



Funding Mississippi's Future: A Performance-Based Funding Framework for the Institutions of Higher Learning



Prepared for the Mississippi Institutions of Higher Learning (IHL)

June 30, 2026

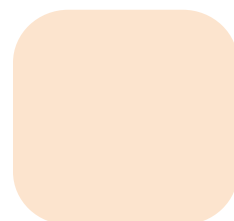




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Executive Summary

The Board of Trustees of the Mississippi Institutions of Higher Learning (IHL) governs the eight public four-year institutions in the state. Ranging from institutions that serve as regional and national leaders in higher education to rural campuses meeting local needs, the IHL institutions each serve distinct missions, audiences, and communities. And yet, the Trustee's approach to allocating funding to these institutions has not consistently reflected these distinct needs, has lacked a rigorous, evidence-based formula, and has not aligned funding policy with the outcomes that Mississippians and the state need.

In 2025-2026, the National Center for Higher Education Management Systems (NCHEMS) partnered with the IHL to conduct an extensive review of its funding policies and practices. NCHEMS was also asked to design and recommend a new funding approach.

Our work combined a comprehensive landscape analysis of the system, including demographic trends, enrollment patterns, and funding levels, with extensive stakeholder engagement. We completed over 50 virtual interviews and on-site visits with institutional leadership, legislative members, and other state decision makers. Three key findings emerged from this work:

- Mississippi's public four-year institutions are not interchangeable. Each institution serves a distinct program mix and caters to a different student population, playing a unique role in its region and the state.
- Each institution faces foundational funding challenges related to the maintenance of its facilities and the cost of providing its programs.
- Even in a constrained funding environment, nearly all stakeholders wanted to see greater alignment between funding and outcomes, specifically by delivering funding through a performance funding framework.

The performance funding framework recommended in this report aims to balance these key findings by providing a predictable, evidence-driven way for the state and the Trustees to ensure that the state's higher education assets — its buildings, administration, and programs — are supported at conservative, efficient levels. The framework turns on the concept that performance is best supported through first meeting the state's minimum commitment to its public assets, and then providing a clear pathway to earn growth in funding through growth in performance.

In the framework, performance funding rewards institutions for improvement on a targeted set of 12 metrics tailored differently for research and comprehensive institutions. All metrics focus on degree completion, student progression, and workforce outcomes. The metrics are an expression of what the state needs from its institutions and what students, in turn, expect.

The central innovation of this framework is the link that it establishes between foundational funding and performance. When an institution's foundational funding needs are met, the only pathway to growth in funding is through the performance component. When foundational needs are not met, the framework provides a strategy to begin to fill those gaps. The framework is also designed to be implemented quickly, with time for institutions to deliberately prepare and for the IHL to refine necessary metrics and data as the performance focus is ideally increased over time.



The report that follows illustrates this model in detail, including how it could have been applied using data from the 2026 funding cycle as an example. Beyond the performance funding framework itself, the report also offers four recommendations to support successful implementation: that the Board of Trustees continue to lead in setting goals and communicating priorities for the funding model, that the Trustees and staff develop a clear, transparent implementation plan, that a structured process for ongoing technical and policy reviews be established, and that the state works to align its multiple funding streams for higher education.

Taken together, the performance funding framework and additional recommendations offer a path forward for a funding model that supports Mississippi's higher education assets and orients them toward long-term performance enhancements.





Introduction

Resourcing public higher education is a frequent challenge for states, with many revisiting their funding approaches at least every five years.¹ Completing these reviews is often an exercise in balancing the state's goals for higher education, its funding capacity, the desires of a variety of stakeholders, and evidence related to institutional performance. In 2025-2026, the National Center for Higher Education Management Systems (NCHEMS) engaged to support the Mississippi Institutions for Higher Learning (IHL) in an extensive review of the university landscape and funding formula in place for the eight public four-year institutions in the state. In completing this review, NCHEMS found that:

- The state had not undertaken a wholesale review and revision of its funding formula in some time, contributing to gaps between the form and function of the current funding approach and stakeholders' expectations for that approach.
- IHL is a system of unique institutions that serve different higher education access needs across the state. Students see clear value in each of the institutions, and each institution provides returns to its region and the state as a whole.
- Each of these unique institutions has resource needs that may be assessed in a common, data-driven way, providing evidence that can inform how limited dollars are allocated.
- All eight of the IHL system institutions can make performance improvements; aligning funding behind performance reinforces this imperative.

The IHL's engagement with NCHEMS was intended to complete a much-needed review and redesign of the funding formula; however, we recognized the risks of doing so against the backdrop of generally weak consensus about the goals and role of public baccalaureate and graduate-level institutions in the state. Evidence about the roles and performance of each of the institutions is imperative to beginning to build this consensus. Therefore, NCHEMS engaged stakeholders and reviewed external evidence for each institution to craft a Goal Statement to guide the project. This statement contains the elements of what a "successful" funding formula would look like for Mississippi. In this report, we provide one way for the Trustees to operationalize this statement through a recommended performance funding model.

This report summarizes NCHEMS' approach, findings, and recommendations for a broad set of project stakeholders. The report opens with additional details about our approach, including the stakeholder engagement activities and our external analysis. The report also includes key findings from a landscape analysis of the system, its component institutions, and the historical allocation of state funding across them. This analysis benefits from engagement with students themselves, who shared their perspectives on the role their institution has played in their lives and how state resources have shaped their experiences.

¹ ["The Funding Formula Review Process: Guidance and Best Practices" by SHEEO.](#)



After this summary, we describe the Goal Statement as well as the recommended performance funding model that NCHEMS has designed to ideally support the Trustees in fulfilling these goals. This approach is predicated on serving all eight institutions with state funding designed to meet the foundational needs of the state's higher education assets and provide meaningful incentives toward performance improvement. This approach is detailed in the recommendations section of this report, and its technical aspects are explored in a companion technical manual. Given the broad range of analyses completed by NCHEMS, the report closes with additional recommendations related to higher education funding and finance for consideration by lawmakers and the Trustees.

Overall Approach

To begin this study, NCHEMS conducted a landscape analysis of Mississippi's higher education system and its constituent institutions, as well as the historical patterns of state funding allocation across those institutions. Our research included analyses of publicly available data such as IPEDS, the U.S. Census Bureau, and IHL's Enrollment Fact Book. Working with IHL, NCHEMS also prepared an extensive request for publicly unavailable data and NSPARC data to support analyses and the creation of a funding model.

In addition to these data analyses, NCHEMS conducted extensive stakeholder engagement for this project. First, the leadership team at NCHEMS has attended and presented at every IHL board meeting since the start of the project (Nov. 19, 2025; Jan. 22, 2026; Feb. 19, 2026; March 19, 2026; April 16, 2026; May 21, 2026; June 18, 2026). Presenting at the board meetings has allowed NCHEMS not only to keep the IHL board informed about the project but also to answer stakeholder questions throughout the development of the funding model.

Beyond the board meetings, NCHEMS conducted a broad virtual stakeholder engagement effort in December 2025, followed by additional in-person engagement in early February 2026. After receiving a list of stakeholders from IHL who were interested in the development of the new funding model, NCHEMS staff reached out by email to schedule one-hour virtual meetings to understand what stakeholders envisioned and prioritized in a new funding model. NCHEMS spoke with the President/Chancellor and institutional leaders of all eight institutions, eight Trustees from the IHL Board of Trustees, 12 legislators from both the House and Senate, a member of the Lieutenant Governor's staff, and the Director of Accelerate MS. Drawing on the landscape analysis alongside insights gathered through the virtual stakeholder meetings, the team began drafting initial models to begin the process of developing the new funding formula.

Finally, NCHEMS staff conducted campus tours of all eight institutions in February of 2026. These visits consisted of half-days at each institution. They included meetings with the President/Chancellor and leadership team, the institutional research and data team, the finance team, and student group meetings. A team of three visited the University of Southern Mississippi (Feb. 2), Alcorn State University (Feb. 3), Delta State University (Feb. 4), Mississippi Valley State University (Feb. 5) and Jackson State University (Feb. 6) the first week of February and a team of two visited the University of Mississippi (Feb. 11), Mississippi University for Women (Feb. 12), and Mississippi State University (Feb. 13) the following week. During these meetings, NCHEMS shared





initial draft models for feedback from institutional staff. In addition, NCHEMS conducted student group meetings to better understand students' perspectives at these institutions.

The campus visits proved extremely informative, and the feedback received on the draft models we shared directly shaped NCHEMS' work on the final recommended model. While the resulting recommendations have benefited from these stakeholder interactions, it should not be inferred that any institution has endorsed this report or its recommendations, as the project was designed for NCHEMS to offer its best recommendations rather than to seek consensus among stakeholders. Throughout, the model was guided by NCHEMS' research and expertise, informed by both the landscape analysis and the stakeholder engagement process. In the sections to follow, we provide a summary of our learning from the stakeholder engagement.

Stakeholder Engagement

The stakeholder engagement process surfaced a wide range of perspectives on the goals and roles of Mississippi's public baccalaureate institutions, from students to state legislators. The following sections summarize key themes from both the student focus groups and the virtual stakeholder meetings.

Student Focus Groups

To understand student experiences at these universities, we conducted focus group interviews at each institution. In these discussions, students shared factors that informed their college choices and shaped their experiences on campus. While some participants considered institutional reputation when making enrollment decisions, most talked about the importance of college affordability, geographic constraints, academic programs, and perceptions about where they would feel most comfortable. Several described their campuses as closely tied to local communities, particularly in areas where the university served as a key resource for education and workforce development. That said, participants also noted a gap between the supportive networks on campus and the challenges they experienced, including reductions in funding, staffing shortages, and deteriorating facilities.

Student Focus Group Main Findings

Factors that Influence College Choice:

Cost, Academic Programs, and Institutional Fit

When students spoke with us about college choice, they focused on affordability, academic opportunity, location, and supportive learning environments. More specifically, they highlighted the importance of scholarships, distance from their homes, availability of academic programs, and classrooms where they thought they could receive more individual attention.

Cost, particularly through lower tuition and scholarships, often determined whether students could attend the institution of their choice. One student at The University of Southern Mississippi told us, "I get to go to school for one-eleventh of what I would pay at any other university." Another



participant at Delta State University described a scholarship as her “deciding factor because [the university] was affordable.”

Location and family responsibilities also played key roles in students’ enrollment decisions. Some wanted to go to college outside their home state, and others told us they needed to be close to home to fulfill caregiving responsibilities or family obligations. At Delta State, students spoke about the importance of proximity, cost, and access to a four-year institution within the region. One student from Cleveland, where Delta State is located, spoke candidly about the university’s location, sharing that it was important to her because she is a “non-traditional student with children and a life already.” Mississippi Valley State University students described their institution similarly, highlighting its accessibility and deep connection to the local community.

