

# WEST VIRGINIA CODE: §18B-1A-5

## **§18B-1A-5. Financing; institutional operating budgets, additional funding.**

(a) Budget request and appropriations. -- The commission and council each has the responsibility to develop a budget for the state system of higher education under its respective jurisdiction. The commission submits the budget request for higher education, including the budget request as developed by the council, to the Governor before September 1, annually. The budget requests of the commission and the council specifically shall include the amount of the institutional operating budgets, as defined in section two, article one of this chapter, required for all state institutions of higher education under their respective jurisdictions. The budget appropriation for the state systems of higher education under this chapter and other provisions of the law shall consist of separate control accounts or institutional control accounts, or some combination of such accounts, for appropriation of institutional operating budgets and other funds. The commission and council each is responsible for allocating state appropriations to supplement institutional operating budgets in accordance with this section. In addition to the institutional operating budget and incentive funding, however, the commission and council each is responsible for allocating funds that are appropriated to it for other purposes. In order to determine institutional allocations, it is the responsibility of the institutions and their respective institutional boards of Governors or advisors, as appropriate to provide to the commission or council documentation on institutional progress toward mission enhancement, preliminary peer comparison calculations, performance of increased productivity and academic quality and measurable attainment in fulfilling state priorities as set forth in this article. The documentation shall be provided to the commission or council no later than October 1, annually.

(b) Legislative funding priorities. --

(1) The Legislature recognizes the current funding model has not moved all state institutions equitably towards comparable peer funding levels. The model has left West Virginia institutions at a competitive disadvantage to their national peers.

(2) The Legislature acknowledges that the resource allocation model used to comply with enrolled committee substitute for Senate bill no. 547, passed during the legislative session of 1995, alleviated some of the disparity that exists among state institutions' operating budgets, but left significant differences between the institutions and their national peers.

(3) The Legislature recognizes that a system of independently accredited community and technical colleges is essential to the economic vitality of the state.

(4) The Legislature places great importance on achieving the priority goals outlined in the public policy agenda and believes the state institutions of higher education should play a vital role in facilitating the attainment of these goals.

(5) The Legislature also believes it is imperative that the state make progress on narrowing the peer inequity while balancing the need for sustaining the quality of our institutions.

(6) It is the charge of the commission and council to allocate all funds appropriated in excess of the fiscal year 2001 general revenue appropriations in alignment with the legislative funding priorities listed below. The commission and council shall consider the priorities and assign a percentage of the total appropriation of new funds to each priority.

(A) Peer equity. -- Funds appropriated for this purpose increase the level of the institutional operating budget for state institutions of higher education comparable to their peer institutions. The allocation shall provide, subject to the availability of funds and legislative appropriations, for a systematic adjustment of the institutional operating budgets to move all institutions' funding in the direction of levels comparable with their peers. Institutional allocations shall be calculated as follows:

(i) A calculation shall be made of the deficiency in per student funding of each institution in comparison with the mean per student funding of the peer institutions as defined by the commission pursuant to section three of this article;

(ii) For all institutions that are deficient in comparison with peer institutions, the amounts of the deficiencies shall be totaled;

(iii) A ratio of the amount of the deficiency for an institution divided by the total amounts of deficiency for all West Virginia institutions shall be established for each institution; and

(iv) The allocation to each institution shall be calculated by multiplying the ratio by the total amount of money in the account;

(B) Independently accredited community and technical colleges development. -- Funds appropriated for this purpose will ensure a smooth transition, where required, from "component" community and technical colleges to independently accredited community and technical colleges as defined in section two, article one of this chapter. Appropriations for this purpose are to be allocated only to those institutions having approved compacts with the council that expressly include the transition of their component community colleges to independently accredited status and have demonstrated measurable progress towards this goal. By July 1, 2005, or when all required community and technical colleges are independently accredited, whichever first occurs, funds for this purpose shall be allocated to the incentives for institutional contributions to state priorities;

(C) Research challenge. -- Funds appropriated for this purpose shall assist public colleges and universities in West Virginia to compete on a national and international basis by providing incentives to increase their capacity to compete successfully for research funding. The Legislature intends for institutions to collaborate in the development and execution of research projects to the extent practicable and to target research to the needs of the state as established in the public policy agenda and linked to the future competitiveness of this state.

(i) The commission shall develop criteria for awarding grants to institutions under this account, which may include, but are not limited to, the following:

(I) Grants to be used to match externally funded, peer-reviewed research;

(II) Grants to be used to match funds for strategic institutional investments in faculty and other resources to increase research capacity;

(III) Grants to support funding for new research centers and projects that will foster economic development and workforce investment within the state. These grants shall be limited to five years and each research center or project funded shall receive a decreasing award each year and shall be required to be supported solely by external funding within five years;

(ii) The commission may establish an advisory council consisting of nationally prominent researchers and scientists, including representatives from outside the state, to assist in developing the criteria for awarding grants under this account.

(iii) For the purposes of making the distributions from this account, the commission shall establish the definition for research, research funds and any other terms as may be necessary to implement this subdivision; and

(D) Incentives for institutional contributions to state priorities. -- Funds appropriated for this purpose provide incentives to institutions which demonstrate success toward advancing the goals of the public policy agenda as set forth in section one-a, article one of this chapter and to provide incentives for mission enhancement as set forth in section two of this article.

(E) Sustained quality support. -- The commission and council shall provide additional operating funds to institutions under their respective jurisdictions with approved compacts. The commission and council shall allocate these funds on an equal percentage basis to all institutions. The commission or council may delay distribution of these funds to any institution which does not demonstrate measurable progress towards the goals provided in its compact with the commission or council.

(c) Allocations to institutional operating budgets. -- For the purposes of this subsection, the commission and council each shall establish by rule pursuant to subsection (f), section two of this article the method for measuring the progress of each institution towards meeting the benchmarks of its institutional compact.

(d) Allocation of appropriations to the institutions. -- Appropriations in this section shall be allocated to the state institutions of higher education in the following manner:

(1) Each fiscal year appropriations from the funds shall be allocated only to institutions which have:

(A) Approved compacts, pursuant to section two of this article; and

(B) Achieved their annual benchmarks for accomplishing the goals of their compacts, as approved by the commission or council.

(2) If an institution has not achieved all of its annual benchmarks, the commission or council may distribute a portion of the funds to the institution based on its progress as the commission or council determines appropriate. The commission and council each shall establish by rule, pursuant to subsection (f), section two of this article, the method for measuring the progress of each institution toward meeting the benchmarks of its institutional compact.

(e) Nothing in this section limits the appropriation or collection of fees necessary to effectuate the operation and purpose of the commission or council.