STATE BUDGETING FOR HIGHER EDUCATION IN THE UNITED STATES

AS REPORTED FOR FISCAL YEAR 2007

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Acknowledgements

The Center for National University Finance and Management in Japan requested a study of the higher education budgeting process in each of the states after several members of its faculty visited the SHEEO office in 2007 to learn about the United States and share information on higher education restructuring and budget issues in Japan. Associate Professor Kensuke Mizuta took the lead for the Center in outlining the questions of interest to the higher education community in Japan, negotiating a contract with SHEEO, and graciously arranging for the presentation of this study and other information about U.S. higher education by Hans L'Orange and Paul Lingenfelter to educational and governmental policy leaders in Tokyo.

As the SHEEO staff reviewed the literature and conceptualized a survey, we developed a deeper appreciation of the difficulty of capturing the complexity and dynamic nature of higher education budgeting. In order to serve a U.S. audience while meeting the needs of the Center for National University Finance and Management, we designed a survey of general practices and provided a directory of electronic documents available through the internet describing specific state practices and financial information. This directory appears in Appendix B.

Kelli Parmley took the lead in designing the survey, involving Charlie Lenth, Paul Lingenfelter, and Hans L'Orange. In January, 2008, the online "State Budget Processes for Public Higher Education" survey was administered to 54 primary state contacts. Ultimately, SHEEO received responses from 43 states (an 86% response rate).

During the summer of 2008 when Allison Bell joined the SHEEO staff and Kelli Parmley accepted a position as Assistant Vice Provost at Virginia Commonwealth University, Allison took primary responsibility for collecting and analyzing the data and completing the final report. Hans L'Orange and Paul Lingenfelter contributed to the writing, and Gloria Auer provided skillful and painstaking assistance in editing and preparing the document for publication.

Introduction

Higher education budgeting practices in the United States are diverse, complex, and dynamic. Although states may share similarities, there is no standard budgeting practice. The Center for National University Finance and Management in Japan requested a study that would investigate the specifics of the higher education budgeting process in each of the states. Recognizing the value such a study would have for its members, the national association of State Higher Education Executive Officers (SHEEO) created a survey tailored to fit the needs and interests of the SHEEO community as well as satisfy the requirements of the contract with the Center (the survey instrument can be found in **Appendix A**). The survey was intended to gather the details necessary to provide a greater understanding of the factors that most significantly affect decisions states make regarding their budgets.

The survey of budgeting practices focused on fiscal year 2007. While budgeting procedures are generally stable, they have changed and continue to change over time. SHEEO gathered information relative to three key components of the higher education budgeting process:

- ***Operating budget request***, including components of requested funding and the respective roles of institutions, sectors, systems, and states;

- ***Operating budget negotiations***, in particular, the respective roles and interests of the governor, executive agencies, and legislature in determining appropriations; and

- ***Operating budget allocations***, primarily legal constraints, processes, and other factors affecting the allocation of appropriations across institutions.

To understand the impact budgeting practices have on postsecondary education, it is important to review the organizational structure of state higher education systems in the United States.

Background

The U.S. higher education system is large and diverse with over 4,300 degree-granting institutions of higher education and an additional 2,200 non-degree granting institutions in which more than 18,000,000 students are enrolled. The system includes research universities, other types of four-year institutions, two-year institutions, and less-than-two-year institutions. Additionally, institutions can be public (state-supported), private or independent (not-for-profit with no state support), or proprietary (for-profit).

Each state in the U.S. has substantial autonomy in matters concerning higher education. As a result, policies and practices are diverse. The states differ in the number, size, and type of institutions within their respective boundaries. In three states, including California, more than half of the postsecondary students are enrolled in two-year public community colleges. In 16 states, students in community college account for 20 percent or less of the enrollment. Nationally, 36 percent of students attend a community college.

Another significant difference among the states is the enrollment mix between public and independent institutions. Nationally, 25 percent of students attend an independent institution. But in seven states and the District of Columbia, independent institutions account for more than 40 percent of student enrollment, including two of the six largest states, New York and Pennsylvania. Students in independent institutions account for more than 50 percent of enrollment in Massachusetts, Rhode Island, and the District of Columbia.

While institutional structure is far from a controlling factor in how states approach governance issues, it seems to have a subtle but significant effect. States with a large independent sector tend to put less emphasis on statewide planning and policy. States with a large community college sector approach planning and governance differently from states where two-year institutions are of relatively modest size.

Although one state–Michigan–has no statewide entity (other than the governor and the legislature) to shape and implement higher education policy, every other state has a statewide *coordinating* or *governing* board. Roughly half of the states have a statewide governing board for most or all public institutions; five of these states *also* have a state coordinating board for functions (such as student assistance or granting operating authority) which span both public and private institutions. The remaining states have a statewide coordinating board, a "buffer body" between higher education and the state.

Statewide coordinating boards do planning and budgeting for higher education and frequently have responsibilities for authorizing any new programs or reviewing existing academic programs. In general, their role in personnel and institutional operations ranges from very limited to none at all. In coordinating board states, these functions are performed by institutional governing boards. Coordinating boards may operate state financial aid and grant programs., and in a few cases their chief executive, as well as their members, is appointed by the governor.

Statewide governing boards are responsible for personnel decisions, institutional operations, and corporate governance. Like coordinating boards, they plan and budget for higher education, which is subject, of course, to the ultimate decisions of government. While it is rare, statewide governing boards can be strongly influenced by the governor, the state's elected chief executive. They vary considerably in the allocation of powers between the board's CEO and institutional CEOs in the statewide

system. Some state governing boards have a very strong chief executive with operating responsibilities, while others use the board's chief executive and staff more like a secretariat, deferring to campus leaders for advice and leadership for most policy and operational decisions.

The diversity and complexity of higher education systems in the 50 states provide an important context for the Budgeting Practices Survey.

Survey Administration and Responses

The "State Budget Processes for Public Higher Education" survey was administered to 54 primary contacts and an additional 6 "courtesy" contacts in 50 states[1]. The contacts for the survey included those individuals in each state who were considered to be most involved in creating the higher education budget request to be sent to the state legislative and executive branches. These individuals were from state higher education agencies (such as higher education governing boards or higher education coordinating boards) or from university systems.

The survey was divided into four major parts:

1. *State context and background information*
   The information requested in this section included information about the state's budget cycle, the role of the university system or state higher education agency in developing the operating request, the differences in the budget process for four-year and two-year institutions, and the authority of the institutions, university systems or state agencies, state executive branch, and state legislature.

2. *Information about the operating budget request*
   This section included questions regarding the components of requested funding and the respective roles of institutions, sectors, university systems, and the state.

3. *Information about the operating budget negotiations*
   This section asked how the state negotiates the budget, in particular, the respective roles and interests of the governor and state legislature in determining appropriations.

4. *Information about the operating budget allocations*
   This section addressed legal constraints, processes, and other factors affecting the allocation of appropriations across institutions. In addition to answering

[1] New Hampshire, Wyoming Community Colleges, Vermont, Alaska, Pennsylvania, Florida, and New York had more than one contact.

specific questions in each of these sections, respondents were given the opportunity to provide comments and clarification.

The survey was administered in an online environment using a commercial survey product. Additionally, respondents provided references to documents and Web sites for related detail. **Appendix B** is a "catalog" of those references organized by state and by section of the survey.

We received responses from 43 states, for an 86% state response rate.[2] Responses were not received from: California, Georgia, Hawaii, Massachusetts, Michigan, Montana, or South Carolina.

[2] Five states sent two responses (CO, FL, NH, VA, WI). These multiple responses were reconciled so that the final dataset includes only one response for each state.

Authority and Role of SHEEO Agencies and University Systems

This section focuses on contextual information, and reviews the role of state higher education agencies or university systems. The responses in the different areas discussed below begin to exemplify the diversity of the state budgeting processes across the states.

State Budget Cycle

Generally, state budget processes consist of six general and sequential steps:

1. Budget request is developed;
2. Request is sent to state legislative and state executive branches for review;
3. Governor proposes a budget (known as the executive budget);
4. Legislature enacts its preferred budget;
5. Governor may subtract from or veto parts of legislative budget;
6. Legislature accepts or overrides governor's action (the resulting funding is the legislative appropriation).

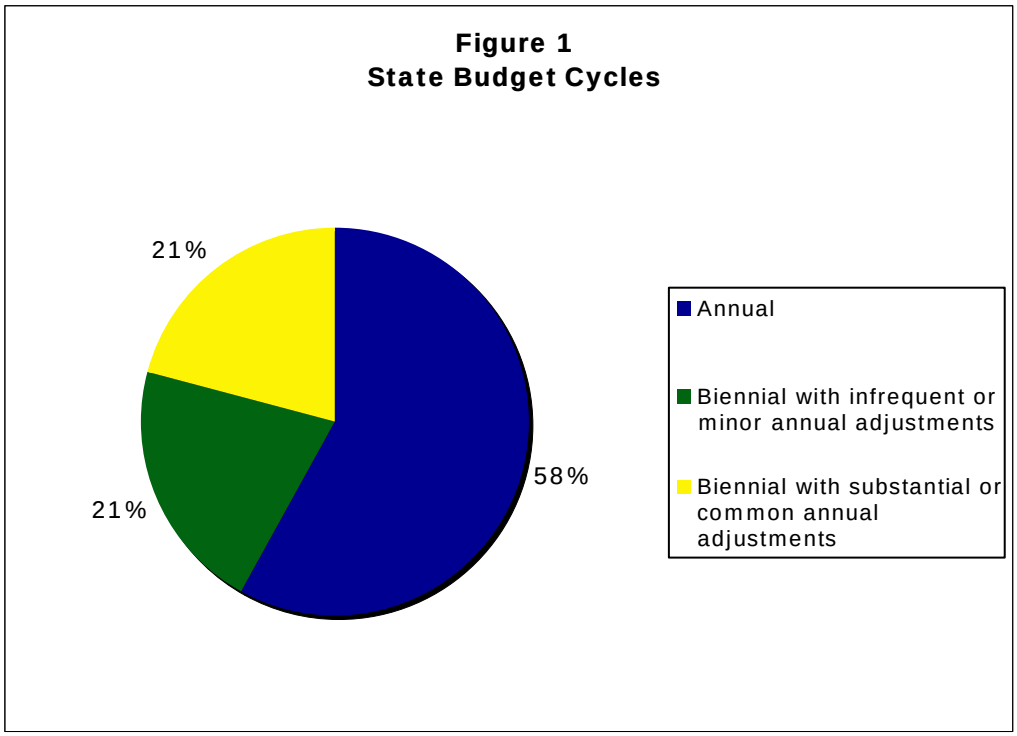
The budgeting process for higher education is designed to provide adequate funding to meet the state's educational goals as defined by policymakers. It should be flexible enough to respond to changing needs and a state's evolving goals while still providing adequate and equal distribution of funds. In many cases, there will be incentives provided to address new priorities and specific values.