Beyond cost and location, students factored in academic programs such as nursing, aviation, and public policy. Participants at Alcorn State University, Delta State, and the Mississippi University for Women addressed the reputation of nursing programs when making their enrollment decisions. Similarly, a student at the University of Mississippi shared that during the application process, “one of the things that stuck out was the public policy program.”

Students also emphasized the importance of small class sizes where they could receive personal attention. At Mississippi University for Women, one student described having small classes of “11 to 15” that feel “like home to me.” At the same time, a Mississippi Valley State University participant chose that institution for its “intimate classroom setting.” Across institutions, students based institutional fit on affordability, access, and whether opportunities for engagement in the classroom would meet their personal needs.

Campuses as Places of Connection, Access, and Belonging

When participants talked about their universities, they did not solely describe them as places where they attended classes. For many, the institution also provided access to campus traditions, opportunities for the local community, and cultural connections to the broader campus community. Interestingly, students raised these ideas most often by institutional type — flagships, regionals, and HBCUs, perhaps indicating that the current variety of IHL institutions is a key asset to achieving fit with the broadest set of students possible.

In discussions about athletics, campus identity, and shared traditions, students at the flagship institutions — Mississippi State University and the University of Mississippi — referenced SEC culture as a key source of school pride and community connection.

At the regional institutions, students spoke about how their universities expand college access, support pathways for students in underserved regions, and foster the return of local talent to serve the community. This was particularly important for those in the Mississippi Delta, one of the most impoverished regions in the state. Highlighting one way that Delta State provides for those with geographic limitations, a participant noted, “I just really believe ... a lot would not be able to get a four-year degree if this was not a university in the Mississippi Delta.” At Mississippi Valley State, students pointed to the link between the institution and the local community. As one student shared, “A lot of the faculty and staff ... matriculated from the Valley and give back to the community,” underscoring how alumni often return to serve in educational and professional roles in the region.





At HBCUs, students emphasized how these institutions affirmed their identity and supported their cultural belonging. A transfer student in her first year at Jackson State University recalled her adjustment after attending a predominantly white institution: “Everybody showed me what that HBCU culture is ... Being [at JSU] just really made me feel more in touch with myself.” At Alcorn State, a student shared about the importance of feeling fully accepted at the institution, noting, “You don't have to change who you are to fit in here.” This theme continued at Mississippi Valley State, where one student shared, “I wanted to do HBCU life because of the familiarity.”

Strong Support Structures Operate Under Financial and Operational Strain

At each campus, students centered on a key theme when discussing faculty, advisors, administrative staff, and peer organizations: strong academic and personal support. However, they also recognized that these supports existed within institutions dealing with staffing shortages, funding limitations, and infrastructure challenges.

When talking about support, students emphasized relying on relationships with faculty, advisors, and staff to navigate academic and personal challenges. They shared detailed stories about faculty and advisors who offer academic flexibility, provide tutoring, and maintain consistent personal engagement. “I’ve always had a follow-up email from that professor ... [and access to] office hours,” a student at the University of Southern Mississippi commented when talking about the individualized attention she receives. Students at other campuses shared multiple stories about instances when faculty and staff served as important sources of guidance, offered encouragement, and provided access to opportunities.

In addition to relationships with faculty and staff, students described peer organizations and their own campus involvement when talking about their primary sources of support. Across the different institutions, they addressed campus organizations, leadership opportunities, orientation, and residence life as they discussed how they connected socially and academically. As one student at the University of Mississippi described, “you get to be with your cohort ... you get to lean on each other,” highlighting how structured peer communities support academic and social integration on campus.

Along with the positive comments about campus organizations, people, and support structures, students explicitly shared constraints that affected institutional capacity. Across campuses, they pointed to discontinued programs, staffing shortages, housing limitations, aging facilities, deferred maintenance, and funding instability. At Mississippi University for Women, one student was explicit about the deteriorating campus infrastructure, noting that in one building “there's leakage ... there's a giant gaping hole.” At Alcorn State University, Mississippi State University, and University of Southern Mississippi, students raised concerns about defunded programs and staffing limitations, emphasizing how funding and operational challenges shaped day-to-day life on campus.

One exception to this pattern came from the University of Mississippi focus group. Students at this institution did not raise comparable concerns about physical facilities or deferred maintenance, suggesting that concerns about campus facilities are not consistent across institutions.





Virtual Stakeholder Meetings

In addition to gathering students' perspectives, NCHEMS also talked with institutional leadership, Trustees, legislators, and other key stakeholders. These conversations revealed considerable variation in how stakeholders understand the goals and role of the state's public baccalaureate and graduate-level institutions. While numerous topics concerning the new funding model were discussed, few generated majority agreement across groups. The one area of unanimous consent was the need to include a performance component. Beyond that, enrollment was widely supported, but some felt it would disadvantage smaller, more regional institutions. This revealed a tension among stakeholders, with some viewing state funding as a zero-sum game in which some institutions subsidize others. Stakeholders were evenly split on whether other sources of institutional revenue should be taken into account when developing the funding formula. Legislators and Trustees were the primary voices raising concerns about program duplication, while institutional stakeholders placed greater emphasis on mission.

On performance metrics specifically, almost all stakeholders wanted some measure of completion included in the funding formula, with many citing graduation rates as their preferred measure. However, smaller institutions preferred a metric that would better reflect their student populations by accounting for the large number of transfer and part-time students, such as degrees per 100 FTE. No institutions actively opposed the inclusion of degrees per 100 FTE as a completion or efficiency measure. Many stakeholders wanted the funding formula to account for whether graduates are employed, while others were concerned that this would exclude students who pursue other pathways, including graduate school. Metrics tied to in-state graduate retention and wages received mixed reactions, with larger institutions noting that their graduates' opportunities often lie out of state. In comparison, smaller institutions noted lower regional wages that are set by law, particularly in the case of school teachers, indicating that the institution could not change its own behaviors to increase or better perform on such a metric.

System Landscape

Together with findings from students and stakeholders, any analysis of a state's higher education funding approach must be grounded in evidence. This section summarizes critical information concerning demographic characteristics, enrollment patterns and trends, and financial conditions.

Demography and Enrollment Projections

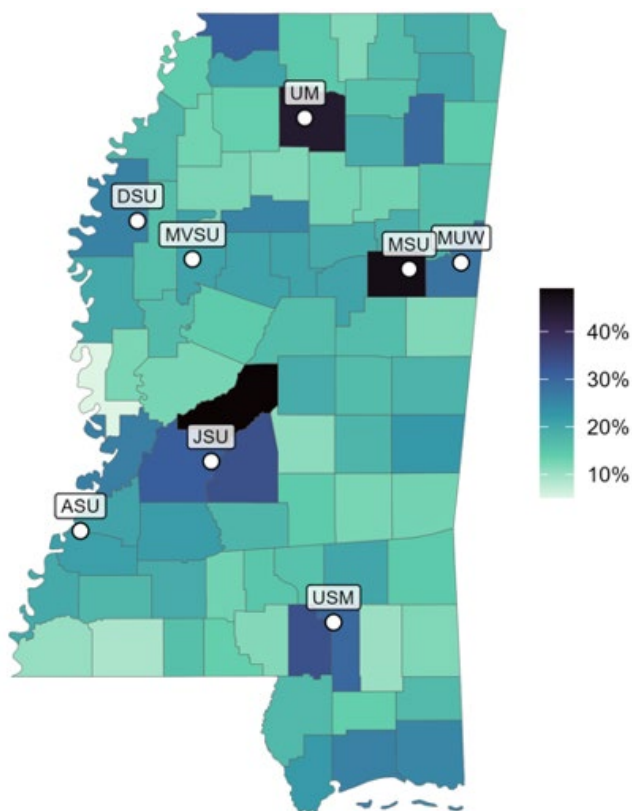
With 48.8% of its population having a college degree or short-term credential in 2024, Mississippi has one of the lowest postsecondary attainment rates in the nation, well below the national rate of 54.8%. At the same time, Mississippi has seen more rapid progress in boosting its attainment rate over the prior decade (by 12.4 percentage points) than the nation experienced (by 9.5 percentage points). Attainment varies dramatically throughout the state, with the highest rates generally found in or near counties that host IHL institutions, along the Gulf Coast, and close to Memphis, Tennessee.

These relatively high educational attainment rates do not always translate into high average incomes in Mississippi; however, this correlation is generally strong nationally. In particular,



Bolivar, Leflore, and Claiborne Counties — home to DSU, MVSU, and ASU, respectively—are among the least wealthy in the state, as measured by median family income.

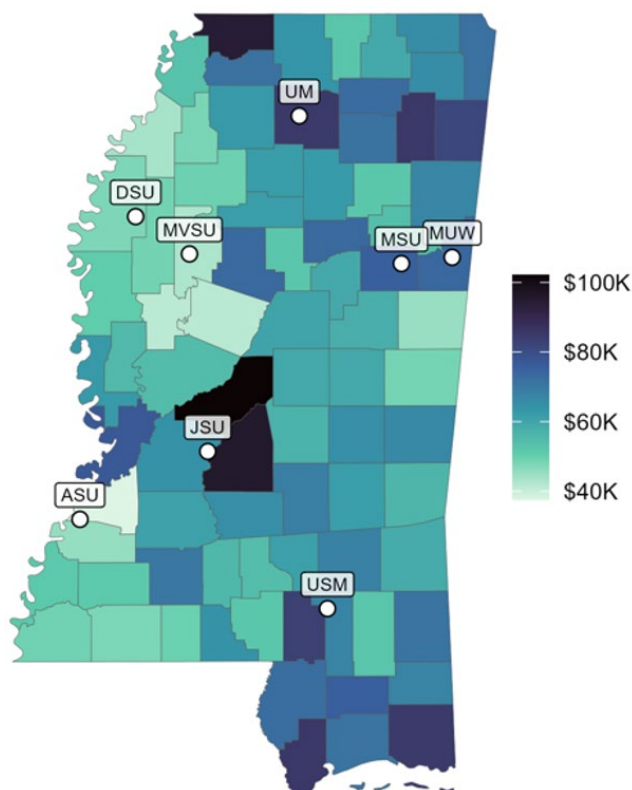
Figure 1. Percent of Population Age 25-64 with a Bachelor's or Graduate Degree, 2023



Source: U.S. Census Bureau, 2019-23 American Community Survey Five-Year Estimates.



Figure 2. Median Family Income by County, 2023



Source: U.S. Census Bureau, 2019-23 American Community Survey Five-Year Estimates.

