

ATT IV

Mission Resource Requirements (MRR) Recommendations for Current Year

Background

The Commission's Mission Resource Requirement (MRR) Model is used to determine the operational needs of the state's 33 public higher education institutions. The MRR is an objective model that considers enrollment, faculty salaries, other operational functions (research, public service, libraries, student services, and physical plant, and administration), and student revenues to determine an amount of needed state support. There are currently three components of the MRR with unresolved issues. The first component is the instruction step, which includes student/faculty ratios. The MGT of America study, completed in 2000, included a recommendation to modify some of the ratios. That recommendation has not yet been fully implemented. The second and third components are Libraries and Student Services. Due to changes in accounting principles, and related collection of Integrated Post-secondary Education Data System (IPEDS) data, factors used in these steps are no longer available. Provided below are further discussion of these items and related recommendations.

Step 1: Instruction

Student Faculty Ratios –The MGT study recommended that the discipline ratios used for undergraduate courses be the same for all sectors. This recommendation has been partially implemented. Previous Committee action created a Student/Faculty Ratio Task Force to further study the issue. The Task Force has not developed firm recommendations at this time. The issue has also been discussed extensively with the Funding Advisory Committee.

Step 4: Libraries

and

Step 5: Student Services

In the past the IPEDS Finance form required the presentation of libraries and student services expenditures. The staff used this IPEDS data to develop national cost-per-student factors, which are used in the MRR. With the advent of GASB 34 and 35 statements, the IPEDS data is no longer available. Therefore, the factors used in these steps cannot be calculated through the use of current data.

Recommendations

The Committee on Finance & Facilities recommends the following:

With Respect to Student/Faculty Ratios used in the Instruction step, no changes should be made to the existing student/faculty ratios until such time as there is a reasonable likelihood that there will be an increase in state appropriations for institutional operating funds. The Committee further recommends that additional research be conducted on the topic of modifications to the existing ratios or the development of an alternative methodology. In the event that increases in appropriations for operating funds do materialize for the 2004-2005 fiscal year, the 2nd year's phase-in will be implemented prior to allocation of those funds.

With Respect to the cost factors used in the Library and Student Services steps, the Committee recommends that the previous year's MRR values be increased by the Higher Education Price Index (HEPI).