PROPOSED BASE BUDGET FORMULA MODEL FOR DRI

At the last subcommittee meeting there was considerable discussion of the difference in mission and operation of DRI and other System institutions. For that reason, to this point, DRI has not been included in our formula proposals which have basically dealt with the teaching institutions and which have been based on their teaching function. However, recognizing the important role that DRI plays in the economic development goals of the State and understanding that DRI leverages a small portion of its budget to grow its research capacity, the NSHE now proposes the inclusion of DRI in the formula model in the following manner:

Current O&M/NSHE New Space Formula

In its proposal for teaching institutions, facilities are treated as a means of building capacity for student success and therefore O&M is included in the weighted student credit hour concept. Because DRI facilities will not produce greater student capacity, a different treatment is indicated. Funding physical plant operations and maintenance includes both non-formula components and new space formula components. Allocations for utilities, insurance, and rental or lease costs are not formula driven and are budgeted separately based on consumption, rate changes, contractual agreements, and addition or subtraction of any facilities. The existing new space formula provides O&M support for operating, personnel, equipment, and utility costs based upon new facility square footage and new improved acreage. Operating costs are determined by applying the current cost per maintained square foot of existing facilities against new facility space and personnel and equipment costs are based upon salary and equipment costs approved by the Legislature for use in the NSHE funding formula for O&M support.

Institutional and Research Administration Formula

This is the second aspect of DRI funding is a new step function model which acknowledges the complexity and cost associated with the growth of the research function and encourages DRI to maximize its efforts in that regard. This driver replaces current line item funding of DRI infrastructure on a revenue neutral basis. Institutional and research administration support would equal 12% of the first $25,000,000 of grants and contracts. Plus 7.5% of the next $5 million in grants and contracts (from $25,000,001 to $30,000,000). Plus 6% of the next $5 million in grants and contracts (from $30,000,001 to $35,000,000). Plus 5% of any grants and contracts of $35,000,001 or more. See following example:
The two components together have been designed to approximate the current State base budget funding to DRI.