

Higher Education Funding Approaches in the Midwestern States

March 2005

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.

¹ The Compact would like to thank the following individuals for contributing information about approaches used in their states: David Griffith, Office of the Comptroller, Illinois; Michael Baumgartner, Indiana Commission for Higher Education; Mary Shimpan, Legislative Fiscal Bureau, Iowa; Debra Hollon, Legislative Research Department, Kansas; Dennis Albrecht, Higher Education Budget Division, Minnesota; Donna Imhoff, Missouri Department of Higher Education; Phil Hovis, Legislative Fiscal Office, Nebraska; Roxanne Woeste, Legislative Council, North Dakota; Rich Petrick, Ohio Board of Regents; Aaron Olson, Legislative Research Council, South Dakota; John Stott, Legislative Fiscal Bureau, Wisconsin.

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