These objectives often appear straightforward, but there are always challenges during the budget process. Determining adequacy is a matter of perspective; not everyone will agree on what is required to meet the state's needs. There are significant differences in the cost requirements of different programs or disciplines and further differences in cost by the level of instruction. Funding is rarely sufficient to meet all expressed needs: offsetting inflation, keeping salaries competitive, maintaining facilities, and meeting new priorities.

The requests made by state higher education agencies and institutions must coincide with the state budget cycle. The cycle can be annual, biennial with infrequent or minor adjustments, or biennial with common adjustments. Figure 1 shows the proportion of each of these types of budget cycles among the respondents. More than half of the respondents (58 percent or 25 states) indicated that their state uses an annual budget cycle. Twenty-one percent (9 states) reported that their state's cycle is biennial with infrequent, minor, or technical adjustments. The remainder (21 percent or 9 states) reported that the budget cycle in their state is biennial, but that annual adjustments are common and justified by changes in such factors as institutional needs, the economy, major budget components, etc.

Six respondents, from states with biennial budget cycles, provided additional clarifying remarks about their state's budget cycle. Generally, these comments indicated that postsecondary education's budgets could be adjusted as a result of the state economy, deficits at the state level, an emergency during the first year of the budget cycle, or by submitting a supplemental request.

Figure 1
State Budget Cycles



University System or State Higher Education Agency Role in Developing an Operating Request

Depending on the state, university systems or state agencies have a variety of roles in developing the operating budget request. Further, the role of the system or agency may be different for the four-year institutions and the two-year institutions. Table 1 shows what the respondents indicated as their role in developing an operating request. Two states indicated that four-year institutions submit budget requests directly to the state and three states reported that two-year institutions also make budget requests independent of the system or agency.

The remaining respondents indicate their systems develop aggregate requests for all institutions in the system—institutions may or may not submit a formal request in this case—or have an advisory role in which they review institutional budget requests made directly to the state. Some respondents indicated more than one role. For example, Maryland indicated its agency has an advisory role for the four-year sector and that institutions also submit a formal budget request. Connecticut and Nevada also reported dual roles for both the four-year and two-year sectors.

Table 1
System or Agency Role in Developing an Operating Request

	4-Year		2-Year	
	N	%	N	%
No Role -- institutions submit budget requests directly to the state	2	5%	3	7%
Advisory -- review the requests	4	9%	3	7%
Aggregate Request -- institutions submit formal requests to the agency/system	33	77%	22	51%
Aggregate Request -- institutions do not submit formal requests to the agency/system	11	26%	10	23%

Notes:

N = 43

Respondents were allowed multiple responses

Agency or System Revenue Authority

By and large, respondents indicated that university systems or state boards have the legal authority to set tuition and fee levels (Table 2). Some states reported that this authority is shared by the institutions and university systems. Two states reported that both the institutions and university systems or state higher education boards retain unspent tuition revenue. Over half (65%) of the respondents indicated that institutions retain unspent state appropriations at the end of the year, while 36 percent of the respondents indicated that the state executive branch keeps any unspent appropriations. It should be noted that it is very rare for state appropriations to remain unspent unless they were restricted to a very narrow purpose.

One state, Louisiana, reported that state law allows for institutions to retain up to 2% of appropriations, while any unspent funds beyond 2% are retained by the executive branch.

Table 2
Revenue Authority

	Institutions		Systems or State Board		Executive (Governor/State Treasury)		Legislature	
	N	%	N	%	N	%	N	%
Who has legal authority to set tuition levels?	16	32%	30	70%	1	3%	8	19%
Who has legal authority to set fee levels?	23	53%	30	70%	0	0%	5	12%
Who sets spending authority for tuition?	17	40%	18	42%	2	5%	14	33%
Who retains unspent tuition revenue at the end of the year?	39	91%	4	9%	4	10%	0	0%
Who retains unspent fee revenue at the end of the year?	39	91%	5	12%	1	3%	0	0%
Who retains unspent state appropriation at the end of the year?	28	65%	5	12%	14	36%	5	12%

Notes:

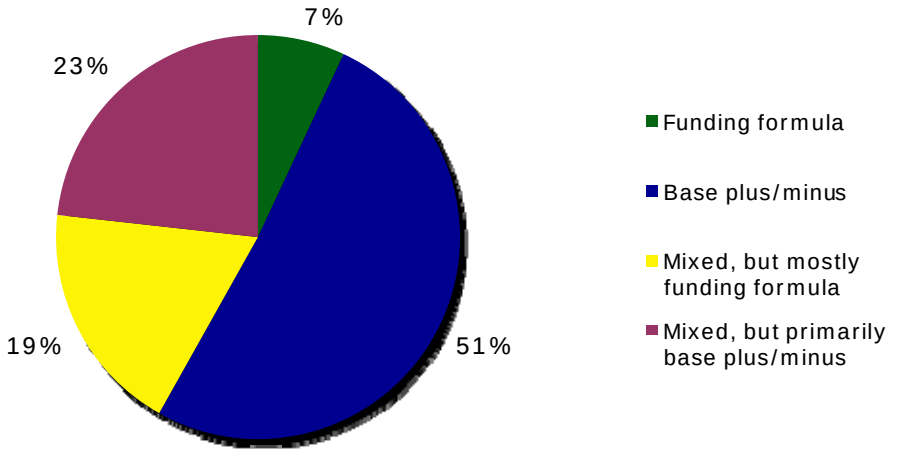
N = 43

Respondents were allowed multiple responses, percentages reflect percent of total respondents

Developing the Operating Request

Two primary approaches are used by states to develop their operating budget request: 1) funding formula and, 2) base plus/minus. Some states also can use a mixture of the two approaches. Figure 2 shows the proportions in which each of the approaches are used. Of the 43 responding states, 32 predominantly use the base plus/minus approach, and 11 report predominantly using a funding formula approach.

Figure 2
Budgeting Approach



About 74 percent (32) of the respondents indicated they were using a base plus/minus approach or a mixed approach that was predominantly base plus/minus. Of the remaining 26 percent, only 7 percent (3) indicated using a funding formula exclusively. Eight states (19 percent) reported using a mixed approach that was predominantly funding formula.

States indicating use of a base plus/minus approach or a mixed approach that is predominantly base plus/minus include: Alaska, Arizona, Colorado, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Maine, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Washington, Wisconsin, West Virginia, and Wyoming.

States indicating use of a funding formula or a mixed approach that was predominantly formula based include: Alabama, Arkansas, Kentucky, Mississippi, New Mexico, Nevada, North Dakota, Oklahoma, Tennessee, Texas, and Virginia.

Some states indicated that their budgeting approach recently changed or will soon be changing. Colorado, in the 2010 fiscal year, is moving to a new funding model. The funding will be based on an analysis of revenue per full-time-equivalent student in comparison to a group of peer institutions.

Ohio has used a strict funding formula but, in the most recent year, a base plus/minus approach was introduced. In this approach, new initiatives were funded as separate line items. Ohio is now developing a new funding formula. Kentucky also recently switched from a funding formula to a base plus/minus approach.

Formula budgeting. With a funding formula approach, states generally develop their operating requests based on workload factors (such as enrollments or buildings operated) or on the level of funding existing at comparable (peer) institutions in other states. This approach is designed to define the financial needs of a public higher education institution or university system according to an external standard, and to equitably distribute available higher education funds among different institutions.

In many states, the amount allocated per student enrollment is based on the level of instruction and /or the discipline of the course in which the student is enrolled. Generally, four levels of instruction are used: 1) lower division undergraduate (the first two years of postsecondary study); 2) upper division undergraduate (the final two years toward a baccalaureate degree); 3) masters or first professional degree graduate study; and 4) doctoral study.

The categories of academic disciplines used for formula funding generally follow a system of national definitions (the Classification of Instructional Programs, or "CIP"), but normally states cluster disciplines into a much smaller number of manageable groups for budgeting purposes. Typically, a lower level of funding is provided for disciplines where instruction is provided only in the classroom setting and larger classes are feasible; more funding is provided for the sciences where laboratory work is essential; and even more funding may be provided for study in the health professions, for example, where both laboratory instruction and supervised clinical practice is involved. Broad categories such as these are subdivided into smaller groupings in various states.

Formulas may also include special calculations for non-instructional functions, such as student services, libraries, and institutional support, or these functions may be allocated on a pro-rata basis among categories of instruction. Formulas also may include factors for building operations and maintenance based on the number of square feet and sometimes the type of building involved.

