

Higher Education Funding Approaches in the Midwestern States

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The table below presents the current funding approach used in each of the Midwestern states by state and funding-approach category.¹ These categories are based on a typology of funding approaches presented in the 2000 Michigan State Senate Fiscal Agency report titled: *Higher Education in the 50 States: A Survey of Higher Education Funding, Governance and Other Related Topics in the States.*² (A general definition of each funding approach is provided below the table.) The majority of Midwestern states (6) use a **decision package** approach to funding higher education with four states using a **combination** approach. Illinois (**market approach**) and Ohio (**formula approach**) are the only two states in the region that do not use either a decision package or combination approach.

Funding Approaches for Higher Education Appropriations

	<u>Formula</u>	<u>Decision Package</u>	<u>Across the Board %</u>	<u>Market</u>	<u>Combination</u>	<u>Other</u>
Illinois				X		
Indiana		X				
Iowa		X				
Kansas		X				
Michigan		X				
Minnesota					X	
Missouri					X	
Nebraska		X				
North Dakota					X	
Ohio	X					
South Dakota					X	
Wisconsin		X				

► **Formula:** A funding approach that is used by the legislature or state board of control for any of the following purposes: determining total appropriation requests, determining total appropriation levels or distribution of appropriations of individual campuses.

► **Decision Package:** The legislature provides a basic appropriation based on a fixed percentage of the previous year's funding and with additions made for particular options and campuses.

► **Across the Board Percent:** All institutions are given identical percentage adjustments.

► **Market:** All institutions lobby and present their cases for funding increases in a competitive/legislative atmosphere.

► **Combination:** The use of a combination of formula with other funding mechanisms.

► **Other:** None of the above applies.

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² Ellen Jeffries, Deputy Director and Nathaniel Smith-Tyge, Intern, Michigan State Senate Fiscal Agency, authored this report.