

# Equity in Higher Education Funding

Follow-up Report  
June 2013

Office of Performance Evaluations  
Idaho Legislature



Report 13-09F

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## *Follow-up Report*

### **Executive Summary**

Since the release of our 2011 report, the State Board of Education has worked collaboratively with the four higher education institutions to respond to our recommendations. Our first recommendation was for the board to develop an explicit standard for equitable funding levels. The board is currently in the process of implementing this recommendation. The board and institutions have agreed that they will use instructional dollars per weighted student credit hour to determine equity, and they are in the process of determining what amount of variance in funding levels is acceptable.

Our second recommendation was for the board to develop a plan to bring funding levels into alignment with a formally established standard for equity. The board has started working on this recommendation by requesting additional funds in fiscal year 2014 to equalize instructional dollars per weighted student credit hour. However, the board's request was not funded, showing that the plan's biggest limitation is its continued reliance on new funds.

### **Acknowledgments**

We appreciate the assistance of the State Board of Education, Boise State University, Idaho State University, Lewis-Clark State College, and the University of Idaho. Lance McCleve of the Office of Performance Evaluations conducted this follow-up study, Maureen Brewer performed the quality control review, and Margaret Campbell copy edited and desktop published the report.

## Overview of the Initial Report

In November 2011 we released an evaluation report on equity in higher education funding. Our evaluation sought to identify the root causes of historical and persistent equity concerns while recognizing the political context in which policy and funding decisions are made.

Although the Legislature, the State Board of Education, and the four institutions—Boise State University, Idaho State University, Lewis-Clark State College, and the University of Idaho—had expressed interest in achieving and maintaining equity, no standard had been set to determine equity in higher education funding.

Our analysis revealed two important facts about the effect of past legislative and board efforts to address equity:

- The differences in general fund dollars per weighted full-time equivalent student were larger than they were in fiscal year 2001 when funding was last officially declared inequitable and, to a lesser degree, the differences were larger than they were in fiscal year 2007 when funding was last officially declared equitable.
- Not funding the enrollment workload adjustment (EWA) had exacerbated differences among the institutions' general fund dollars per weighted full-time equivalent student. And yet, had the Legislature always funded EWA, differences would have still existed.

We concluded that before anyone could make a determination about whether higher education funding was equitable, the board needed to answer two fundamental policy questions:

- Against what standard and with which criteria should equity be measured?
- What are the consequences of not achieving equity?

## Status of Recommendations

We made two recommendations to the board: (1) set a standard for equity and define the method by which the board will measure equity, and (2) develop a plan to maintain equitable funding levels. These two recommendations serve as beginning steps the state could take to resolve equity concerns.

We assessed the status of recommendations within four categories:

- *Implemented:* The agency has measurably met the recommendation's intent.
- *Addressed:* The agency has taken an approach that diverged from the recommendation but has still met the recommendation's intent.
- *In process:* The agency has begun to measurably address the recommendation's intent.
- *Not implemented:* The agency has not begun to measurably address the recommendation's intent.

### ***The Board Has Worked with the Institutions to Set an Explicit Standard of Equitable Funding Levels***

*Recommendation 1: The State Board of Education, in conjunction with the institutions, should develop a board policy that sets an explicit standard of equitable funding levels. The board should develop the standard by determining how it will measure whether funding is equitable and what factors explain why differences in funding levels are warranted. In setting a standard, the board should consider the institutions' missions, the historical rationale for each institution's base, the goals of policymakers, and the implications of continuing to use the current funding process.*

Following the release of our 2011 report, the board assigned its Business Affairs and Human Resources committee the task of working with the four institutions to develop an explicit standard for equitable funding levels and a method for determining whether those levels were equitable.

The board and the institutions decided that funding equity should be determined in reference to equal instructional funding per weighted student credit hour. Their reasoning behind using only instructional funds to determine funding equity recognizes some differences in per student funding levels, because of factors such as the historical rationale for each institution's base funding and the goals of policymakers as reflected in historical budget line-item decisions. Using instructional funding per weighted student credit hour as a starting point to determine equitable funding levels aligns with the intent of our recommendation that the board establish a standard of equity.

The board and the institutions recognize that continually maintaining equal instructional funding per weighted credit hour is impractical and unnecessary for funding to be equitable. However, the board is still working to determine what amount of variance from equal instructional funding should be considered equitable.