The earliest versions of formulas were based on planning models which calculated the number of faculty, the amount of space, and the amount of other resources required to serve a group of students in an academic program. Such formulas were modified and refined based on actual experience and the analysis of costs in functioning institutions.

Over time, such formulas have tended to become more and more complex, sometimes adding components for performance (student retention, higher levels of academic achievement, etc.), additional weights for various factors such as student disadvantage,

and modifications to allow for cost increases, salary increases, buffers to compensate for enrollment declines, etc. As they have been modified to reflect negotiations over budget priorities and other issues, the claim that formulas provide an objective, "external" basis for funding has been eroded by the reality of subjective decision making and negotiation.

Another approach to formula funding avoids the detailed calculations of enrollment by discipline and level of instruction. This approach calculates an external standard for funding by using a group of "peer institutions" as a point of reference. Various approaches (ranging from sophisticated statistical analytical techniques to a simple and straightforward sorting of institutions by a few categorical variables) are used to develop peer groups. The average cost per student for the group is then calculated, and a state will set for itself a funding goal based on position in the group. The funding goal might be the average for the group, or perhaps the 75th percentile. Clearly, the institutions included in the peer group determine the level of funding required by the formula; unsurprisingly, the selection of "peer institutions" can be a matter of intense negotiation.

Base plus/minus budgeting. Base plus/minus funding or "incremental funding" involves setting the current year's funding through an increase or decrease of the prior year's allocation based on a set of decisions about needs and priorities. Such decisions typically include some of the elements which may be considered in formulas: changes in enrollment, cost increases, salary increases, the operating costs of new buildings, etc. Typically, budget changes involve increases for such factors, but occasionally they might include decreases if an institution's enrollment declines or if its costs are judged to be excessive in the context of funding for other institutions. Budgets may also be reduced differentially among institutions or programs or across the board if a state experiences a revenue shortfall.

Base plus/minus budgeting frequently uses external benchmarks to judge the adequacy of funding, without basing funding directly on benchmarks or a calculated formula. A few states, including Illinois, New York, Ohio, Washington, and Florida, regularly perform annual or periodic studies of instructional costs which can be used to monitor the equity of funding among institutions and the distribution of resources. Even states without such studies frequently make comparisons of faculty salaries and institutional funding with reference to other, similar institutions elsewhere.

New initiatives and priorities are proposed and funded in all states whether or not a formula is used. As the evidence below shows, however, they seem to be more prominent and visible in the budget process when a base plus/minus approach is employed.

Reluctance to Change Budgeting Approach

States tend not to change their basic approach to budgeting. Financial stability and predictability are important to institutional operations, and the status quo usually reflects a series of negotiations over many years. A proposal to change the budgeting mechanism normally makes institutional leaders very nervous, especially if the proposal is to change a formula or to implement a new formula. Formula changes are particularly threatening because they imply a long-term or permanent change in the negotiated amount of funding provided.

While formula budgeting persists in a minority of states, the importance of stability is undoubtedly an important factor in the preponderance of base plus/minus budgeting approaches. It is easy to imagine institutional leaders accepting a change from formula budgeting to base budgeting; the risk of dramatic change is far lower when the status quo becomes the basis for further budget negotiations. Both changes in the formula used and changes from base plus/minus budgeting to formula budgeting involve substantially more uncertainty for institutional leaders.

Both approaches to funding tend to be conservative in terms of change. New priorities, new programs, and different ways of assessing financial need and institutional performance require a substantial investment in negotiations and decision making. Base plus/minus budgeting tends to be more flexible, however, because none of the budget allocation is driven by changes in the workload elements of the formula or the funding of peer institutions. Institutions in formula states tend to like the stability of formula funding (so long as their enrollments grow), but decision makers have clearly decided not to finance formula requirements when they exceed the revenues the state is prepared to allocate to higher education.

Important Factors in Developing the Operating Request

Regardless of the state's budget cycle and the approach that each state uses to develop the operating request, a number of common factors frequently play important roles. These include funding for enrollment or different levels of instruction, inflationary cost increases, general salary increases, statewide collective bargaining agreements, operations and maintenance for new buildings, strategies to improve productivity, and special/new proposals for program enhancement or quality improvement.

Tables 3 and 4 show the responses that indicate the importance of various factors in the development of operating requests in the responding states. Respondents were asked to separate those factors that were important in a funding formula (if one was used in the state) and base plus/minus (if this approach was used in the state).

The most important factors in developing operating budget requests using funding formulas were funding for enrollment and funding for different levels of instruction (i.e.,

lower division, upper division, graduate I, and graduate II). However, these factors were the two least important in the base plus/minus approach. In the base plus/minus approach, the most important factors were general salary agreements and special/new proposals for program enhancement or quality improvement. These two approaches to budgeting clearly prioritize needs differently.

In written comments states revealed the importance of unique factors related to their context or recent events. For example, Maryland wrote that "special initiatives such as tuition control, enrollment increases, workforce development, and funding to Historically Black Institutions (HBIs)" were important to developing the operating budget request. North Carolina wrote that campus security and competitive salaries were among the most important factors in developing their operating budget request.

Other state comments reveal how mixing approaches adds to the complexity of the process. For example, states using a mixed approach might use formula funding to partially fund individual institutions, while other types of funding (salary or special purpose units) are budgeted using a base plus/minus approach. Further, some states indicated that different units negotiate their budgets differently. For example, in New Jersey, the contracted salary increases at state colleges/universities are negotiated by the state, while the research universities negotiate their own salaries. Additionally, states indicate that priorities might change from year to year, and the factors important in developing an operating request will reflect changing priorities. Thus, the weight of the factors as shown in Tables 3 and 4 below should not be considered static. Instead, budgeting is a dynamic process.

Table 3

Important Factors in Developing Operating Request

	Funding Formula									
	Low		Medium		High		No Response		Total	
	N	%	N	%	N	%	N	%	N	%
Funding for Enrollment	1	2%	0	0%	20	47%	22	51%	43	100%
Funding for Different Levels of Instruction	3	7%	1	2%	14	33%	25	58%	43	100%
Operations and Maintenance	6	14%	5	12%	6	14%	26	60%	43	100%
Inflationary Cost Increases	2	5%	6	14%	5	12%	30	70%	43	100%
General Salary Increases	5	12%	4	9%	4	9%	30	70%	43	100%
Special/new proposals for program enhancement or quality improvement	6	14%	4	9%	4	9%	29	67%	43	100%
Strategies to improve productivity	5	12%	4	9%	4	9%	30	70%	43	100%
Statewide Collective Bargaining agreement	4	9%	0	0%	0	0%	39	91%	43	100%

Note: Percentages may not total 100 due to rounding

Table 4

Important Factors in Developing Operating Request

	Base Plus/Minus									
	Low		Medium		High		No Response		Total	
	N	%	N	%	N	%	N	%	N	%
General Salary Increases	6	14%	7	16%	20	47%	10	23%	43	100%
Special/new proposals for program enhancement or quality improvement	6	14%	6	14%	19	44%	12	28%	43	100%
Operations and Maintenance	8	19%	6	14%	14	33%	15	35%	43	100%
Inflationary Cost Increases	5	12%	16	37%	12	28%	10	23%	43	100%
Funding for Enrollment	12	28%	4	9%	11	26%	16	37%	43	100%
Statewide Collective Bargaining agreement	10	23%	3	7%	8	19%	22	51%	43	100%
Strategies to improve productivity	12	28%	7	16%	8	19%	16	37%	43	100%
Funding for Different Levels of Instruction	16	37%	2	5%	2	5%	23	53%	43	100%

Note: Percentages may not total 100 due to rounding

Important Factors in Justifying or Strategically Advancing the Higher Education Operating Request

In addition to factors that might be important in developing the operating budget request, there are ways that state higher education agencies or systems might justify or strategically advance their request. Table 5 lists some of those factors and shows their levels of importance.

Over half of the respondents indicated that increasing need-based financial aid and "external" state priorities (such as economic development and high-need employment areas) were of high importance in justifying or strategically advancing the operating request in their state. Those factors that were generally of low importance included increasing merit-based financial aid, increasing tuition levels, and developing non-tax revenue sources of funding to support higher education.

Over a quarter of the respondents indicated that developing non-tax revenue sources of funding to support higher education, increasing merit-based financial aid, and benchmarking to peer institutions had no role in developing their operating request.

Table 5

Importance of Factors in Justifying or Strategically Advancing the Operating Request

	No role/No Answer		Low		Medium		High		Total	
	N	%	N	%	N	%	N	%	N	%
Increasing need-based financial aid	8	19%	3	7%	8	19%	24	56%	43	100%
"External" state priorities (e.g. economic development, high-need employment areas)	2	5%	3	7%	16	37%	22	51%	43	100%
"Internal" higher education priorities (e.g. salary competitiveness)	4	9%	7	16%	12	28%	20	47%	43	100%
Maintain tuition levels	7	16%	6	14%	11	26%	19	44%	43	100%
Benchmarking to peer institutions	12	28%	11	26%	8	19%	12	28%	43	100%
Performance measures or metrics (e.g. system/institution goals, past performance)	6	14%	10	23%	15	35%	12	28%	43	100%
Increasing tuition Levels	10	23%	12	28%	10	23%	11	26%	43	100%
Increasing merit-based financial aid	12	28%	14	33%	10	23%	7	16%	43	100%
Developing non-tax revenue sources of funding to support higher education	17	40%	12	28%	12	28%	2	5%	43	100%

Note: Percentages may not total 100 due to rounding

Negotiating an Appropriation

State funding for higher education is finalized through a process of negotiation with governors (executive budget) and state legislatures (appropriations) to arrive at the funded amount for higher education.

