

## EXPLANATION OF FUNDING PROCESS FOR HIGHER EDUCATION

The Alabama Commission on Higher Education's recommendations for the funding of Postsecondary education are based on several types of assessment:

- A set of formulas which relate funding needs for the academic programs of the senior and junior institutions to student credit hours, faculty productivity, and faculty salaries.
- Facilities Renewal Allowance is an estimation of the amount of money needed to provide for the aging of all building elements in a given year.
- Updated values for ongoing research and service activities and for other instructional activities which are not susceptible to "formula" determination, derived from earlier funding levels.
- Analysis of funding needs for new programs and major changes in existing programs based on estimated expenditures and revenues.

### Academic Program Formula - Universities

The calculation of the Academic Program multiplier is predicated in the estimated NASUGLC regional General Studies average salary for doctoral and regional institutions. A multiplier is determined from regional faculty salaries adjusted by an estimated departmental expense rate. The multiplier uses an assumed faculty productivity factor of 630 student credit hours (SCH) annually for doctoral institutions and 585 SCH for nondoctoral institutions. These productivity factors imply a General Studies faculty: student ratio of 1:26 for doctoral institutions and 1:24 for regional institutions.

The computations for FY 2001-2002, for the senior institutions, are shown on [page C-6](#).

The amounts calculated above are distributed to institutions according to a formula consisting of the sum of the following elements:

- (a) [Weighting Factors](#)
- (b) Other Cost Factors.