



**PENNSYLVANIA'S STATE SYSTEM *of* HIGHER EDUCATION**

# Developing and Implementing Equity Metrics

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# Overview of Funding Models

State System receives appropriation from State, which is then distributed to universities through an allocation formula

This formula:

- Is required by law as a means for the Board to distribute state appropriated dollars
- Provides a predictable revenue stream universities can plan for and around
- Comprises the primary fund sources the Board can direct, which can also include:

One-time money: Certain portions of the American Rescue Plan Act (ARPA) and/or State Employee Retirement System (SERS) Pension Prefunding Savings

System loans drawn on reserves

# Allocation Formula Review

Formal process completed in 2022 to review and update allocation formula (2014).

The key goals of the new formula were to:

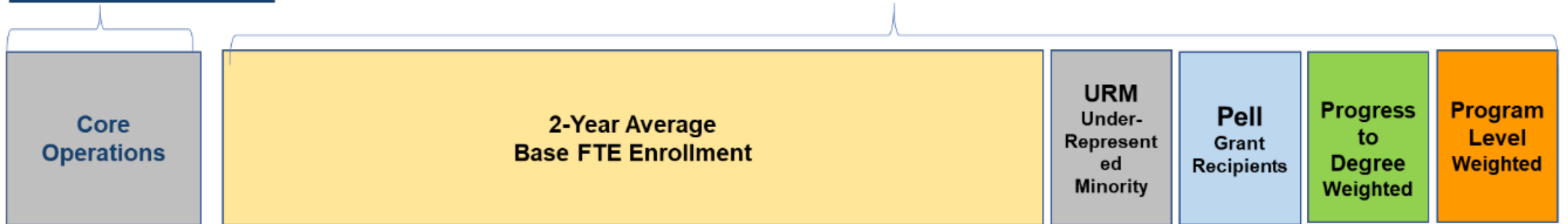
- a) align funding with the current student population needs to more equitably distribute the per-student appropriation dollars and
  - b) account for the universities' differential costs (driven by size, location, mission).
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- Process drew up on national research and data, including meta-analyses from SHEEO and IPEDS/SHEF data.
  - Extensive review of research on the impact of performance based/student success funding on student equity

# 2022 Funding Formula Components

- At least 75% Student Enrollment Based
  - 20% URM and Pell Grant recipient enrollment, progress for degree, and program level
- No more than 25% for core operations
  - Provides stability for smaller institutions where efficiency gains more challenging
- Set to review every 5 years, but may shift as university enrollment changes

**Non-Enrollment**  
**No more than 25%**

**Enrollment**



# Challenges in Adoption

- Unsteady enrollment impacts the level of funding for core operations
- Need for additional funding for rural schools
- Timeline of available data, Pell grant recipients in particular



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