Respondents were asked to report the current year's dollar amount of operating requests for higher education, the executive request for higher education operation, and the enacted appropriation for higher education operations. Operating requests vary considerably, reflecting the differences in state size, and range from over one billion dollars to slightly more than 32 million dollars. Almost every respondent indicated that the executive request for higher education operations was less than the operating requests. However, five states indicated that the operating request was actually lower than the executive request for higher education operations. Seven of the respondents indicated that the enacted appropriation amount was exactly the same as the executive request. Twenty-one states reported that the enacted appropriation for higher education was higher than the executive request.

Comparing Operating Request to Executive Budget and Legislative Appropriations

Tables 6 and 7 show the actual funding levels compared to the budget request. Respondents were asked to use the different development factors offered in the survey. Most states reported that the state executive budget and state legislative appropriations, compared to the operating request, proposed lower than requested funding for special or new proposals (for program enhancement or quality improvement, inflationary costs increases, operations and maintenance for new buildings, enrollment, and strategies to improve productivity). This is perhaps the one area in the budgeting process where there is the least diversity among the states.

Table 6
Comparison of Requested Funding to Executive Budget

	Lower		Same		Higher		No Response		Total	
	N	%	N	%	N	%	N	%	N	%
Funding for Enrollment	13	30%	12	28%	1	2%	17	40%	43	100%
Funding for Different Levels of Instruction	9	21%	8	19%	9	21%	17	40%	43	100%
Inflationary Cost Increases	15	35%	12	28%	2	5%	14	33%	43	100%
General Salary Increases	13	30%	11	26%	3	7%	16	37%	43	100%
Statewide Collective Bargaining agreement	2	5%	8	19%	0	0%	33	77%	43	100%
Operations and Maintenance	16	37%	11	26%	1	2%	15	35%	43	100%
Strategies to improve productivity	12	28%	2	5%	0	0%	29	67%	43	100%
Special/new proposals for program enhancement or quality improvement	22	51%	5	12%	2	5%	14	33%	43	100%

Note: Percentages may not total 100 due to rounding

Table 7
Comparison of Requested Funding to Legislative Appropriations

	Lower		Same		Higher		No Response		Total	
	N	%	N	%	N	%	N	%	N	%
Funding for Enrollment	12	28%	12	28%	2	5%	17	40%	43	100%
Funding for Different Levels of Instruction	9	21%	9	21%	0	0%	25	58%	43	100%
Inflationary Cost Increases	14	33%	14	33%	2	5%	13	30%	43	100%
General Salary Increases	13	30%	12	28%	2	5%	16	37%	43	100%
Statewide Collective Bargaining agreement	3	7%	8	19%	0	0%	32	74%	43	100%
Operations and Maintenance	15	35%	12	28%	1	2%	15	35%	43	100%
Strategies to improve productivity	10	23%	7	16%	1	2%	25	58%	43	100%
Special/new proposals for program enhancement or quality improvement	19	44%	5	12%	6	14%	13	30%	43	100%

Note: Percentages may not total 100 due to rounding

Justifying State Funding for Higher Education

Just as the state higher education agencies or university systems justify their operating requests, governors and legislatures also present or justify state funding using certain priorities or rationales. Table 8 shows which factors were used in presenting or justifying the executive budget and Table 9 shows which factors were used in presenting or justifying the legislative appropriations.

The two factors that were most commonly used for justifying both the executive budget and legislative appropriations were "external" state priorities and increasing need-based financial aid.

Other justifications or strategies included competing demands for funding, the economic situation within the states, and desire to restore previous cuts.

Table 8
Justifications for State Funding Used for Executive Budget

	Yes		No		No Response		Total	
	N	%	N	%	N	%	N	%
"External" state priorities	27	63%	7	16%	9	21%	43	100%
Increasing need-based aid	24	56%	4	9%	15	35%	43	100%
"Internal" higher education priorities	19	44%	13	30%	11	26%	43	100%
Maintain tuition levels	17	40%	12	28%	14	33%	43	100%
Performance measures or metrics	17	40%	13	30%	13	30%	43	100%
Increasing merit-based aid	11	26%	17	40%	15	35%	43	100%
Increasing tuition levels	10	23%	17	40%	16	37%	43	100%
Benchmarking to peer institutions	7	16%	19	44%	17	40%	43	100%
Developing non-tax revenue sources of funding	5	12%	20	47%	18	42%	43	100%

Note: Percentages may not total 100 due to rounding

Table 9
Justifications for State Funding Used for Legislative Appropriations

	Yes		No		No Response		Total	
	N	%	N	%	N	%	N	%
"External" state priorities	24	56%	8	19%	11	26%	43	100%
Increasing need-based aid	21	49%	6	14%	16	37%	43	100%
"Internal" higher education priorities	18	42%	12	28%	13	30%	43	100%
Maintain tuition levels	17	40%	14	33%	12	28%	43	100%
Performance measures or metrics	15	35%	13	30%	15	35%	43	100%
Increasing merit-based aid	12	28%	15	35%	16	37%	43	100%
Increasing tuition levels	10	23%	17	40%	16	37%	43	100%
Benchmarking to peer institutions	7	16%	18	42%	18	42%	43	100%
Developing non-tax revenue sources of funding	6	14%	18	42%	19	44%	43	100%

Note: Percentages may not total 100 due to rounding

In negotiating the budget request, higher education leaders meet not only with gubernatorial staff, but also with legislative entities. Table 10 shows which legislative entities respondents reported meeting with; 72% with separate senate and house appropriations committees, 63% with joint legislative committees, and 63% with separate education or program committees. Some respondents indicated that they met with more than one of the groups. For example, there might be meetings with both separate and joint committees in their legislatures.

Table 10
Entities Involved in Higher Education Budget Meetings

	N	%
Separate senate/house comittees	31	72%
Joint legislative budget or appropriation committee	27	63%
Separate education/program committee(s)	27	63%
Other	3	7%

Notes:

N = 43

Respondents were allowed multiple responses

In the last budget cycle, most of the respondents reported that the governor in their state signed or sustained the legislative appropriation without action. A few states reported that the governor either vetoed line items or reduced line items. One state reported that the governor negotiated tuition provisions with the legislature.

Table 11
Action of Governor in Last Budget Cycle

	N	%
Signed or sustained without changes	35	81%
Vetoed line items	9	21%
Reduced line items	5	12%
Suspended spending	0	0%
Other	2	5%

Notes:

N = 43

Respondents were allowed multiple responses

Allocating Resources to Institutions

The states vary in the way that funds (final appropriations) are distributed to institutions. Funds might be distributed to institutions, or to university systems or state higher education agencies that then distribute the funds to institutions; in a few states, both approaches exist. Almost 70 percent of the respondents indicated that funds are designated to individual institutions. Twelve states (about 30 percent) indicated that funds are designated to governing systems for distribution to institutions.

Table 12 shows how the operating appropriations are distributed. It is common for states to have appropriations in as many as three different categories: 1) lump sum distributions which provide substantial freedom in spending; 2) line item distributions by category of spending; or 3) special legislative line items. Over 60 percent of the respondents indicated that more than half of the funds appropriated are designated as lump sum distributions. Similarly, 60 percent of the respondents indicated that less than a quarter of their appropriations were designated as special legislative items.

Table 12
Estimate of How Operating Appropriations are Designated

	Not applicable		25% or less		Between 25% and 50%		More than 50%		No Response		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Lump sum distributions	5	12%	4	9%	1	2%	29	67%	4	9%	43	100%
Line item distributions	11	26%	7	16%	5	12%	9	21%	11	26%	43	100%
Special legislative items	4	9%	26	60%	1	2%	2	5%	10	23%	43	100%

Note: Percentages may not total 100 due to rounding

Factors and Strategies in Distributing Operating Appropriations to Institutions

Table 13 shows which factors are important in distributing operating appropriations to the individual institutions. For each factor, over half of the respondents either indicated that they had no role or did not answer the question. Of those that did answer the question, most reported that special or new proposals for program enhancement or quality improvement and funding for enrollment were highly important.

Table 14 shows which strategies or justifications were important in distributing allocations to institutions. More than half of the respondents did not respond to this question or indicated that the factors listed had no role in the distribution of funding. Of those who did respond, it seems that maintaining tuition levels, performance measures or metrics, and "internal" higher education priorities were among the most important justifications or strategies.

Some respondents provided additional clarification on the role of these factors in distributing funds to institutions. For example, in Connecticut, the department of higher education only distributes need-based financial aid funds to individual campuses based on a formula approved by their board of governors. In Mississippi, equity adjustments have been designated in the past to institutions whose funding was not in line with peer comparisons.

The findings presented in Table 13 and 14 seem to illustrate the stability of the budgeting process. By default, the base budget, not the items listed as decision factors, is seen as the most important factor in determining the distribution of funds among institutions.