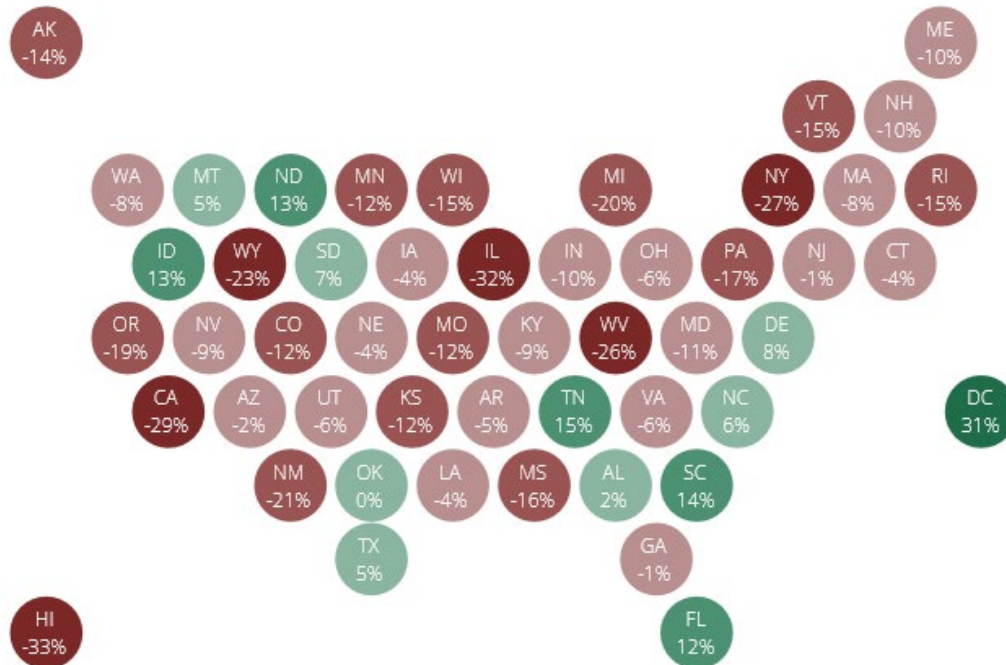
As the IHL Trustees consider changes to their funding model, it is also vital that they do so with awareness of the shifts in the market for higher education that are currently underway. Following a substantial decline in birth rates, colleges and universities are confronting a downward trend in enrollment demand among traditionally aged students. For Mississippi, projections suggest the number of high school graduates will drop by 16% overall by 2041 (Figure 3) and its greatest losses are likely to come from high schools in rural and small town settings, despite those settings accounting for the large majority of student populations (Figure 4).

Furthermore, most neighboring states can also expect declines or, at best, relatively stable numbers. This is in spite of the fact that the South will fare considerably better than other parts of the nation. States elsewhere will increasingly seek to mitigate their own precipitous declines in high school graduates by aggressively recruiting students from Southern states. The challenge is exacerbated by a softening in college-going rates among high school graduates over the past decade-and-a-half; the national rate stood at 65% in 2008 and fell gradually through 2018 before COVID-19 caused an additional, abrupt drop — the rate has recovered to 58.8% as of 2024.² These

² NCHEMS calculations of NCES IPEDS data, available at <https://ncchems.org/college-rates-by-state-year/>.

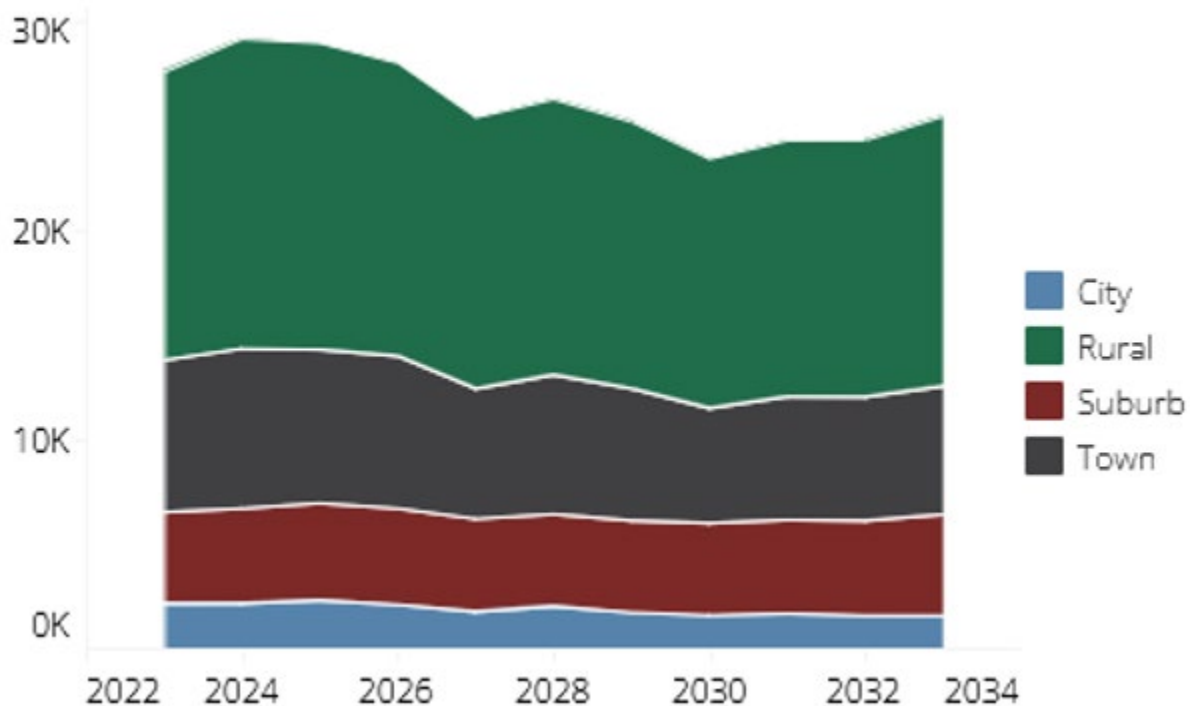
two trends have seen little recent precedent, but they are sure to unsettle financial models on which countless state and institutional policies and practices are based.

Figure 3. Projections of High School Graduates, 2023–2041



Source: WICHE, Knocking at the College Door. www.knocking.wiche.edu.

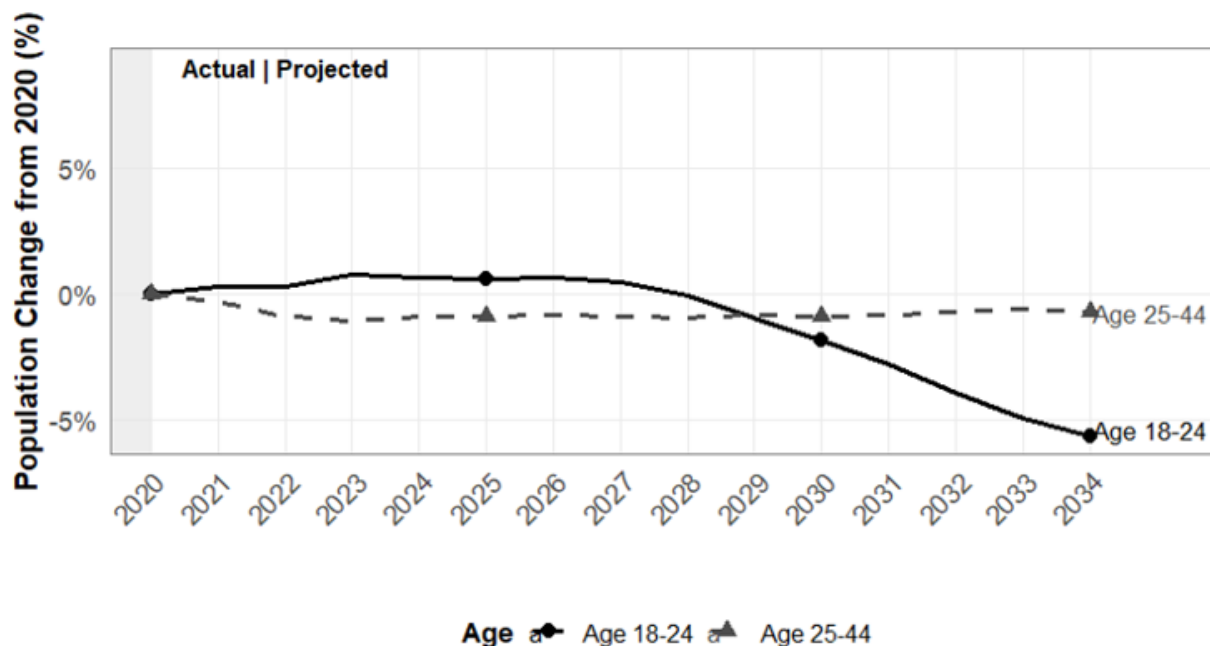
Figure 4. Projected 12th Grade Enrollments by Location Type



Source: WICHE, Knocking at the College Door. www.knocking.wiche.edu.

Enrollment demand also comes from adults aged 25 and over, and colleges and universities anticipating declines in the traditional-age population often contemplate a pivot toward serving more adult learners. However, projections suggest that the population of residents in Mississippi aged 25-44 will remain flat throughout the next 10 years as 18-24-year-olds decline (Figure 5). As a way to make up for lost enrollment, demand among traditionally aged students is likely to yield limited returns for the IHL.

Figure 5. Mississippi Population Projections by Age Group

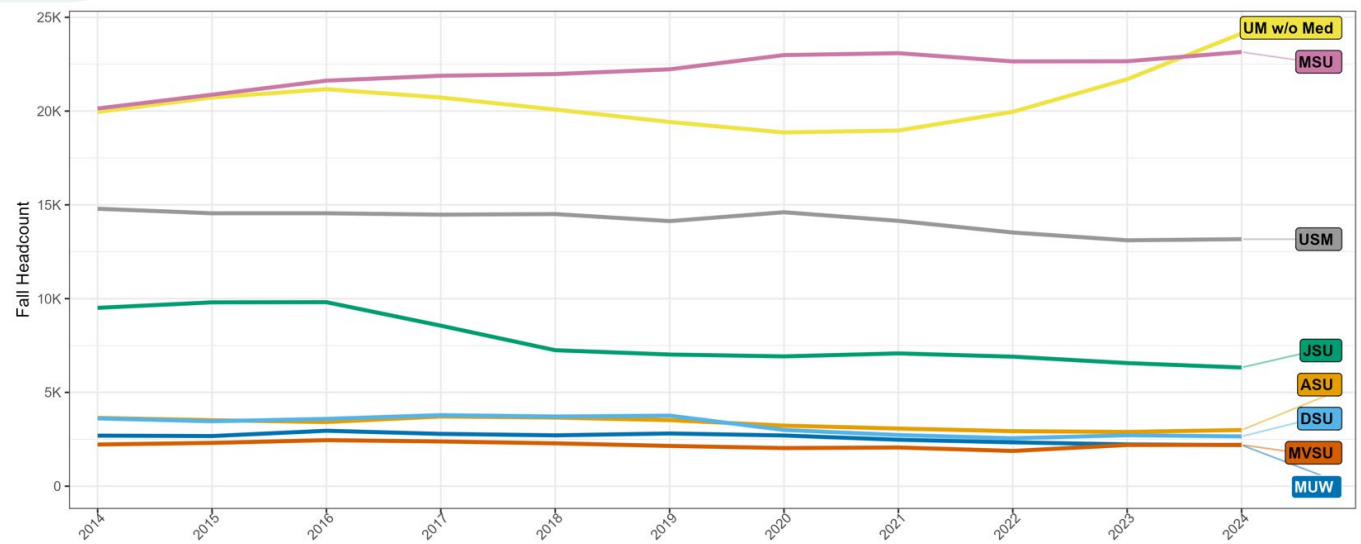


Source: JobsEQ.

