



# PA State System of Higher Education Board of Governors

Effective: May 15, 1984

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## **Policy 1984-06-A: Allocation Formula**

**See Also:**

**Adopted:** May 15, 1984

**Amended:** July 26, 1985; April 18, 1991; October 20, 1994; April 9, 1998;  
July 10, 2003; July 19, 2007; and July 8, 2014

### **A. Purpose**

To establish the method by which the Board of Governors distributes the Pennsylvania State System of Higher Education's Educational and General (E&G) appropriation to System entities and System-wide initiatives.

### **B. Definitions**

**Educational and General**—All activities and resources that support the educational mission of the System or university, including unrestricted functions of instruction, research, public service, academic support, institutional support, scholarship and fellowship, and operations and maintenance of plant activities. Auxiliary and restricted activities are excluded. For national comparisons, research, public service, and scholarship and fellowship activities also are excluded.

**Full-Time Equivalent (FTE) Student**—The total credit hours attempted, throughout all terms within a fiscal year, divided by 30 for undergraduate and 24 for graduate students. Clock-hour enrollment is converted to credit hours based upon national standards.

**System Entity**—A university of the Pennsylvania State System of Higher Education or the Office of the Chancellor.

**Space Guidelines**—A calculation, based upon national practices, used to estimate the square footage of space a university needs to reasonably meet its educational mission.

### **C. Funding of System-Wide Initiatives, Programs, and Entities**

The Board of Governors annually allocates a portion of the E&G appropriation for System-wide initiatives, programs, and entities.

1. Annually, the Board of Governors will determine what, if any, System-wide initiatives are to be funded from the E&G appropriation. System-wide initiatives may include but are not limited to professional development funds, replenishment of the System

Reserve, Dixon University Center academic programs, McKeever Environmental Learning Center, Office of Internal Audit and Risk Assessment, and a performance funding pool.

2. The Office of the Chancellor will be funded annually at 0.5 percent of the E&G appropriation, as authorized in Act 188 of 1982.

#### **D. Base Allocation Formula**

The remaining E&G appropriation is allocated to the System universities through a base allocation formula that recognizes fixed costs at all universities and allows for differing fixed costs based upon mission for the State System master's universities, doctoral/research university, and historically black university; and variable costs for instruction, administrative support services, and physical plant operations.

1. **Fixed Costs**—The fixed-cost value shall be established based upon an analysis of E&G costs and enrollment of public master's institutions, public doctoral/research institutions, and public historically black institutions. This component is fully funded from the E&G appropriation.
2. **Instructional Costs**—Differences in instructional discipline costs will be recognized per FTE student by the following weights:

Lower Division, Normal Cost	1.0
Lower Division, High Cost	1.3
Upper Division, Normal Cost	1.5
Upper Division, High Cost	2.4
Master's, Normal Cost	2.0
Master's, High Cost	2.4
Doctoral	2.6

High-cost undergraduate and master's instruction refers to courses identified with the following federally defined Classification of Instructional Programs (CIP) codes.

01	Agriculture and Agriculture Operations
03	Natural Resources and Conservation
04	Architecture and Related Services
10	Communication Technologies and Support Services
11	Computer and Information Sciences
14	Engineering
15	Engineering Technologies
25	Library Science
26	Biological and Biomedical Sciences
34	Health Related Knowledge and Skills
40	Physical Sciences
48	Precision and Productivity
50	Visual and Performing Arts
51	Health Professions and Related Clinical Sciences.

FTE Student—The average enrollment for the previous two years of actual in-state FTE enrollment by course discipline; in-state and out-of-state doctoral enrollment is included.

3. **Support Costs**—There is one support cost value applied to FTE students based upon the System’s average costs per student in the functional areas of academic support, student services, and institutional support. Each university’s support costs are determined based upon the same FTE student used in the instructional component.
4. **Plant Costs**—This category includes 2.5 percent of the E&G facilities replacement value, 1.5 percent of the infrastructure replacement value, and a dollar amount per gross square foot of E&G space. The E&G square footage is the average of space guidelines’ estimated space required and university inventory space. Inventory space includes all leased and owned space, but only 50 percent of space that is off-line indefinitely.

#### **E. Implementation**

Transition to this new method of allocation will occur over three fiscal years, with full implementation in fiscal year 2016/17.

The allocation formula will be adjusted annually to reflect changes in enrollment, physical plant space, and inflationary cost increases. After three years, the formula’s values for fixed costs and the instructional coefficients will be recalculated based upon national data and State System instructional cost data. After a total of six years, the allocation formula will be reviewed for its continued appropriateness.