Table 13
Factors Important in Distributing Operating Allocations to Institutions

	No Role		Low		Medium		High		No Response		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Funding for Enrollment	22	51%	1	2%	3	7%	12	28%	5	12%	43	100%
Funding for Different Levels of Instruction	24	56%	3	7%	2	5%	10	23%	4	9%	43	100%
Inflationary Cost Increases	22	51%	1	2%	4	9%	9	21%	7	16%	43	100%
General Salary Increases	21	49%	1	2%	1	2%	11	26%	9	21%	43	100%
Statewide Collective Bargaining agreement	29	67%	0	0%	2	5%	2	5%	10	23%	43	100%
Operations and Maintenance	23	53%	3	7%	4	9%	6	14%	7	16%	43	100%
Strategies to improve productivity	21	49%	6	14%	6	14%	4	9%	6	14%	43	100%
Special/new proposals for program enhancement or quality improvement	18	42%	2	5%	3	7%	12	28%	8	19%	43	100%

Note: Percentages may not total 100 due to rounding

Table 14
Factors Important in Distributing Operating Allocations to Institutions

	No Role		Low		Medium		High		No Response		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Funding for Enrollment	22	51%	1	2%	3	7%	12	28%	5	12%	43	100%
Funding for Different Levels of Instruction	24	56%	3	7%	2	5%	10	23%	4	9%	43	100%
Inflationary Cost Increases	22	51%	1	2%	4	9%	9	21%	7	16%	43	100%
General Salary Increases	21	49%	1	2%	1	2%	11	26%	9	21%	43	100%
Statewide Collective Bargaining agreement	29	67%	0	0%	2	5%	2	5%	10	23%	43	100%
Operations and Maintenance	23	53%	3	7%	4	9%	6	14%	7	16%	43	100%
Strategies to improve productivity	21	49%	6	14%	6	14%	4	9%	6	14%	43	100%
Special/new proposals for program enhancement or quality improvement	18	42%	2	5%	3	7%	12	28%	8	19%	43	100%

Note: Percentages may not total 100 due to rounding

State Examples of Budgeting Process

Two states have been chosen to illustrate the diversity of budgeting processes in the U.S., here identified as States A and B.

State A (Base Plus/Minus)

The budgeting process in State A is on an annual cycle. The higher education agency in the state submits an aggregate budget request to the state legislature and state executive branch. Four-year institutions submit formal budget requests to the state higher education agency, while two-year institutions do not.

The respondent for State A further clarified: "Public universities submit capital and operating budget requests directly to the [state agency]. The [state community college agency] submits operating and capital recommendations for the community college system to the [state agency]. The [state agency] makes an aggregate request for funding including universities, community colleges, student financial aid, and other higher education agencies."

In State A, institutions have tuition and fee setting authority, the authority to set tuition and fee spending, and the institutions retain unspent tuition and fees. Regarding setting tuition levels, the respondent for State A wrote that "since fall 2004, public universities in [State A] have been subject to…[holding] tuition constant for four years for each entering class." Although institutions are able to keep unspent tuition and fee revenues, unspent state revenues are returned to the state executive branch.

State A reported using a base plus/minus approach to their budgeting in which general salary increases and funding for special programs take high importance. In addition to using a base plus/minus approach, State A reported that, in the most recent budget cycle, recommendations were presented as a series of "investment levels" rather than a single set of numbers. The investment levels are intended to show the governor and legislators what they can expect to receive for a given level of investment.

To justify or strategically advance the higher education operating request, the [State A agency] reported that "internal" higher education priorities (such as salary competitiveness), "external" state priorities, and increasing need-based financial aid were of high importance. Benchmarking to peer institutions was of medium importance, while performance measures or metrics, developing non-tax revenue sources of funding, and maintaining tuition levels were all of low importance. Increasing tuition levels and merit-based aid both had no role.

In the last budget cycle, State A higher education was appropriated more money than was in the request. This was true for the funding of general salary increases and operations and maintenance. This is "typical for the last several years. Historically, the

operating requests were higher, as were enacted appropriations. In FY08, $28 million was vetoed out of the legislature-passed budget." One should note, however, that the governor's budget staff is likely to have strongly influenced the consolidated request from the [agency].

In order to justify the executive budget and legislative appropriation, the executive branch and legislature used "internal" higher education priorities and increasing merit-based financial aid. Additionally, the legislative appropriation was justified by maintaining tuition levels.

In negotiating the budget, State A reported that the higher education agency meets with separate senate and house appropriation committees as well as separate education or program committees. More specifically, staff from the State A agency meet with individual legislators and staff, including the legislative Education Caucus, as well as administration officials. Additionally, the State A agency works closely with the Governor's Office of Management and Budget at all stages of budget development.

State B (Primarily Funding Formula)

State B generates an annual budget and distributes about $900 million annually through a funding formula.

The state's original funding formula was developed in the mid-1970s to provide an objective, non-political means for determining the funding needs of institutions and allow the higher education department to make a coordinated funding request to the governor and legislature for the higher education sector. Adjustments have been made to the formula over the years but the basic concepts have remained consistent.

In 2002, a Blue Ribbon Task Force was created to revise the mechanics of the formula. As a result, State B shifted to a formula-driven process with a base plus/minus component. The guiding principles are now to:

- focus on supporting access AND economic development;
- focus on being easy to explain and understand;
- focus on rewarding successful institutions;
- focus on higher education's importance to State B's future; and
- remain consistent with prior funding levels.

The major components of the formula include: (1) instruction and general expenditure (instruction, instructional support, student services, and physical plant operations and maintenance); (2) revenue credits from the four-year institutions land and permanent fund, the two-year institutions mill levy, and tuition from all institutions; (3) other

formula expenditures; and (4) inflationary adjustments (compensation increases, insurance and utilities, and risk management).

The mechanics of the Instructional and Instructional Support portion of State B's formula serve as a good example of this type of process. Each course at each institution is assigned an identifier (CIP code) and a common course number that facilitate transfer of credits. Courses are then grouped by CIP into clusters by the state higher education agency. Clusters are categorized into tiers based on the estimated average cost of delivering instruction. Student credit hours from the most recent academic year are mapped to the appropriate cluster and tier by level of instruction. Institutions are then funded based on the total number of student credit hours compared to a previously established base year for each institution. Additional adjustments can be applied if an institution's student credit hours have increased by 3% or decreased by 5% from the prior year.

An amount is calculated for each of the other components of the formula in a similar fashion. These calculations are then added to or subtracted from the prior year's base instruction and general appropriation along with any additions for inflationary adjustments and other special adjustments. This results in a Recommended General Fund Appropriation for Instruction and General ????for the next year.

State B also makes incentive funds available that provide additional funding for specific programs through a competitive proposal process (e.g. nursing has a $3.5 million fund available for FY09). The Higher Education Performance Fund also rewards institutions that meet agreed upon performance and outcomes standards in specific areas determined by State B's higher education agency (e.g. $5 million for increased minority participation for FY07–FY09). Matching funds are also made available for workforce development, technology enhancement, and an endowment fund.

The process is both straightforward and complex. Its comprehensiveness requires a robust data system and a lot of interaction between the campuses and State B's higher education agency. The higher education funding formula also has enjoyed a long tradition of support from those making appropriation decisions.

Comparing States A and B

While these are only two examples of the budget processes in the United States, they do demonstrate the complexity of the budgeting process and the implications of different approaches.

While the actual priorities of the higher education systems may be similar, different priorities are emphasized in the budgeting systems. Funding for enrollment and funding for different levels of instruction were among the factors State A reported as not

important in developing their operating request, but general salary increases and special programs were highly important. Funding for enrollment and funding for different levels of instruction are both of very high importance for State B while inflationary costs, including general salary increases, are of medium importance and special programs are of low importance.

Conclusion

Results from the U.S. Budgeting Practices survey indicate that higher education budgeting practices are diverse, complex, and dynamic. (**Appendix C** has a summary of the states' processes). No two states take exactly the same approach to the budgeting process. Each state aims to meet its own needs. Since no two states have the same needs, each state must develop a process that will best address its needs and goals. These processes are constantly evolving as conditions in the states change.

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Appendix A

State Budgeting Processes

Survey Instrument

State Budget Processes for Public Higher Education

Background Information

Please read the survey instructions, attached to your email, before completing the survey on line.

Questions 1 - 12 ask you to provide contact and contextual information.

* 1. Please provide contact information (responses to each box are required):

Name:

SHEEO Agency or Higher Education System:

Title:

State/Province:

Email Address:

Phone Number:

2. The State budget cylce is:

◯ Annual
◯ Biennial -- annual adjustments are infrequent, minor, or technical
◯ Biennial – annual adjustments are common and justified by changes in institutional needs, economy, major budget components, etc.

3. Additional clarification about your budget cycle if needed:

4. For each sector, choose the response that BEST describes your system/agency role in the operating request to the state:

	4-year Sector	2-year Sector
No Role -- institutions submit budget requests directly to the state	☐	☐
Advisory -- review the requests	☐	☐
Aggregate Request -- institutions submit formal requests to the agency/system	☐	☐
Aggregate Request -- institutions do not submit formal requests to the agency/system	☐	☐

5. Please provide additional clarification or other variations (e.g. are there additional statewide organizations that have a role in higher education budgeting?):

6. Has your agency/system role in the budget request process recently changed or expected to change?

◯ Yes
◯ No

7. Those changes or expected changes include:

8. Material differences in the budget process for four-year and two-year institutions include (only answer if applicable to your agency/system):

9. Please respond to all remaining questions as they relate to four-year (or most four-year) institutions.

Identify the locus of authority for the following (if authority is shared, check all that apply):

	Institutions	Systems or State Board	Executive (Governor/State Treasury)	Legislature
Who has legal authority to set tuition levels?	☐	☐	☐	☐
Who has legal authority to set fee levels?	☐	☐	☐	☐
Who sets spending authority for tuition?	☐	☐	☐	☐
Who retains unspent tuition revenue at the end of the year?	☐	☐	☐	☐
Who retains unspent fee revenue at the end of the year?	☐	☐	☐	☐
Who retains unspent state appropriation at the end of the year?	☐	☐	☐	☐

10. Relevant, changes, qualifications, limitations, or informal influences that affect the exercise authority from above include:

11. The general approach to your operating budget request is best characterized as:

- ○ Funding formula (used to calculate needs, justify changes, etc.)
- ○ Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)
- ○ Mixed, but mostly funding formula
- ○ Mixed, but primarily base plus/minus

12. Recent changes to this approach or additional clarification:

State Budget Processes for Public Higher Education

Part I: Developing the Higher Education Operating Request

Questions 13 to 16 focus on how the higher education operating budget request is developed prior to an executive budget or legislative enacted appropriation.