Institutional Characteristics and Roles

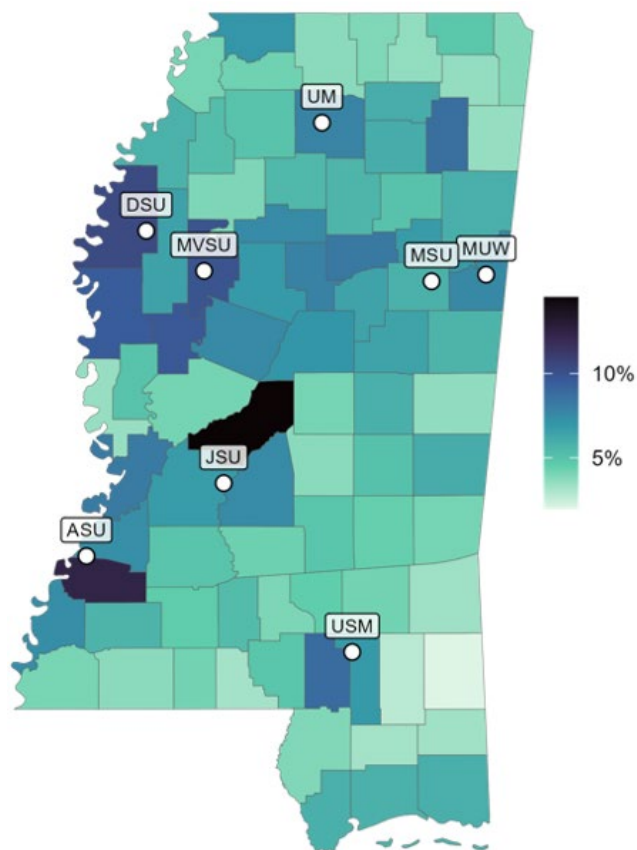
The IHL institutions have experienced varied enrollment patterns during the past decade. UM and MSU, as the two largest institutions, are both substantially larger than they were in 2015; MSU's enrollment grew more gradually over the period while UM's has accelerated dramatically since the pandemic. The six other institutions have lost enrollments over the decade. JSU's losses have been the most substantial in both numerical and percentage terms, while the four smallest institutions generally saw their numbers drop more rapidly during and since the pandemic, with some, like MVSU, seeing their enrollments stabilize in more recent years. Data for fall 2025 showed encouraging improvements in headcount and FTE enrollment for nearly all of the IHL institutions.

Figure 6. Total Fall Headcount Enrollment, IHL Institutions



Source: Mississippi Public Universities. Office of Strategic Research, *Enrollment Factbook*.

Figure 7. IHL Undergraduate Participation Rate



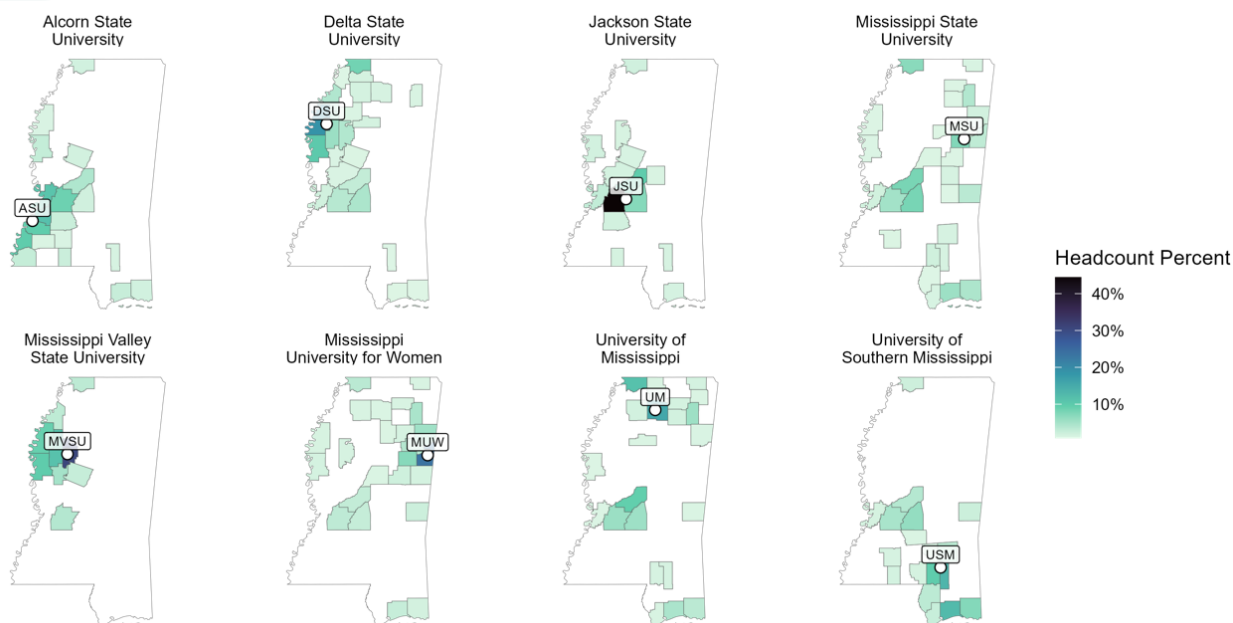
Note: Data are average undergraduate headcount enrollment from 2021–23 as a percent of the population aged 18–44 with a high school diploma, some college but no degree, or an associate degree.

Source: Mississippi IHL; U.S. Census Bureau, 2019–23 American Community Survey Five-Year Estimates; Table B15001.

IHL institutions serve very different audiences. To begin with, each IHL institution draws the large majority of its students from relatively compact geographic regions within close proximity to its main campus (Figure 7). Except for MUW,³ this is especially true of smaller, regional institutions than of the University of Mississippi and Mississippi State, which attract students from throughout the state. Together with JSU, UM and MSU are also most likely to enroll out-of-state students (Figure 5).

³ MUW's distinct history as a women's college and its current program array may help explain its unusually wide reach.

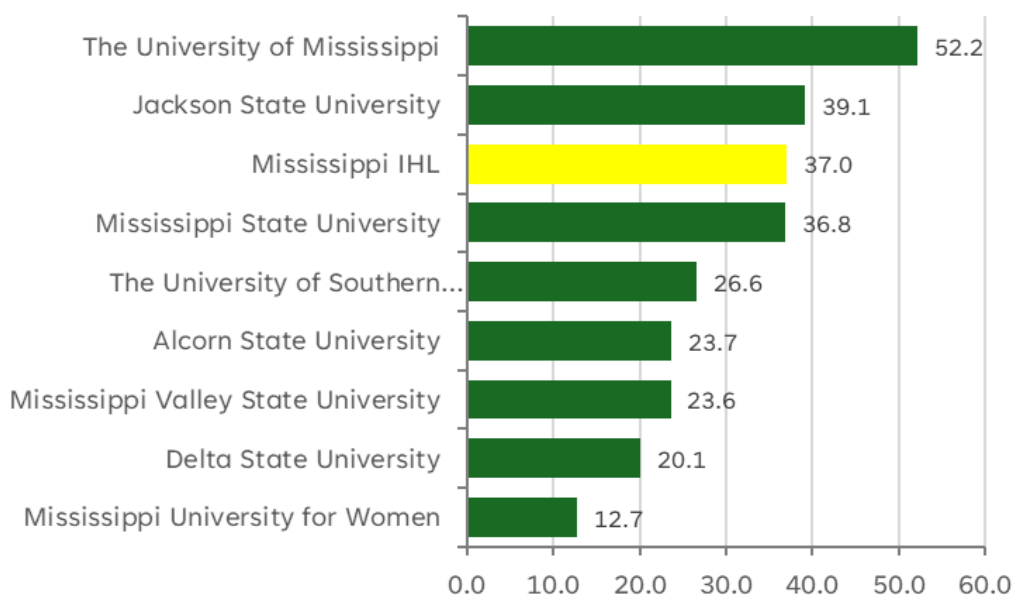
Figure 8. Counties of Origin for 80% of In-State Students, by Institution, Fall 2024



Note: Shaded counties are those that collectively supply at least 80% of each institution's on-campus in-state headcount enrollment, including graduate students.

Source: Mississippi Public Universities. Office of Strategic Research, *Enrollment Factbook*.

Figure 9. Percent of Nonresidents Among Total Enrollments, FY 2024



Source: MS IHL.

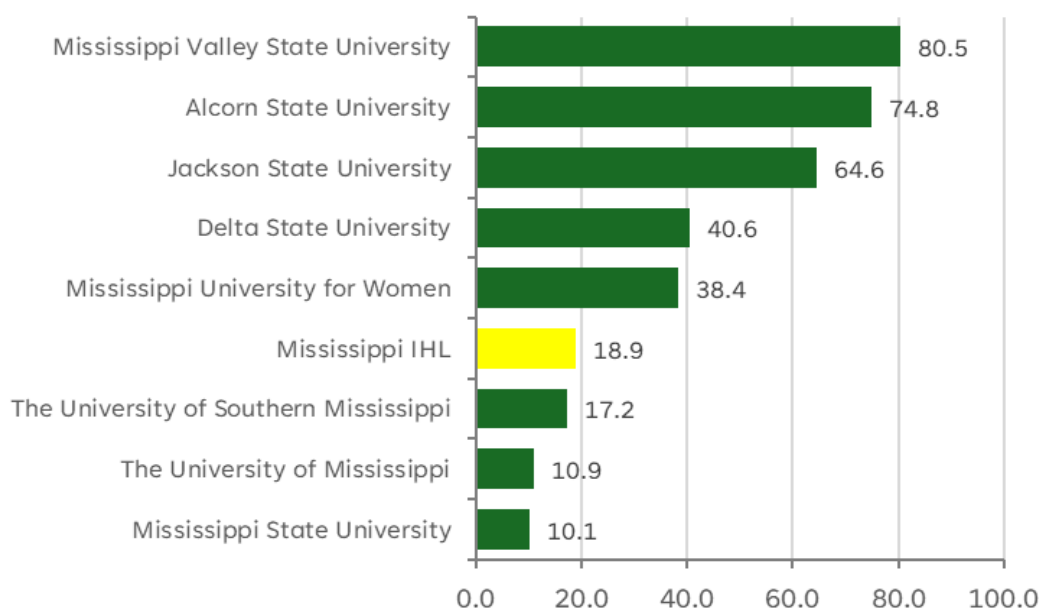
The students who attend IHL institutions also vary based on other characteristics that research shows to be associated with the likelihood of graduating and graduating on time. For example, the majority of students who attend MVSU, ASU, and JSU enter with ACT scores below 19. The



same three institutions also enroll greater proportions of students from low-income backgrounds, as identified by their receipt of a federal Pell Grant.

