

SECTION II

PART C COST MODELS

1.00 Introduction

In accordance with law, the Commission is directed to provide a recommendation on the overall funding needs of the department and institutions. The recommendation includes funding for general and cash funds such as tuition and fees. In response to the College Opportunity Fund program, and the implementation of performance and fee-for-service contracts with governing boards, the Commission developed cost models to identify necessary minimum funding levels for institutions.

2.00 Mandated Cost Model

As part of the Commission's annual budget process, the Governing Board shall provide, through the Budget Data Book, information to the Department that identifies mandatory cost increases or decreases.

The Department shall use the information submitted by the institutions to determine the base funding increase necessary for cash fund and cash fund exempt increases that at a minimum shall consider changes in mandatory costs, such as salary, insurance and utility costs, as well as enrollment growth and inflation.

The Governing Board may submit requests for tuition differentials, specialized fees, or other tuition increases to improve quality, expand access or address capital needs above the base funding amount as decision items through the normal budget process. The Commission shall review, make recommendations, and forward these decision items to the General Assembly and the Office of State Planning and Budgeting during the budget process.

The Governing Board shall strive to control costs so that mandatory cost increases do not exceed the latest published cost adjustment figure from the State Higher Education Executive Officers Higher Education Cost Adjustment model, excluding controlled maintenance and capital needs.

3.00 Fee For Service Cost Model

Fee-for-service contracts require the department to contract for graduate education and other services from governing boards of public institutions. In order to clearly identify the cost of graduate education services the

Commission has developed a cost model that identifies the cost to educate a graduate I (Master's) and graduate II (Doctorate) level student.

The model is based upon the average expense of education for undergraduate, Masters, and Doctorate level students. It is an expense model that identifies the average cost for each of the three categories using data from the Budget Data Book submitted by governing boards.

The Commission in consultation with the governing boards, will use the model, or may use a national standardized model to identify graduate education costs in order to determine the appropriate amount to pay for such services under fee-for-service contracts.

HISTORY: CCHE Agenda Item III, B – June 2, 2005