Consider the last, completed budget cycle in answering the following questions.

13. For each approach (column) that applies to the development of your operating request identify the importance of the factor (select low, medium, high or blank for not applicable)

If you use both columns the implication is a mixed approach.

	Importance in Funding Formula	Importance in Base Plus/Minus
Funding for Enrollment (e.g. credit hours, FTE)		
Funding for different levels of instruction (e.g. lower division, upper division, GI, GII)		
Inflationary cost increases (e.g. cost of living, utilities)		
General salary increases		
Statewide collective bargaining agreement		
Operations and Maintenance for new buildings		
Strategies to improve productivity		
Special/new proposals for program enhancement or quality improvement (e.g. salary competitiveness, technology, program expansion, research, public service)		

14. Additional important features, not captured in the previous question, that characterize the development of an operating request in your system/state:

15. Identify the IMPORTANCE of the following in justifying or strategically advancing the higher education operating request (one answer per row):

	No Role/Not Applicable	Low	Medium	High
Performance measures or metrics (e.g. system/institution goals, past performance)	◯	◯	◯	◯
Benchmarking to peer institutions	◯	◯	◯	◯
“Internal” higher education priorities (e.g. salary competitiveness)	◯	◯	◯	◯
“External” state priorities (e.g. economic development, high-need employment areas)	◯	◯	◯	◯
Developing non-tax revenue sources of funding to support higher education	◯	◯	◯	◯
Maintain tuition levels	◯	◯	◯	◯
Increasing tuition Levels	◯	◯	◯	◯
Increasing merit-based financial aid	◯	◯	◯	◯
Increasing need-based financial aid	◯	◯	◯	◯

Other (please specify)

16. Recent changes or additional clarification:

State Budget Processes for Public Higher Education

Part II: Negotiating a Higher Education Appropriation

Questions 17 to 24 focus on the impact and importance of the political context and processes during the last completed budget cycle.

17. The dollar amounts in the next three items are intended to gauge the differences among the relative positions of higher education, governor and legislature. Please estimate if necessary and round to the nearest millions (these are text boxes).

The operating request for higher education was approximately (in millions):

The executive request for higher education operations was approximately (in millions):

The enacted appropriation for higher education operations was approximately (in millions):

18. Is this a typical or expected pattern? How has it varied or changed -- either historically or in the current budget cycle?

19. Compare, for each factor, the higher education budget request to the proposed funding levels in the executive request and legislative appropriation using the budget development factors (lower, same, higher or blank for not applicable).

For example: If the executive request did not fund projected enrollment increases and the legislative appropriations enrollment funding was higher you'd select "lower" in the first column and "higher" in the second column.

	Compared to the higher education operating request, the EXECUTIVE budget was...	Compared to the higher education operating request, the LEGISLATIVE appropriation was...
Funding for Enrollment (e.g. credit hours, FTE)		
Funding for different levels of instruction (e.g. lower division, upper division, GI, GII)		
Inflationary cost increases (e.g. cost of living, utilities)		
General salary increases		
Statewide collective bargaining agreement		
Operations and Maintenance for new buildings		
Strategies to improve productivity		
Special/new proposals for program enhancement or quality improvement (e.g. salary competitiveness, technology, program expansion, research, public service)		

Other (please specify)

20. The Governor and Legislature used the following in presenting or justifying state funding for higher education (yes, no, or blank for not applicable):

	Executive Budget	Legislative Appropriation
Performance measures or metrics (e.g. system/institution goals, past performance)		
Benchmarking to peer institutions		
"Internal" higher education priorities (e.g. salary competitiveness)		
"External" state priorities (e.g. economic development, high-need employment areas)		
Developing non-tax revenue sources of funding to support higher education		
Maintain tuition levels		
Increase tuition levels		
Increase merit-based financial aid		
Increase need-based financial aid		

Other justifications or strategies used by the Governor or Legislature:

21. What legislative entities does your agency/system interact with during the budget process? (select all that apply)

- ☐ Separate senate / house appropriations committees
- ☐ Joint legislative budget or appropriation committee
- ☐ Separate education/program committee(s)
- ☐ Other (please identify):

Please provide additional comments about "other" legislative entities as well as any interesting aspects of your interaction with these committees:

22. Other key features (e.g. key areas of conflict, important steps or processes, key players) of the legislative process:

23. What actions did the Governor take during the last budget cycle with respect to the enacted legislative appropriation? (select all that apply)

- [ ] Signed or sustained without changes
- [ ] Vetoed line items
- [ ] Reduced line items
- [ ] Suspended spending authority
- [ ] Other, please describe:

Please provide additional comments about "other" actions taken by the Governor:

24. Other important considerations to the process of finalizing an operating appropriation:

State Budget Processes for Public Higher Education

Part III: Allocating Operating Resources to Four-Year Institutions

Questions 25 to 31 ask you to answer questions, where relevant to your situation, with respect to the process of distributing those resources to four-year institutions.

25. Operating appropriations are designated to:

	Yes	No
Individual institutions	◯	◯
Multiple governing systems for distribution to institutions	◯	◯
Unified/Comprehensive state level agency	◯	◯

Other (please specify) or provide additional clarification:

26. Operating appropriations are designated as (estimate):

	Not applicable	25% or less	Between 25 and 50%	More than 50%
Lump sum distributions	◯	◯	◯	◯
Line item distributions (e.g. object of expenditure, organizational unit)	◯	◯	◯	◯
Special legislative line items	◯	◯	◯	◯

Other (please specify) or provide additional clarification:

27. If your agency/system distributes operating appropriations to institutions, identify the importance of the following factors in that distribution:

	No Role/Not Applicable	Low	Medium	High
Funding for Enrollment (e.g. credit hours, FTE)	◯	◯	◯	◯
Funding for different levels of instruction (e.g. lower division, upper division, GI, GII)	◯	◯	◯	◯
Inflationary cost increases (e.g. cost of living, utilities)	◯	◯	◯	◯
General salary increases	◯	◯	◯	◯
Statewide collective bargaining agreement	◯	◯	◯	◯
Operations and Maintenance for new buildings	◯	◯	◯	◯
Strategies to improve productivity	◯	◯	◯	◯
Special/new proposals for program enhancement or quality improvement (e.g. salary competitiveness, technology, program expansion, research, public service)	◯	◯	◯	◯

Other (please specify)

28. If your agency/system distributes operating appropriations to institutions, identify the importance of the following strategies or justifications in the distribution of operating appropriations to institutions:

	No Role/Not Applicable	Low	Medium	High
Performance measures or metrics (e.g. system/institution goals, past performance)	◯	◯	◯	◯
Benchmarking to peer institutions	◯	◯	◯	◯
“Internal” higher education priorities (e.g. salary competitiveness)	◯	◯	◯	◯
“External” state priorities (e.g. economic development, high-need employment areas)	◯	◯	◯	◯
Developing non-tax revenue sources of funding to support higher education	◯	◯	◯	◯
Maintain tuition levels	◯	◯	◯	◯
Increase tuition levels	◯	◯	◯	◯
Increase merit-based financial aid	◯	◯	◯	◯
Increase need-based financial aid	◯	◯	◯	◯

Other (please specify) or provide additional clarification

29. What mechanisms, at what point in a fiscal year, are used to assess institutional patterns of spending relative to budget priorities?

30. Final comments regarding the budget process:

31. Reference List -- please provide a list of references to more detailed documents about the budgeting practices and processes in your state/system -- include web links and send electronic or hard copy documents not available on the web to: budgetsurvey@sheeo.org or to SHEEO, c/o Kelli Parmley, 3035 Center Green Drive, Boulder, CO, 80301.

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Appendix B
Catalog of Additional State References

State	Agency	**Developing the Budget Request –** components of the budget request	**Negotiating an Appropriation** – getting from a request to the actual appropriation – governor and legislature roles, approaches, etc.	**Allocating Operating Resources to Institutions** – how are resources allocated to the institutions once an appropriation is finalized?
AK	University of Alaska System	University of Alaska Budget requests, 2000-09: http://www.alaska.edu/swbudget/publications/redbook/redindex.xml	UA Authorized budgets, 2000-08: http://www.alaska.edu/swbudget/publications/yellowbook/yellowindex.xml	University of Alaska, Board of Regents - budget policies: http://www.alaska.edu/bor/policy/policy.xml
			Governor's Office of Management and Budget - materials related to the development of the Governor's budget: http://www.gov.state.ak.us/omb/	Governor's Office of Management and Budget - materials related to institutional performance: http://www.gov.state.ak.us/omb/results/view.php?p=172
			State Legislative Finance Office - documents related to the process of getting from a budget request to an appropriation: http://www.legfin.state.ak.us/index.php	
AZ	Arizona Board of Regents	Minutes from AZ Board of Regents meeting re: development of state operating budget for FY2009: http://www.abor.asu.edu/1_the_regents/meetings/board_book/Jun-2007/Item-05-2007-06-dev-fy09-state-oper-bdgt-req.pdf		
CT	Connecticut Dept. of Higher Ed	CT Board of Governors FY 2007-09 Biennial Operating Budget Request: http://www.ctdhe.org/info/pdfs/2006/0709OperatingBudgetRequest.pdf		
IA	State of Iowa Board of Regents	http://www2.state.ia.us/regents/Meetings/DocketMemos/08Memos/jun08/0608_ITEM09.pdf		
IL	Illinois Board of Higher Education	IBHE budget development and recommendations: http://www.ibhe.org/Fiscal%20Affairs/budget.htm	Governor's action on IBHE budget: http://www.ibhe.org/Fiscal%20Affairs/budget.htm	IBHE reports on revenues and expenditures: http://www.ibhe.org/Fiscal%20Affairs/reports.htm
		IBHE budget request instructions, forms, guidelines and manuals for institutions: http://www.ibhe.org/Fiscal%20Affairs/manuals.htm		IBHE budget request instructions, forms, guidelines and manuals for institutions: http://www.ibhe.org/Fiscal%20Affairs/manuals.htm
KY	Kentucky Council on Postsecondary Education	KCPE Budget and Finance page: http://cpe.ky.gov/policies/budget/	Office of the State Budget Director: http://www.osbd.ky.gov	Kentucky Higher Education Assistance Authority - Financial Aid Administration: http://www.kheaa.com/website/kheaa/aboutkheaa
			Kentucky Legislature Home Page: http://www.lrc.ky.gov/	Kentucky Higher Education Student Loan Corporation: www.kheslc.org
LA	Louisiana Board of Regents	LA Board of Regents Formula Appropriations: www.regents.state.la.us/Finance/fin_forms.htm	LA Office of Management and Budget: Governor's Executive Budget Recommendations: www.doa.louisiana.gov/opb/pub/ebsd.htm	
		LA Board of Regents Funding Forumla Policies: http://www.regents.state.la.us/Finance/formula_2006.htm		
MD	Maryland Higher Education Commission	MHEC home page (includes budget recommendations): http://www.mhec.state.md.us/	MD Department of Budget and Management - Governor's Proposed Budget: http://www.dbm.maryland.gov/portal/server.pt?	St. Mary's College of Maryland - Business Office - http://www.smcm.edu/businessoffice/index.html
			Maryland General Assembly: http://mlis.state.md.us/	Morgan State University - Division of Finance and Management - http://www.morgan.edu/admin/Finance/index.asp
				University System of Maryland home page - http://www.usmd.edu/