Students at several of the institutions also tend to be older than others: DSU enrolled the largest proportion of students aged 25 and older in fall 2025, just a bit higher than JSU's share. Nearly three in 10 students at USM and MUW were adult learners. Since 2015, seven of the IHL institutions experienced substantial losses in adult enrollment, with losses ranging from -16% (USM) to -17% (DSU) to -50% (JSU).⁴ In most cases, these losses were part of a pattern of enrollment decline; at UM, the losses among adult learners ran counter to an overall pattern of growth. The exception was MSU, which enrolled 7% more adults over the decade. Worth noting is that these figures include graduate student enrollments, who, by definition, tend to be older.

Figure 10. Percent of Entering Students with ACT Composite Scores <19, Fall 2024



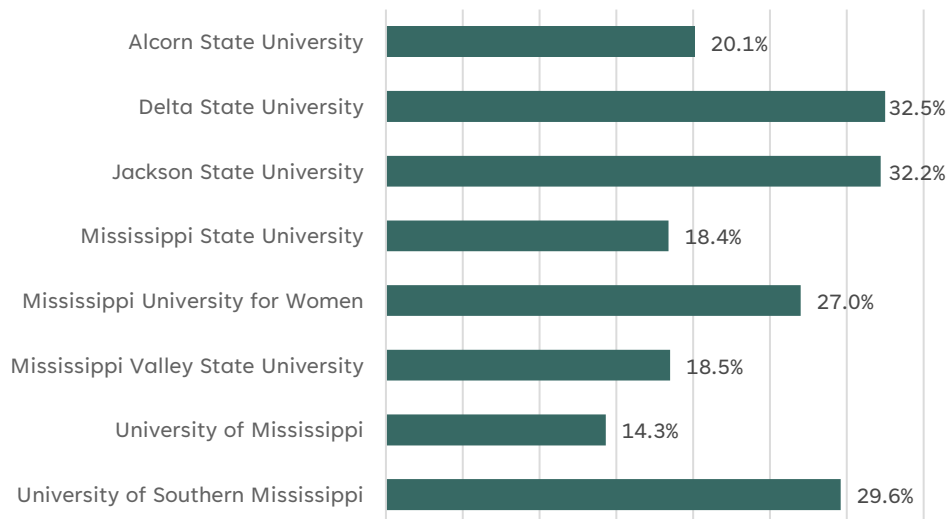
Source: Mississippi Public Universities, Office of Strategic Research, *Enrollment Factbook*, fall 2024.

⁴ Mississippi Public Universities, Office of Strategic Research, *Enrollment Factbook*, Fall 2024.



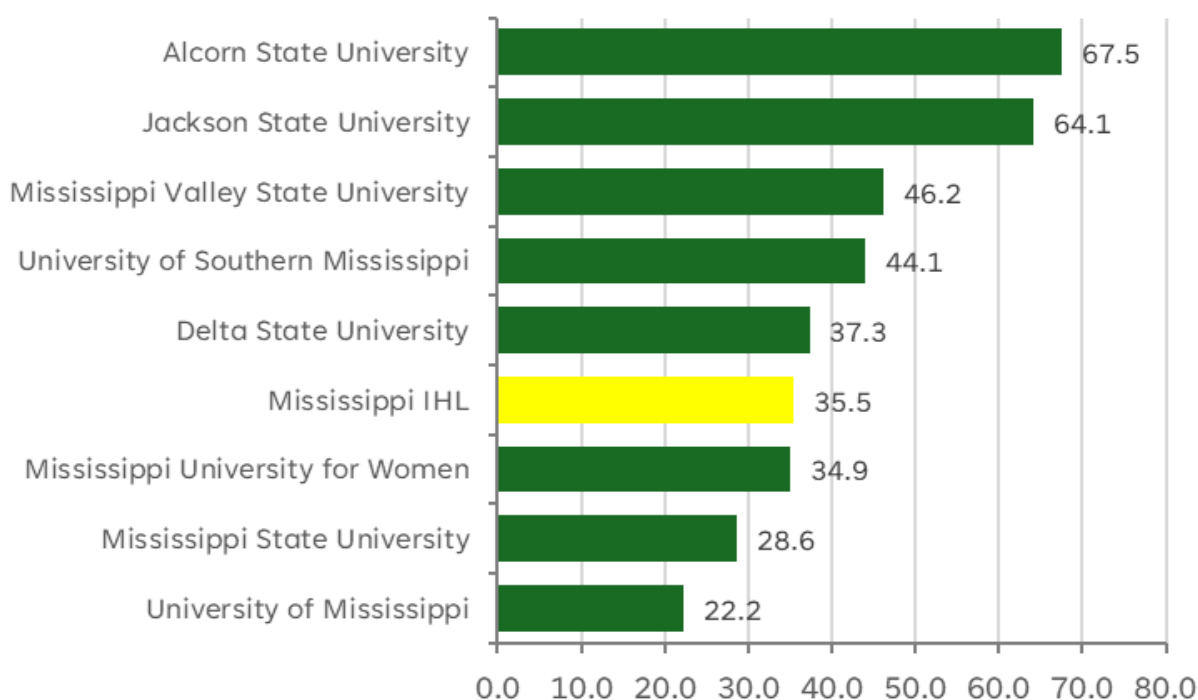


Figure 11. Percent of Total Enrollment Aged 25 and Older, Fall 2025



Source: Mississippi Public Universities, Office of Strategic Research, Enrollment Factbook, Fall 2025.

Figure 12. Percent of Undergraduates Receiving Pell Grants, 2021-23



Source: MS IHL.

These more recent snapshots of the audiences that each IHL institution serves are the product of evolution over the prior decade that speaks to how their respective missions are shifting. These





shifts may primarily be the result of intentional, strategic choices or of market forces (or some combination). These different student body profiles starkly illustrate several meaningful differences in institutional mission, particularly in the audiences they target for service.⁵

Moreover, the IHL institutions also exhibit clear differences in mission through the programs they offer. While all eight institutions offer programs that fall into common, broadly defined disciplinary fields, the relative number of awards conferred in each of these fields varies substantially. This is illustrated by the inconsistent shades and sizes of the blocks in the charts exhibited in Figure 12, which highlights the prominence of health science programs at MUW, service-oriented programs at MVSU, education programs at DSU, and engineering at MSU, to point out just a few. Not depicted, but no less important, is the extent to which UM and MSU are more heavily focused on offering graduate or professional degrees across a wide spectrum of academic disciplines. In contrast, several of their counterparts are strictly focused on undergraduate degrees or certificates, some with only a handful of master's level programs.

⁵ It is important to note that the larger institutions, especially UM and MSU, nevertheless enroll a greater number of students in each of the above categories than the smaller institutions do. And all institutions are acting in the public interest when they enroll low-income students and help them be successful.



Figure 13. Total Award Shares by Field, FY24





Source: Mississippi Public Universities, Office of Strategic Research. Enrollment Factbook, Fall 2024.

Finally, each of the eight IHL institutions has distinctive characteristics that shape the way it carries out its mission. Four of them have important historical characteristics that must be acknowledged. Three are HBCUs, all of which have received additional court-ordered supplemental financial support through the Ayers settlement, which was only recently satisfied. MUW holds the distinction of being America's first state-supported postsecondary institution for women, and it is also home to the state's science and technology magnet high school. Additionally, MSU and ASU are land-grant institutions providing a broad array of public services by putting their faculty's expertise to practical application, addressing clear workforce, economic, and community needs throughout the state. Located in a small, isolated location, ASU provides municipal services like fire safety for the surrounding community. USM operates a separate campus along the Gulf Coast to provide access to nearby populations and deliver specific programs for coastal communities. In addition to providing an important access point for one of the more impoverished parts of Mississippi — and complementing MVSU in doing so — DSU plays an important role in the preservation of the characteristic culture and heritage of the Mississippi Delta, including key programs in music and aviation. Finally, UM operates the state's academic medical center, located in Jackson.

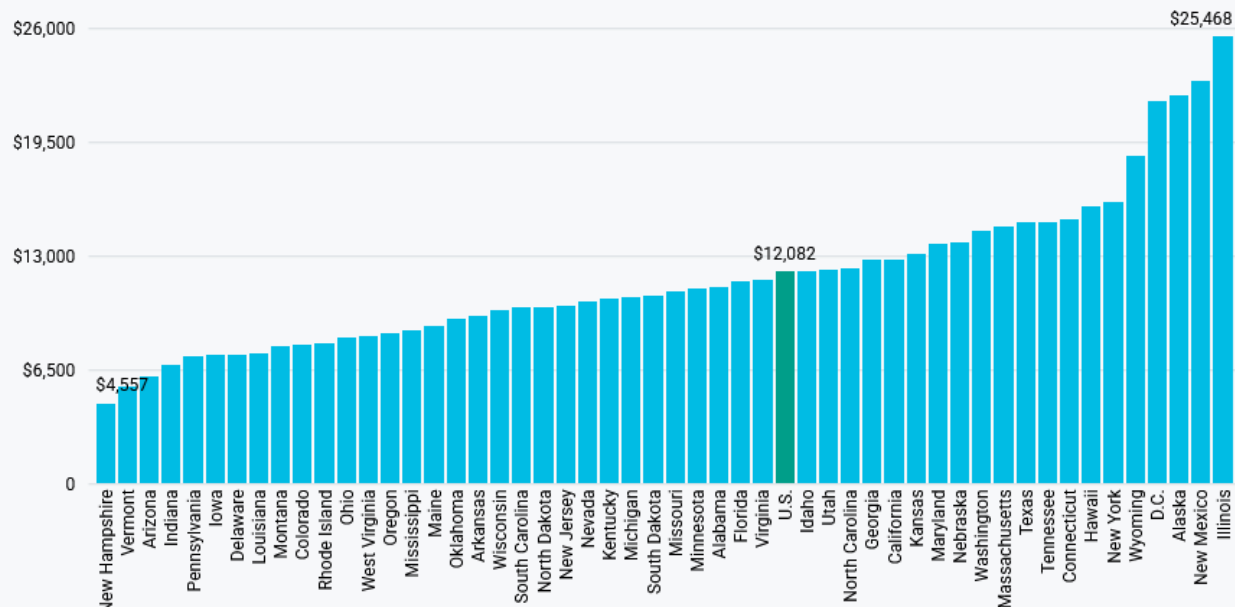
Thus, the role that each institution plays within the IHL system can be described as its “operating mission,” which is defined by the audiences it serves, the programs it offers (and the means through which it offers them), and any special characteristics that reflect not just history but also specific assignments of services or functions to be performed. This wide variation among the missions being pursued by Mississippi's four-year institutions is a strength for the state. It also has important implications for the state's finance policies. To put it straightforwardly, IHL's institutions are not close substitutes for one another. That is, what Mississippi is “buying” from one institution is not the same thing as what it is buying from another. Any update to IHL's approach to allocating the state appropriation to its four-year institutions must acknowledge these important differences in mission, ideally by ensuring that allocations (of new dollars as well as of cuts should they become necessary) are the product of a deliberate design that supports the state's needs and policy priorities.