In the fiscal year 2014 college and university budget request, the board asked for \$9,494,000 in ongoing funds to equalize instructional funding per weighted student credit hour and to achieve equity according to its new standard. The Governor's office noted that a 10 percent variation among the institutions in the estimated fiscal year 2014 funding for weighted student credit hour is acceptable. The Governor therefore did not recommend funding \$9.5 million for equity.

This recommendation is **in process**. Once the board and institutions determine what amount of variance in funding levels is acceptable, the recommendation will be implemented.

### ***The Board Has Initiated a Plan to Bring Funding Levels into Agreement with the Established Standard of Equitable Funding***

***Recommendation 2:** The State Board of Education should develop a plan to bring funding levels into alignment with a formally established standard for equity. The board should design this plan to pursue equity while considering the statewide priorities of the Legislature and the potential for economic conditions that limit the amount of new funds available to higher education. By considering the often competing priorities that the Legislature must balance, the board will better position itself to develop a plan that can make progress toward achieving equity—even in years when there is no additional funding from the Legislature.*

The board's efforts in response to our recommendation consist of two parts:

- Request additional funds to equalize instructional funding per weighted student credit hour, and then
- Rely on EWA to maintain the balance of instructional funds per weighted student credit hour

For fiscal year 2014, the Legislature did not fund the board's request for \$9.5 million in additional funds to equalize instructional funding per weighted student credit hour; however, it completely funded the board's EWA request. The Legislature also appropriated an additional \$1.37 million in ongoing funds intended to address enrollment workload adjustment costs. The board allocated the entire \$1.37 million to Boise State University (BSU) to recognize that: (1) enrollment shifts from BSU to the College of Western Idaho have started to affect BSU's three-year rolling average of EWA and (2) BSU experienced strong enrollment growth in 2010–2012 at a time when EWA was not funded.

We concluded in our initial report that EWA was not suited for maintaining equity because of factors beyond enrollment. The board and institutions have now, in effect, tied equity to enrollment by measuring equity with instructional dollars per weighted credit hour. Determining equity according to the

distribution of instructional funds eliminates the effect of factors that are unique to each institution.

Because the board plans to maintain equity through EWA funds, future equity will continue to be sensitive to EWA funding decisions. The board has not demonstrated how it plans to maintain equity when no new funds are available and funding levels do not meet the agreed upon standard of equity.

This recommendation is **in process**. Although it was not funded, the board's request for \$9.5 million to establish equity marks the first step in its plan to bring the four institutions funding levels into agreement with an established standard of equity. However, as illustrated by the Governor's response to the board's request, an agreed upon range or tolerance for equitable funding levels will help the board in its efforts to achieve equity. Further, the board's 2014 request reinforces that new funds are not always available for achieving equity. Ongoing efforts to implement this recommendation should focus on an acceptable compromise for maintaining equity when no new funds are available.

## **Conclusion**

We found in our initial report that systemic and persistent misunderstanding, miscommunication, and shifting definitions of equity for higher education funding had complicated the discussion on equity. By collaborating to begin implementing our recommendations, the board and the institutions have made substantial progress toward agreement on a standard and plan for equity in higher education funding.





## Office of Performance Evaluations Reports, 2011–Present

Publication numbers ending with “F” are follow-up reports of previous evaluations.

<b>Pub. #</b>	<b>Report Title</b>	<b>Date Released</b>
11-01	Distribution and Sale of Liquor in Idaho	January 2011
11-02	Coordination and Delivery of Senior Services in Idaho	February 2011
11-03F	Increasing Efficiencies in Idaho’s Parole Process	February 2011
11-04F	Idaho Transportation Department Performance Audit	March 2011
11-05	Delays in Medicaid Claims Processing	March 2011
11-06	Equity in Higher Education Funding	November 2011
11-07	Idaho’s End-Stage Renal Disease Program	November 2011
11-08F	Distribution and Sale of Liquor in Idaho	November 2011
12-01	Reducing Barriers to Postsecondary Education	January 2012
12-02F	Delays in Medicaid Claims Processing	January 2012
12-03	Lottery Operations and Charitable Gaming	February 2012
12-04	Establishing an Efficiency Commission	February 2012
12-05F	Coordination and Delivery of Senior Services in Idaho	February 2012
12-06F	Operational Efficiencies in Idaho’s Prison System	February 2012
12-07F	Idaho’s End-Stage Renal Disease Program	March 2012
12-08F	Idaho Transportation Department Performance Audit	March 2012
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