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State	Agency	**Developing the Budget Request –** components of the budget request	**Negotiating an Appropriation** – getting from a request to the actual appropriation – governor and legislature roles, approaches, etc.	**Allocating Operating Resources to Institutions** – how are resources allocated to the institutions once an appropriation is finalized?
MN	Minnesota State Colleges & Universities	FY2008-2009 MnSCU Operating Budget Request - http://www.finance.mnscu.edu/budget/operating/index.html	Governor's Budget Recommendation FY 2008 - FY 2009 - http://www.budget.state.mn.us/budget/operating/archive.shtml	FY 2009 Operating Budget Allocation - http://www.finance.mnscu.edu/budget/allocations/index.html
			Legislative review of the last session (2007) pages 22-29 of the document highlight the legislative actions regarding higher education - http://www.senate.leg.state.mn.us/departments/scr/report/index.php#fiscalreview	Allocation Framework information - http://www.finance.mnscu.edu/budget/allocations/framework.html
			Final legislative appropriations bill from the 2007 session for higher education - has the bill text as well as the fiscal staff work paper spreadsheets. - http://www.house.leg.state.mn.us/bills/billnum.asp?Billnumber=hf1063&ls_year=85&session_year=2007&session_number=0&Go.x=17&Go.y=6&Go=Search	
NJ	New Jersey Commission on Higher Education	NJ Commission on Higher Education home page: http://www.state.nj.us/highereducation/	NJ Department of Treasury home page: http://www.state.nj.us/treasury/index.shtml	
NM	New Mexico Higher Education Department	http://inst.hed.state.nm.us/cms/kunde/rts/insthedstatenmus/docs/119585868-03-10-2008-15-07-16.pdf		
OH	Ohio Board of Regents	These documents provide a wealth of detail about the higher ed budget as it passed through the various stages of the legislative process. - http://www.lbo.state.oh.us/fiscal/budget/fy2008-2009budget/analysis.cfm	The document linked below provides the Office Budget and Management's guidance for the 08 - 09 operating budget. - http://www.obm.ohio.gov/budget/operating/	These documents provide some spreadsheets showing projected subsidy distributions to campuses. - http://regents.ohio.gov/financial/selected_budget_detail/0809_budget.php
			This last one provides detail about nonfiscal differences in law among the four stages of the appropriations bill. - http://www.lbo.state.oh.us/fiscal/budget/comparedoc127/Default.cfm	
OK	Oklahoma State Regents for Higher Education	OK BOR Tuition and Fee Rates - http://www.okhighered.org/studies-reports/fy08-tuition-fees.pdf	OK BOR Education and General Budgets Summary and Analysis - http://www.okhighered.org/studies-reports/fy08-eg-summary-analysis.pdf	OK BOR Tuition Impact Analysis Report - http://www.okhighered.org/studies-reports/tuition-impact-analysis-07-08.pdf
OR	Oregon University System	OUS Campus Biennial Budget PREPARATION INSTRUCTIONS and FORMS 2005-2007 - http://www.ous.edu/dept/budget/files/2005-07%20Campus%20Budget%20Instructions.pdf	OUS 2007-08 Budget Report Summary - http://www.ous.edu/dept/budget/files/2007-08%20BRS%20web%20posting.pdf	
TX	Texas Higher Education Coordinating Board	TX HECB Formula Funding Recommendations for the 2008-09 Biennium - http://www.thecb.state.tx.us/reports/PDF/1192.PDF	"Financing Higher Education in Texas Legislative Primer" (from the legislature) - http://www.lbb.state.tx.us/Higher_Education/HigherEd_FinancingPrimer_0107.pdf	
WA	Washington Higher Education Coordinating Board	WA HECB Home Page - http://www.hecb.wa.gov/index.asp	State of Washington Legislative Evaluation and Accountability Program Committee (includes "legislative budget notes", aka full final budget) - http://leap.leg.wa.gov/leap/default.asp; http://leap.leg.wa.gov/leap/budget/index_lbns.asp	Washington State Tuition and Fee Report - http://www.hecb.wa.gov/news/newsreports/documents/TuitionandFeeReport-state06-07.pdf
		WA HECB Strategic Master Plan for Higher Education - http://www.hecb.wa.gov/2004masterplan.asp	WA Office of Financial Management (budgets, contracts, performance info) - http://www.ofm.wa.gov/	
WI	University of Wisconsin System	UW BOR Accountability Reports - http://www.uwsa.edu/bor/reports/	State of Wisconsin Department of Administration (includes budget instructions and Governor's budget) - http://www.doa.state.wi.us/subcategory.asp?linksubcatid=1261&linkcatid=623&linkid=67&locid=3	
WV	West Virginia Higher Education Policy Commission	WV HEPC Finance Division - http://wvhepcnew.wvnet.edu/index.php?option=com_content&task=view&id=34&Itemid=0	West Virginia State Budget Office - http://www.wvbudget.gov/	
WY	University of Wyoming	U of WY President's Office, Budget Proposal - http://uwadmnweb.uwyo.edu/President/outbox/	State of Wyoming Budget Division (state and agency budgets) - http://ai.state.wy.us/budget/index.asp	

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State	SHEEO Agency or Higher Education System	Approach to Budgeting	Factors Highly Important (Funding Formula)	Factors Highly Important (Base Plus/Minus)	Highly Important Justifications or Strategies to Advance Operation Request	Links to Resources
Alaska	University of Alaska	Mixed, but primarily base plus/minus		Inflationary cost increases, general salary increases, statewide collective bargaining agreement, operations and maintenance for new buildings, special/new proposals for program enhancement or quality improvement	Performance measures or metrics, "external" state priorities, increasing tuition levels	University of Alaska Budget requests, 2000-09: http://www.alaska.edu/swbudget/publications/redbook/redindex.xml
Alabama	Alabama Commission on Higher Education	Mixed, but mostly funding formula	Funding for enrollment, funding for different levels of instruction, inflationary cost increases,		Increasing need-based financial aid	
Arkansas	Arkansas Department of Higher Education	Funding formula (used to calculate needs, justify changes, etc.)	Funding for enrollment, funding for different levels of instruction		No Role/Not Applicable	
Arizona	AZ Board of Regents	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Funding for enrollment, general salary increases, operations and maintenance for new buildings, special/new proposals for program enhancement	"Internal" higher education priorities, "external" state priorities, increasing need-based financial aid	Minutes from AZ Board of Regents meeting re: development of state operating budget for FY2009: http://www.abor.asu.edu/1_the_regents/meetings/board_book/Jun-2007/Item-05-2007-06-dev-fy09-state-oper-bdgt-req.pdf
Colorado	Colorado Dept of Higher Ed	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Funding for enrollment		
Connecticut	Connecticut Department of Higher Education	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Statewide collective bargaining agreement, special/new proposals for program enhancement or quality improvement	Increasing need-based financial aid	CT Board of Governors FY 2007-09 Biennial Operating Budget Request: http://www.ctdhe.org/info/pdfs/2006/0709OperatingBudgetRequest.pdf

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Delaware	Delaware Higher Education Commission	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Operations and maintenance for new buildings	Benchmarking to peer institutions, "internal" higher education priorities, "external" state priorities, increasing merit-based financial aid, increasing need-based financial aid	
Florida	Board of Governors	Mixed, but primarily base plus/minus	Funding for enrollment, funding for different levels of instruction, operations and maintenance for new buildings,	Strategies to improve productivity, special/new proposals for program enhancement or quality improvement	"internal" higher education priorities, "external" state priorities, increasing tuition levels, increasing need-based financial aid	
Idaho	Office of the State Board of Education	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)				
Illinois	Illinois Board of Higher Education	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		General salary increases, special/new proposals for program enhancement or quality improvement	"Internal" higher education priorities, "external state priorities, increasing need-based financial aid	IBHE budget development and recommendations: http://www.ibhe.org/Fiscal%20Affairs/budget.htm
Iowa	Board of Regents, State of Iowa	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Funding for different levels of instruction	Performance measures or metrics, benchmarking to peer institutions	http://www2.state.ia.us/regents/Meetings/DocketMemos/08Memos/jun08/0608_ITEM09.pdf
Indiana	Indiana Commission for Higher Education	Mixed, but mostly funding formula		Funding for different levels of instruction, inflationary cost increases, general salary increases, statewide collective bargaining agreement, operations and maintenance	"Internal" higher education priorities, developing non-tax revenue sources of funding to support higher education, increasing tuition levels, increasing merit-based financial aid	