Funding Levels Over Time

In FY 2025, Mississippi provided \$8,764 in educational appropriations per FTE across all public postsecondary sectors, well below the national average of \$12,082 (Figure 14). This was down 31% since FY 2001, substantially lower than the nation as a whole, which dropped by less than one percent over the same time period.



Figure 14. Educational Appropriations per FTE, FY25

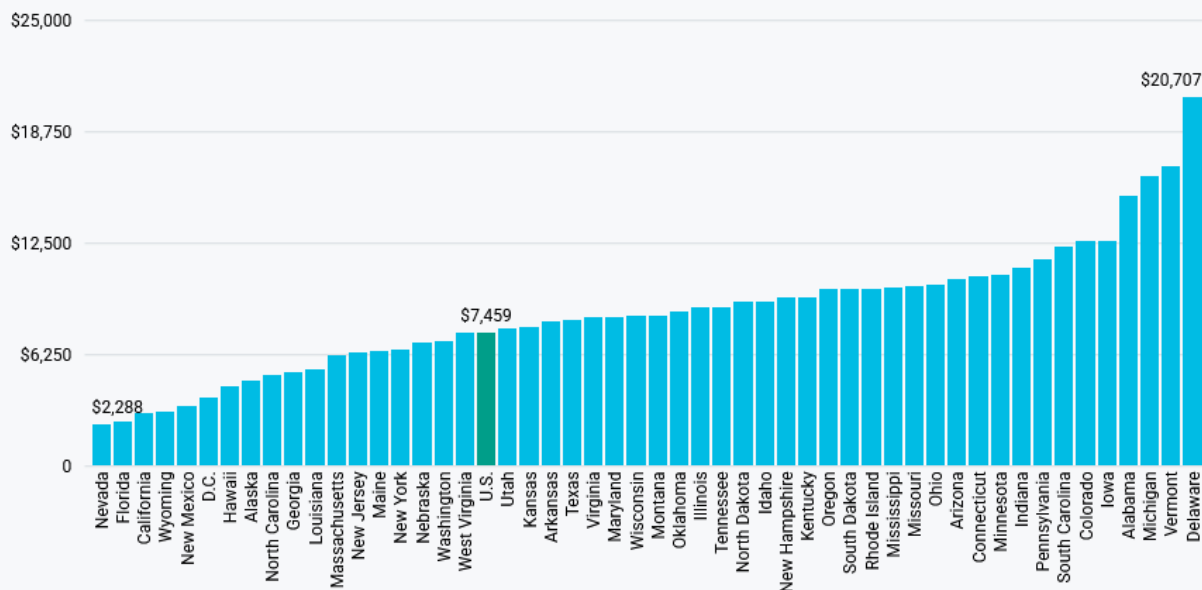


Notes: Data are adjusted for inflation, cost of living, and enrollment mix.

Source: SHEEO SHEF.

Mississippi's public four-year postsecondary institutions make up for the relatively lower funding level received from the state by collecting comparably larger amounts of tuition revenue (Figure 14). In FY25, public institutions across the nation received about \$7,459 in net tuition revenue; in Mississippi, that amount was \$9,982. Although public institutions in many other states collected more tuition revenue per student than Mississippi did, Mississippi ranked last in median household income and in individual income. This indicates that many Mississippi families would likely find it difficult to contribute to the cost of higher education from their own resources.

Figure 15. Net Tuition Revenue per FTE, FY25

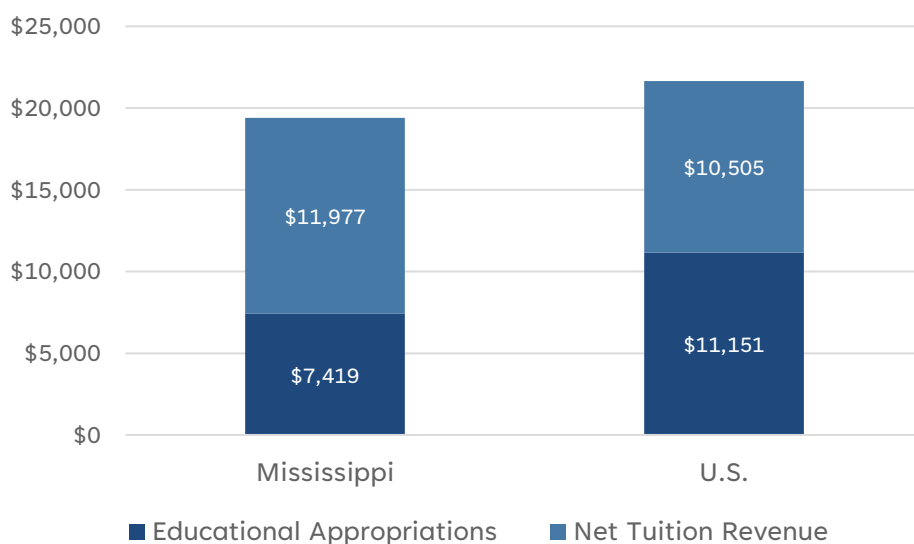


Notes: Data are adjusted for inflation, cost-of-living, and enrollment mix.

Source: SHEEO SHEF.

Zeroing in on the public four-year sector reveals a funding gap relative to the national averages. In FY25, Mississippi's public four-year institutions collected 14% more from students than was common nationally, while receiving only two-thirds of their funding from the state. Overall, this means that IHL institutions operated with just 90% of the total funding from state appropriations and tuition that the nation's four-year institutions had.

Figure 16. Total Revenues per Student, Public Four-Year Institutions, FY25

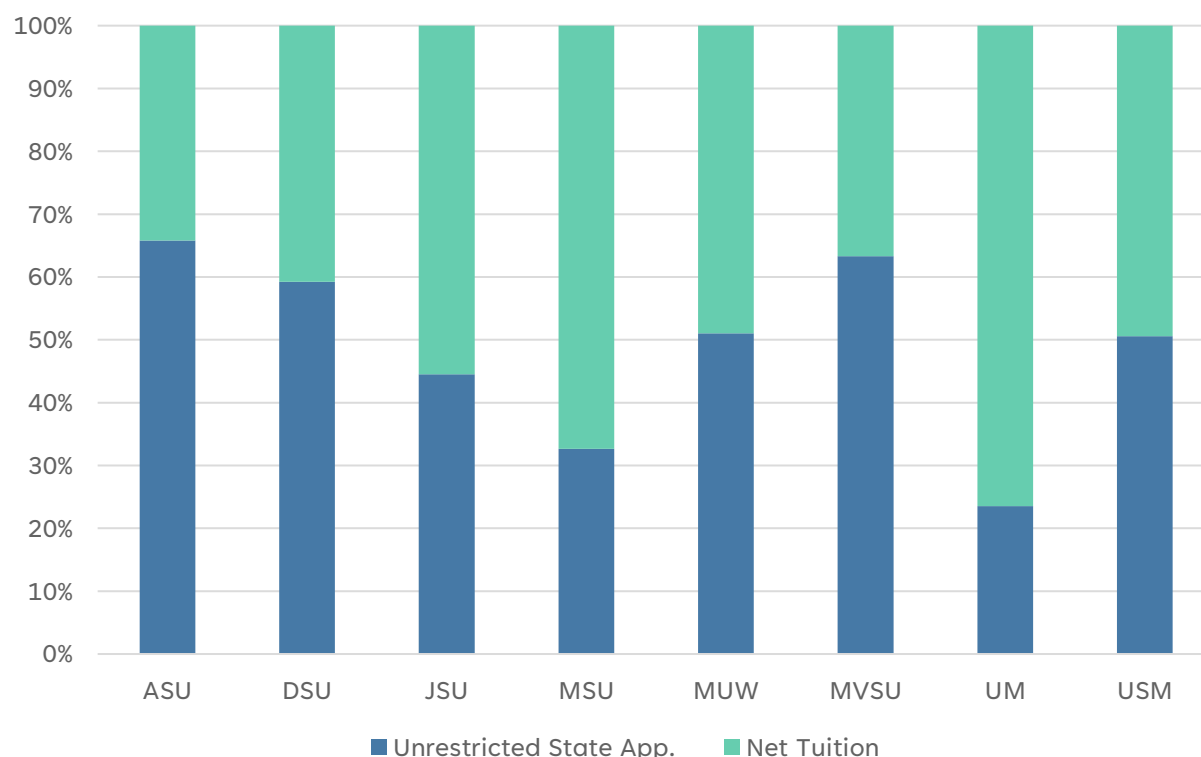


Source: SHEEO SHEF.



Breaking down these data for the eight IHL institutions highlights important differences in the significance of state revenue to institutional operations. When considering the balance between unrestricted state appropriations and net tuition revenue — the sources for nearly all of the unrestricted revenue a public institution has at its disposal — it is readily apparent that some of the institutions are much more dependent on state funding than others are.⁶

Figure 17. Budgeted Unrestricted State Appropriations and Net Tuition Revenue, FY26



Source: MS IHL – FY26 Annual Operating Budget Report – Data from Summaries 6, 8, and 11.

This is critical context for any redesign of the approach IHL’s Trustees uses to allocate state appropriations to institutions not just because of the relative weight of the impact that a change in funding will have on any given institution — any shift, even modest amounts, can cause relatively greater disruption, with associated negative impacts on students’ success and statewide attainment needs, to institutional operations among those with greater reliance on state funding. It is for this reason that those institutions, with more limited alternatives to revenue generation, will be especially responsive to the allocation model’s design principles and embedded incentives, all other things equal.

⁶ These data are for budgetary figures, not actuals.





Goal Statement

Alongside the evidence gathered through the system landscape analysis, NCHEMS prioritized stakeholder engagement not only to solicit input but also to build a shared understanding of the priorities of the new funding model that we had been asked to create. Experience from a prior NCHEMS-led redesign effort in 2012, which was ultimately not adopted due in part to insufficient consensus around goals and intended outcomes, underscored the importance of this groundwork. Drawing on the areas of agreement from the stakeholder engagement, findings from the comprehensive system landscape analysis, and NCHEMS's own subject matter expertise in higher education finance and funding model design, NCHEMS developed model objectives that reflect the shared goals and guiding principles for the project. This led to the following goal statement:

“The goal of this funding model is to establish a data-driven allocation formula that adequately supports core institutional operations and student success at all eight institutions. This allocation should include a performance component that incentivizes improvement. Consistent with stakeholder input, the model will prioritize educational attainment, with secondary metrics (e.g., retention, student characteristics, workforce alignment) used based on data availability. The model will also recognize differences in institutional missions, student populations, and cost structures. This will ensure the resulting model is robust to enrollment fluctuations and appropriation changes.”

