% of Funding by Source	2015-2017 Legislature Approved (Millions)	% of Funding by Source	2017-2019 Legislature Approved (Millions)	% of Funding by Source	2019-2021 Legislature Approved (Millions)	% of Funding by Source	2021-2023 Legislature Approved (Millions)*	% of Funding by Source	2023-2025 Legislature Approved (Millions)	% of Funding by Source
State General Fund[1,2]	$ 971.3	64.9%	$ 1,094.7	64.3%	$ 1,224.3	64.5%	$ 1,379.6	65.2%	$ 1,279.2	59.6%	$ 1,467.7	65.9%
Student Fees/Non-Resident Tutition	$ 514.1	34.4%	$ 595.9	35.0%	$ 661.9	34.9%	$ 726.1	34.3%	$ 761.2	35.5%	$ 747.9	33.6%
Federal/Other Funds	$ 10.8	0.7%	$ 10.9	0.6%	$ 11.2	0.6%	$ 10.5	0.5%	$ 104.5	4.9%	$ 12.9	0.6%
Total	$ 1,496.2	100.0%	$ 1,701.5	100%	$ 1,897.4	100%	$ 2,116.2	100.0%	$ 2,144.9	100.0%	$ 2,228.5	100.0%
GF increase from Previous Biennium	$ 26.5	2.8%	$ 123.4	12.7%	$ 129.6	11.8%	$ 155.3	12.7%	$ (100.4)	-7.3%	$ 188.6	14.7%

[1] Includes General Fund operating appropriations

[2] Does not include General Fund appropriations allocated to the Board of Examiners for Cost of Living Raises, when approved by the Legislature
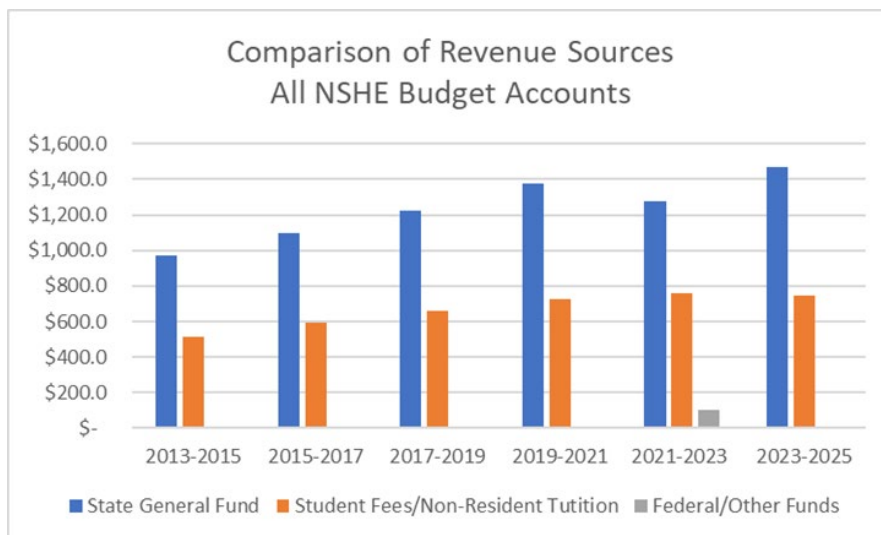
Conclusions

The current NSHE funding formula, initially approved by the 2013 Legislature, calculates and distributes the General Fund appropriations to NSHE's seven teaching institutions. With the approval of the current funding formula,

- the basis for funding became the number of weighted student hours (excluding F grades for non-attendance) earned by students who are Nevada residents;
- additional funding, known as Small Institution Funding, was added for GBC and WNC to assist with fixed, administrative costs until such time as each institution reached 100,000 WSCH;

- additional Research Space O&M funding was added for UNLV and UNR for the operational and maintenance costs for research space that is not otherwise supported by the attainment of WSCH; and
- performance metrics were established, focused on output and outcome measures, such as certificate and degree completion, and tied to the retention of performance pool funding.

Additionally, the 2013 Legislature determined that projected non-General Fund revenues (generated primarily through student fees) would not be used to offset the General Fund appropriations to the teaching institutions. This policy has been reaffirmed by each subsequent Legislature.

The funding formula allows for additional General Fund appropriations to be made to teaching institutions outside the distribution methodology for institution-specific programs or activities. Examples of this targeted investment include the first biennium of capacity building projects related to workforce development and summer school funding for teacher education programs.

The funding formula was established in budget policy, not in statute. This allows for biennial review and, if needed revision, of the funding formula and distribution methodologies. Since the implementation of the funding formula in FY 2014, the Legislature has made very few modifications to the policy that prescribes the funding formula. Most notably, the 2017 Legislature approved an increase to the weighting for Career and Technical Education credit hours at the community colleges.

Overall, General Fund appropriations for NSHE's teaching institutions have increased by approximately $180 million during the implementation of the current funding formula. Funding increases can be attributed to increases in total WSCH, inflationary adjustments for salaries and benefits, and expansion of research space O&M. With the exception of the current biennium, Small Institution funding has decreased, as intended, each biennium because WSCH have increased. And, each of the teaching institutions has earned its performance pool funding by meeting or exceeding its metrics either during the year of performance or in the next year.

The 2023 Legislature appropriated $2.0 to NSHE to complete an interim study of the funding formula. This will allow NSHE, through the ad hoc Committee on Higher Education Funding formed by the Chancellor, to determine if the current funding formula continues to meet the needs of NSHE's teaching institutions, communities and students. Additionally, the 2023 Legislature approved the suspension of the funding distribution component of the NSHE funding formula for the 2023-2025 biennium and utilized the traditional base, maintenance, and enhancement decision unit model for the allocation of General Fund appropriations to each instructional institution. According to the 2023 Appropriations Report, this resulted in no net change to the total General Fund appropriations to the seven teaching institutions.

The suspension of the formula by the 2023 Legislature is in alignment with the policy decision made by the 2011 Legislature, when it approved the most recent interim study of the NSHE funding formula.

The ad hoc Committee on Higher Education Funding will finalize its recommendations regarding the funding formula for NSHE's teaching institutions, as well as recommendations regarding the uses and reporting of revenues and expenditures in the non-State (or Self-Supporting) accounts, by August 2024. The Chancellor will then transmit the Committee's recommendations to the Board of Regents, the Governor, and the Legislative Counsel Bureau.