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Rhode Island	Rhode Island Board of Governors	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)				
Vermont	Vermont State Colleges	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)				
Kansas	Kansas Board of Regents	Mixed, but primarily base plus/minus		Inflationary cost increases, general salary increases, operations and maintenance for new buildings, special/new proposals for program enhancement or quality improvement	Performance measures or metrics, "internal" higher education priorities, "external" state priorities, increasing tuition levels, maintaining tuition levels	
Kentucky	Kentucky Council on Postsecondary Education	Mixed, but mostly funding formula	Funding for enrollment, inflationary cost increases, strategies to improve productivity, special/new proposals for program enhancement or quality improvement		Performance measures or metrics, benchmarking to peer institutions, "external" state priorities, increasing need-based financial aid	KCPE Budget and Finance page: http://cpe.ky.gov/policies/budget/
Louisiana	Louisiana Board of Regents	Mixed, but primarily base plus/minus	Funding for enrollment	General salary increases	Benchmarking to peer institutions	LA Board of Regents Formula Appropriations: www.regents.state.la.us/Finance/fin_forms.htm
Maryland	Maryland Higher Education Commission	Mixed, but primarily base plus/minus	Funding for enrollment	Funding for enrollment, general salary increases, statewide collective bargaining agreement, operations and maintenance for new buildings,	Benchmarking to peer institutions, "internal" higher education priorities, "external" state priorities, maintaining tuition levels, increasing need-based financial aid	MHEC home page (includes budget recommendations): http://www.mhec.state.md.us/

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Maine	University of Maine System	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Funding for enrollment, inflationary cost increases, general salary increases, operations and maintenance for new buildings, strategies to improve productivity	"Internal" higher education priorities, maintaining tuition levels, increasing tuition levels, increasing need-based financial aid	
Minnesota	Minnesota State Colleges and Universities	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Inflationary cost increases, general salary increases	Performance measures or metrics, "internal" higher education priorities, maintaining tuition levels	FY2008-2009 MnSCU Operating Budget Request - http://www.finance.mnscu.edu/budget/operating/index.html
Missouri	Wagner	Mixed, but primarily base plus/minus		Medium	"External" state priorities	
Mississippi	MS Institutions of Higher Learning	Mixed, but mostly funding formula	Funding for enrollment, funding for different levels of instruction, inflationary cost increases, general salary increases, operations and maintenance for new buildings, strategies to improve productivity, special/new proposals for program enhancement or quality improvement	Inflationary cost increases, general salary increases, operations and maintenance for new buildings, strategies to improve productivity, special/new proposals for program enhancement or quality improvement	Performance measures or metrics, benchmarking to peer institutions, "internal" higher education priorities, "external" state priorities, maintaining tuition levels, increasing tuition levels, increasing merit-based financial aid, increasing need-based financial aid	
North Carolina	University of North Carolina	Mixed, but primarily base plus/minus	Funding for enrollment	Funding for enrollment, general salary increases, operations and maintenance for new buildings, strategies to improve productivity, special/new proposals for program enhancement	"Internal" higher education priorities, maintaining tuition levels, increasing need-based financial aid	
North Dakota		Funding formula (used to calculate needs, justify changes, etc.)	Funding for enrollment, funding for different levels of instruction, inflationary cost increases, general salary increases		Benchmarking to peer institutions, "internal" higher education priorities, "external" state priorities, maintaining tuition levels, increasing need-based financial aid	

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Nebraska	Nebraska Coordinating Commission for Postsecondary Education	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)	Funding for enrollment, funding for different levels of instruction	Low	Increasing need-based financial aid	
New Hampshire	NH Postsecondary Education Commission/University System of New Hampshire	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Funding for enrollment, general salary increases, operations and maintenance for new buildings, special/new proposals for program enhancement	"Internal" higher education priorities, maintaining tuition levels, increasing tuition levels, increasing need-based financial aid	
New Jersey	NJ Commission on Higher Education	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)			No Role/Not Applicable	NJ Commission on Higher Education home page: http://www.state.nj.us/highereducation/
New Mexico	New Mexico Higher Education Department	Mixed, but mostly funding formula	Funding for enrollment, funding for different levels of instruction		Maintaining tuition levels, increasing need-based financial aid	
Nevada	System Admin Office, Nevada System of Higher Education	Mixed, but mostly funding formula	Funding for enrollment, funding for different levels of instruction, operations and maintenance for new buildings,		No Role/Not Applicable	SUNY's 2008-09 Budget Request presentation is available at www.suny.edu.
New York	State University of New York	Mixed, but primarily base plus/minus		Funding for enrollment, funding for different levels of instruction	"External" state priorities, maintaining tuition levels	

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Ohio	Ohio Board of Regents	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)	Funding for enrollment	Medium	Performance measures of metrics, "external" state priorities, maintaining tuition levels, increasing merit-based financial aid, increasing need-based financial aid	These documents provide a wealth of detail about the higher ed budget as it passed through the various stages of the legislative process. - http://www.lbo.state.oh.us/fiscal/budget/fy2008-2009budget/analysis.cfm
Oklahoma	Oklahoma State Regents for Higher Education	Mixed, but mostly funding formula	Funding for enrollment, funding for different levels of instruction, special/new proposals for program enhancement or quality improvement		"Internal" higher education priorities, "external" state priorities, maintaining tuition levels	OK BOR Tuition and Fee Rates - http://www.okhighered.org/studies-reports/fy08-tuition-fees.pdf
Oregon	Oregon University System	Mixed, but primarily base plus/minus	Funding for enrollment, funding for different levels of instruction, strategies to improve productivity, special/new proposals for program enhancement or quality improvement	Inflationary costs increases, general salary increases, statewide collective bargaining agreement, operations and maintenance for new buildings	Performance measures or metrics, benchmarking to peer institutions, "internal" higher education priorities, maintaining tuition levels, increasing tuition levels	OUS Campus Biennial Budget PREPARATION INSTRUCTIONS and FORMS 2005-2007 - http://www.ous.edu/dept/budget/files/2005-07%20Campus%20Budget%20Instructions.pdf
Pennsylvania	Pennsylvania State System of Higher Education	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)	Funding for enrollment, funding for different levels of instruction	Inflationary cost increases, general salary increases, statewide collective bargaining agreement, strategies to improve productivity	Medium	
South Dakota	South Dakota Board of Regents	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		General salary increases, operations and maintenance for new buildings, special/new proposals for program enhancement	"External" state priorities, maintaining tuition levels, increasing tuition levels, increasing merit-based financial aid	
Tennessee	Tennessee Higher Education Commission	Funding formula (used to calculate needs, justify changes, etc.)	Funding for enrollment, funding for different levels of instruction, inflationary cost increases, general salary increases, operations and maintenance for new buildings		Performance measures or metrics, benchmarking to peer institutions, maintaining tuition levels, increasing tuition levels, increasing need-based financial aid	

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Texas	Texas Higher Education Coordinating Board	Mixed, but mostly funding formula	Funding for enrollment, funding for different levels of instruction, operations and maintenance for new buildings,	Special/new proposals for program enhancement	Performance measures of metrics, "external" state priorities, increasing tuition levels	TX HECB Formula Funding Recommendations for the 2008-09 Biennium - http://www.thecb.state.tx.us/reports/PDF/1192.PDF
Utah	Utah System of Higher Education	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Inflationary cost increases, general salary increases, operations and maintenance for new buildings, special/new proposals for program enhancement or quality improvement	"External" state priorities, increasing merit-based financial aid, increasing need-based financial aid	
Virginia	State Council of Higher Education for Virginia	Mixed, but mostly funding formula	Funding for enrollment, funding for different levels of instruction, general salary increases, operations and maintenance for new buildings	Special/new proposals for program enhancement	Performance measures of metrics, benchmarking to peer institutions, "internal" higher education priorities, "external" state priorities, developing non-tax revenue sources of funding to support higher education, maintaining tuition levels, increasing tuition levels, increasing merit-based financial	
Washington	Higher Education Coordinating Board	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		funding for enrollment, funding for different levels of instruction, strategies to improve productivity, special/new proposals for program enhancement	Benchmarking to peer institutions, increasing need-based financial aid	WA HECB Home Page - http://www.hecb.wa.gov/index.asp
Wisconsin	University of Wisconsin System	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Funding for enrollment, inflationary cost increases, general salary increases, statewide collective bargaining agreement, special/new proposals for program enhancement or quality improvement	"Internal" higher education priorities, "external" state priorities, increasing need-based financial aid	UW BOR Accountability Reports - http://www.uwsa.edu/bor/reports/
West Virginia	WV Higher Education Policy Commission	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		Inflationary cost increases, general salary increases, operations and maintenance for new buildings, special/new proposals for program enhancement or quality improvement	Benchmarking to peer institutions, "internal" higher education priorities, maintaining tuition levels, increasing tuition levels, increasing merit-based financial aid, increasing need-based financial aid	WV HEPC Finance Division - http://wvhepcnew.wvnet.edu/index.php?option=com_content&task=view&id=34&Itemid=0

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Wyoming	University of Wyoming	Base plus/minus (adjustments to current spending/appropriations based on cost, salary increases, enrollment changes, etc.)		General salary increases, special/new proposals for program enhancement or quality improvement	"Internal" higher education priorities, maintaining tuition levels	U of WY President's Office, Budget Proposal - http://uwadmnweb.uwyo.edu/President/outbox/