As NCHEMS began developing draft models, the goals statement served as a consistent reference point, ensuring that modeling decisions remained anchored to the shared priorities and guiding principles established through stakeholder engagement, the landscape analysis, and NCHEMS expertise. We also studied and considered the Trustee’s current approach to allocating state funding, as well as previous reform efforts. This learning, outlined below, also informed how we approached the current funding model review and recommendation.

Current and Previously Proposed Allocation Approaches

Over time, the state has employed several approaches to allocating higher education funding and considered the implementation of an alternative approach in 2012. This section describes the current approach to determining institutional allocations, as well as the broad contours of the model proposed in 2012, and the efforts made in 2025 and 2026 to iterate on that model.

Current Approach

The basic flow of funds from the legislature to the institutions runs through the IHL Board of Trustees. To begin the process, the IHL Board and staff create a budget request for consideration by the legislature. In the 2026 legislative session, this request was informed by the average per-student FTE funding provided across other states in the Southern Regional Education Board (SREB)



region. As the state budget is developed, the legislature works to fund all or part of the IHL's budget request. After that allocation is made, IHL determines how to allocate that funding across the eight institutions.

Historically, allocation decisions have been made through a "base plus" model. Base plus models are in use in many states across the nation and have the advantage of providing clarity and predictability. These models fund institutions with a base amount, often the amount provided in the previous year, and then provide a "plus" amount if funding is available. While clear and predictable, base plus models also have disadvantages. Without a clear performance component, these models are generally not effective signals of state priorities for higher education or for shifting institutional actions to align more tightly with statewide goals. If the base does not have a data-driven mechanism to be recalculated on a regular basis, they may also fail to respond effectively to important institutional-level changes that affect funding needs, such as enrollment fluctuations or changes in program offerings.

In many states, the method for allocating the "plus" amount is often left to the purview of the coordinating or governing board. In Mississippi, the legislature has expressed intentions for how increases in funding should be allocated. For example, in 2026, increased funding was allocated to provide salary increases for institutional faculty and staff. This obligated the board to distribute the "plus" amount based on faculty and staff positions and salaries across the system. It also precluded the Board from cutting funding to institutions since institutions facing funding cuts would not be able to simultaneously absorb cuts and provide the required salary increases.

Previously Proposed Allocation Approaches

The base plus approach has been in place in Mississippi for some time. However, the Trustees have pursued prior efforts to reform the allocation model away from base plus. Most recently, the IHL Trustees contracted with NCHEMS in 2012 to develop an allocation formula.

This proposed formula consisted of three main elements: base, cost, and board priorities. The base portion was a set dollar amount provided by the IHL staff, while a formula calculated the cost and board priorities portions. These formulas were intended to provide funding responsive to the overall size of the institution, the scope of its programs, and the students it serves. The board's priorities were intended to provide performance incentives for the institutions and included metrics related to degree completion, student progression, and workforce needs.

As NCHEMS began work on this funding model review in 2025, we began with the 2012 recommendation as a baseline. We repopulated the model with updated data and provided several drafts that iterated on it to bring it more in line with current state funding model practice and with the findings of the landscape analysis and initial stakeholder engagement activities.

The updated model and drafts were socialized during campus visits that took place in February 2026. In these visits, NCHEMS received significant feedback that informed the recommended model described in this report. This feedback falls into the four main areas described below.





Student Population and Mission Differences

Overall, a majority of the institutions viewed that the legacy 2012 model and the presented iterations did not adequately respond to the increased costs that institutions face to serve students from specific student populations, such as first-generation students, students from low-income backgrounds who are eligible for Pell Grants, students who are age 25 or older, students enrolling from under-resourced communities and school districts, and students transferring from another institution. Many institutions also expressed an interest in models that would recognize the institutions' contribution to social mobility for their students.

Institutional Size and Context

The legacy 2012 model and draft models were not sufficiently sensitive to the structure of smaller or regional institutions. Institutions expressed that differences in scale and in the availability of services such as internet, utilities, and insurance, as well as the prevalence of historical buildings, impact their financial picture but were not recognized in the model. Our own internal analyses revealed that results were unreliable for institutions with smaller scales, with resulting output that would cause massive levels of disruption across the system that would negatively impact students.

Treatment of Resident and Nonresident Students

The legacy 2012 model was designed to treat both Mississippi resident and nonresident students in the same manner, meaning the state would provide the same appropriations support for all students regardless of their residency status. In an attempt to make the model more responsive to institutional size and context, the 2012 model, NCHEMS removed nonresident students from the formula calculations. We received clear feedback that institutions, regardless of their nonresident enrollment levels, were concerned about the incentives this change would signal.

Performance Metrics

All institutions desired meaningful performance incentives that would predictably result in increased funding when objectives are met. The legacy 2012 model included a variety of performance measures, some of which aligned with individuals' understandings of statewide goals for higher education. Stakeholders also expressed that while there is high interest in exploring postgraduation metrics such as employment and earnings, this must be done with recognition of real data limitations.

In addition to these four major critiques advanced by the campuses, NCHEMS also discovered three significant disadvantages while updating the legacy 2012 model and creating the draft iterations. These disadvantages are directly linked to the updated formula's potential to meet the objectives set out in the goal statement.

First, the legacy 2012 model, in its updated form, would have resulted in massive funding swings for most of the institutions. In some cases, the resulting allocations would have produced funding swings of 20% or more. For institutions that would have experienced funding cuts, the level of these cuts would have been insurmountable, even with a possible phase-in period. These funding decreases would not have adequately supported core institutional operations, as called for in the Board of Trustees' funding policy or the goal statement for this project. On the other hand, some institutions would have seen significant funding increases. As we engaged with stakeholders and



learned more about each of the institutions, it was not immediately clear to us that providing funding increases at this level would be a responsible use of state dollars, especially as each of these institutions was already operating successfully within current resources. Without a plan to absorb such a massive infusion of new resources, the state risked expending valuable dollars without any guarantee of new outcomes or performance, and a risk of further performance losses at impacted institutions. Put clearly, our professional assessment is that the state would not be better off by pursuing a massively disruptive funding allocation strategy in the short-term.

Second, the allocation results for the 2012 model design and subsequent drafts were most directly influenced by a single variable: the amount of money appropriated by the legislature. In each model, realistic increases in institutional performance, enrollment, or changes in the program mix would not reliably result in significant allocation increases for any of the eight institutions without new state support. Instead, the overall size of the legislative appropriation was the foremost variable that explained the most variance in each institution's allocation amount. This approach weakens the role that funding can play in incentivizing institutional performance. To be clear, all of the institutions in Mississippi are dedicated to maximizing service to Mississippi students. However, all do so within limited resources and make difficult decisions as a result. If the 2012 model were implemented, the strongest incentives to institutions to potentially increase their funding would be to (1) work to increase the overall legislative appropriation, (2) seek line-item or project-level funding, or (3) lobby to redesign the formula to take funding from other IHL institutions. In NCHEMS' view, none of these options produces a stronger system of public higher education for the state of Mississippi, especially for a set of institutions governed by the same board. Instead, focus should be placed squarely on providing baseline support that allows each institution to reasonably and reliably produce increases in performance that will result in increases in state funding.

Third, the 2012 model did not take into account innovations that states have made in deploying their limited resources to support higher education over the last decade. To be clear, all states struggle with adequately funding public higher education. Of the small number of states that have conducted funding adequacy studies for their systems (Illinois, Missouri, New Mexico), no state has found that its own appropriations alone will sufficiently support the needs of its public institutions. Nor were its institutions designed to be exclusively supported by state appropriations.

To confront this reality, states are beginning to develop funding policies that more actively acknowledge that public postsecondary institutions are supported not only with state dollars, but also with tuition paid by students, research grants and associated indirect cost allocations, foundations, and other sources. Maintaining active attention to tuition revenue in particular enables states not only to allocate limited resources strategically but also to maintain intentionality around tuition levels and the share of education funded by the state versus through students themselves. States may also take actions to link financial aid policy, ensuring that tuition prices can be realistically managed by all students in the state, regardless of their financial background.

Several states have therefore developed cost-sharing targets which monitor the share of institutional, sector, or system-wide revenues and support policymakers as they determine how best to resource public institutions of higher education. Examples incl are detailed in the table below.



Table 1. Examples of Cost Sharing Between the State and Students

State	State Share Target	Student Share Target
Minnesota	66%	33%
Tennessee • Public Four-Year • Community Colleges • Colleges of Applied Technology	55% 66% 80%	45% 33% 20%
Virginia	66%	33%
Wyoming	62-77%	23-38%

As NCHEMS developed the recommended model described in this report, we departed from the legacy 2012 model, finding that it was limited in its ability to meet the current challenges facing the system. We also take seriously that the implementation of the formula did not achieve consensus in 2012 and did not hear evidence indicating that a different result would be achieved in 2026. In the sections to follow, therefore, we recommend implementation of the Performance Funding Framework. This formula has the promise to deliver data-driven, foundational predictability, together with the incentives that are needed to support a robust and competitive public higher education sector in the state of Mississippi. It also contains a viable pathway to increasing the role of performance funding in the state over time, by creating an on-ramp and by calling on IHL to improve data quality and reliability.

Performance Funding Framework

Using the analyses completed in this report, NCHEMS has developed a recommended funding allocation model for adoption and implementation by the IHL Board of Trustees. This performance funding framework is based on predictable foundational funding paired with clear opportunities for institutions to increase allocations through increases in performance, in partnership with the state. At its core, the model calculates foundational funding needs for each institution and uses this information to inform how the state should invest in closing foundational funding gaps (where they exist) and in rewarding performance gains across all eight institutions.

The performance funding framework comprises two main elements: foundational funding and performance funding. First, the formula uses an objective, evidence-based formula to calculate foundational funding needs for each institution. The IHL Trustees then determine if the state is currently meeting each institution's foundational funding needs at specified levels. If the foundational funding threshold is met, the institution's performance funding is then calculated and added to its foundational funding amount. If the foundational funding threshold is not met, the institution is eligible to receive an increase in foundational funding as well as additional funding based on performance.

In this way, the design of the recommended model delivers on several concepts present within the goals for the funding model work. First, the model builds predictability by beginning with an objective assessment of foundational funding needs. The model then uses this information to inform where limited state resources should be targeted, whether that is toward closing foundational funding gaps or toward performance funding. Institutions that are not meeting



minimal foundational funding needs would be targeted for additional support. For institutions that have met their foundational funding threshold, increasing performance is their only pathway to receiving new state funding within the framework.

Second, the design intends to ensure that institutions will actually receive new funding when their performance increases. This delivers on a concern NCHEMS heard across all stakeholder groups in the state- that institutions lacked predictable resources to consistently invest in performance-focused campus reforms. This approach also aligns with what research on performance funding in higher education suggests as best practice. Models are not effective when they do not provide assurance that state investment will follow.

Foundational Funding

The first step in the performance funding framework is calculating each institution's foundational funding needs. To do this, NCHEMS employs a framework that calculates three levels of foundational funding: floor, lean, and comprehensive, which are each explained further in the sections below.

Floor

The first level is a minimum floor of foundational funding. The floor is designed to include only a minimum level of foundational funding needs and includes:

- Conservative estimates for funding a share of the institution's administration.
- Conservative estimates for maintaining the institution's buildings related to the educational mission.

Importantly, this level does not include any state support for the institution to enroll students or to provide its programs; this foundational funding level requires the institution to rely fully on tuition or other revenue sources to cover those costs. Instead, this floor level of foundational funding covers only the state's physical building assets and minimal expenses for administration. These are the minimum expenses that the state must cover if they are to open a postsecondary institution.

The table below illustrates the portion of the floor foundational funding estimate that is derived for administrative expenses. To arrive at this amount, NCHEMS reviewed the administrative expenses devoted to instruction at similar four-year, public research and comprehensive institutions across the nation. To reflect the historically conservative approach to higher education funding in Mississippi, we use the 25th percentile of this figure to determine a fixed minimum amount and an enrollment-based multiplier for both the research and comprehensive sectors. We then apply this to the institutions' FTE enrollment to calculate a minimal administrative expense estimate based on the institutions' current enrollment levels.

Finally, the resulting estimates are adjusted for inflation to account for lags in the data and the current purchasing power available to the institution for each dollar of its state allocation.





Table 2. Administrative Expense Estimates by IHL Institution

Institution	Minimum Fixed Administrative Amount	Minimum administrative expense multiplier	FTE Enrollment (IPEDS, 2024)	Resulting Total Administrative Expense Estimate (inflation adjusted)
Alcorn State University	\$481,960	\$4,142	2,673	\$12,520,998
Delta State University	\$481,960	\$4,142	2,296	\$10,828,703
Jackson State University	\$5,848,015	\$4,216	5,442	\$24,950,613
Mississippi State University	\$5,848,015	\$4,216	21,577	\$104,922,799
Mississippi University for Women	\$481,960	\$4,142	2,074	\$9,832,179
Mississippi Valley State University	\$481,960	\$4,142	1,441	\$8,642,709
University of Mississippi	\$5,848,015	\$4,216	21,234*	\$103,355,634
University of Southern Mississippi	\$5,848,015	\$4,216	11,936	\$60,873,137

**University of Mississippi FTE enrollment does not include FTE associated with the Medical Center.*

The second component of the floor-level foundational funding estimate is a minimum amount to maintain the states' physical plant assets dedicated to instruction. To calculate this amount, we multiply each institution's instructional space square footage by \$550, a conservative estimate of the replacement value of instructional square footage. We then take 2% of the replacement value to estimate the annual maintenance costs. Each step of this calculation is illustrated below.

Table 3. Minimum Instructional Space Maintenance Estimate

Institution	Estimated Instructional Square Footage	Replacement Value Multiplier	Total Replacement Value Estimate	Replacement Rate	Estimated Minimum Instructional Space Maintenance (inflation adjusted)
Alcorn State University	1,443,407	\$550	\$793,873,850	2%	\$16,394,514
Delta State University	684,045	\$550	\$376,224,750	2%	\$7,769,524



Jackson State University	1,679,844	\$550	\$1,679,844	2%	\$19,080,013
Mississippi State University	2,702,775	\$550	\$1,486,526,520	2%	\$30,698,676
Mississippi University for Women	814,857	\$550	\$448,171,350	2%	\$9,255,314
Mississippi Valley State University	760,922	\$550	\$418,507,100	2%	\$8,642,709
University of Mississippi	2,675,710	\$550	\$1,471,640,500	2%	\$30,391,266
University of Southern Mississippi	1,604,297	\$550	\$882,363,350	2%	\$18,221,936

Finally, to calculate the floor level of foundational funding, the inflation-adjusted administrative expense estimates are added to the minimal instructional space maintenance estimates, as illustrated below:

Table 4. Estimated Floor Foundational Funding

Institution	Administrative Expense Estimate (inflation adjusted)	Minimum Instructional Space Maintenance Estimate (inflation adjusted)	Floor Foundational Funding (inflation adjusted)
Alcorn State University	\$12,520,998	\$16,394,514	\$28,915,512
Delta State University	\$10,828,703	\$7,769,524	\$18,598,227
Jackson State University	\$24,950,613	\$19,080,013	\$44,030,626
Mississippi State University	\$104,922,799	\$30,698,676	\$135,621,475
Mississippi University for Women	\$9,832,179	\$9,255,314	\$19,087,493
Mississippi Valley State University	\$6,990,739	\$8,642,709	\$15,633,448
University of Mississippi	\$103,355,634	\$30,391,266	\$133,746,900
University of Southern Mississippi	\$60,873,137	\$18,221,936	\$79,095,074

Lean Foundational Funding

The next level of foundational funding recognizes a broader set of institutional funding needs. It includes the floor-level estimates of administrative and facility maintenance expenses and adds in a state share of the cost for providing programs. To create these estimates, NCHEMS uses



attempted credit hour data from each institution, disaggregated by program. We also use headcount enrollment information for key student populations that each institution should focus on serving. As illustrated in the landscape analysis, institutions need to grow in their ability to serve people over the age of 25 and students eligible for federal Pell Grants to bring the state closer to its educational attainment and workforce goals; therefore, these incentives are built into the model.

To add in the costs for providing programs, NCHEMS multiplies each institution's attempted credit hour data by a modified set of industry-standard course weights. These weights are intended to represent the differences in costs institutions face to provide different types of courses. To reflect the historically conservative levels of higher education funding available in Mississippi, NCHEMS divides these weights in half prior to applying them. The result is a very conservative estimate of institutional costs to provide programs at the lean foundational funding level.

In addition to program costs, NCHEMS recognizes that the IHL will need to expand quality service to a broader array of Mississippians to meet educational attainment needs required by its employers. Specifically, all of the institutions need to grow in their abilities to serve people over the age of 25, and people from low-income backgrounds. Institutions face costs to serve these students from the moment they are enrolled, not only when these students complete their credentials. Therefore, the lean level adds support based on student enrollment headcount. These additional dollars are intended to cover a share of the total costs that institutions face in providing extracurricular supports required for students to succeed, especially students who may be returning to college after an educational hiatus or students who may come from under-resourced backgrounds. NCHEMS recommends that these additional costs be calculated at \$3,000 for each student meeting each of these criteria. This calculation is described in the following table:

Table 5. Estimated Student Support Costs

Institution	Key Student Populations Sum (Three-Yr Avg)	Multiplier	Total Estimated Student Support Costs
Alcorn State University	2,344	\$3,000	\$7,032,000
Delta State University	1,310	\$3,000	\$3,931,000
Jackson State University	4,613	\$3,000	\$13,838,000
Mississippi State University	7,725	\$3,000	\$23,175,000
Mississippi University for Women	1,806	\$3,000	\$5,418,000
Mississippi Valley State University	1,287	\$3,000	\$3,860,000
University of Mississippi	4,954	\$3,000	\$14,861,000
University of Southern Mississippi	7,892	\$3,000	\$23,676,000

Next, we also recognize that institutions cover the cost of instruction through a variety of revenue sources. The largest of these unrestricted revenue sources is tuition; however, institutions can also





use revenues from other external sources to support the costs of providing instruction. For this reason, the calculated lean level includes a cost-sharing approach, similar to other states (see examples in Table 1) and based on revenue data shared by IHL, to the calculated figures for providing programs and student support. For institutions with differential resident and nonresident tuition rates (UM, MSU), NCHEMS recommends that the state cover 30% of the cost of providing programs. For institutions that do not have differential tuition prices by residency status (ASU, DSU, MUW, MVSU, USM), NCHEMS recommends that the state cover 50% of the cost of providing programs. These recommended shares are rooted in ensuring that state dollars follow resident students as closely as possible and calling institutions to leverage out-of-state tuition support to offer and improve their hallmark academic programs. And, the result of this decision impacts the funding allocation each institution would receive. As the framework is implemented, the Trustees will likely need to make a policy decision to align or depart from NCHEMS' recommendation in this area.

The table below describes the calculation steps taken to arrive at a conservative estimate of the cost of providing programs and student support, with the state share indicated.

Table 6. State Share of Providing Programs

Institution	Total Conservative Estimate for Providing Programs & Student Support	State Share	State's Share of Providing Programs & Student Support
Alcorn State University	\$28,419,838	50%	\$14,209,919
Delta State University	\$21,804,531	50%	\$10,902,265
Jackson State University	\$54,016,031	50%	\$27,008,016
Mississippi State University	\$183,843,524	30%	\$55,153,057
Mississippi University for Women	\$22,543,911	50%	\$11,271,956
Mississippi Valley State University	\$13,651,696	50%	\$6,825,848
University of Mississippi	\$152,482,872	30%	\$45,744,862
University of Southern Mississippi	\$121,653,374	50%	\$60,826,687

Taken together with the calculated administrative and facility estimates at the floor foundational funding level, the following table includes the recommended lean level foundational funding targets by institution:



Table 7. Estimated Lean Foundational Funding

Institution	Floor Foundational Estimate	State Share of Providing Programs & Student Support Costs	Total Lean Foundational Funding
Alcorn State University	\$28,915,512	\$14,209,919	\$43,125,431
Delta State University	\$18,598,227	\$10,902,265	\$29,500,492
Jackson State University	\$44,030,626	\$27,008,016	\$71,038,642
Mississippi State University	\$135,621,475	\$55,153,057	\$190,774,532
Mississippi University for Women	\$19,087,493	\$11,271,956	\$30,359,448
Mississippi Valley State University	\$15,633,448	\$6,825,848	\$22,459,296
University of Mississippi	\$133,746,900	\$45,744,862	\$179,491,762
University of Southern Mississippi	\$79,095,074	\$60,826,687	\$139,921,760

Comprehensive Foundational Funding

Finally, NCHEMS has also calculated a comprehensive funding level in the interest of building the most complete possible picture of how the Trustees and the state may envision the concept of foundational funding for the eight IHL institutions. Many, if not most, states across the nation do not and are unlikely to be able to fund their postsecondary institutions at this level. However, we include it here to recognize that there are additional roles that the state may play in funding higher education, even if they are not immediately prioritized within the context of the state's current funding capacity.

The comprehensive funding level builds on the previous two levels and enhances them to cover a greater share of institutional costs. It also adds in new cost estimates that were not considered at the previous two foundational funding levels.

The comprehensive funding level begins with the same conservative estimates for institutional administrative costs that were described at the floor level. However, the facility maintenance cost estimates are increased to standards recommended by industry experts. Specifically, the per square foot estimate for the replacement value increases to \$650, and the share of the replacement value used to estimate the annual maintenance increases to 2.5%, as illustrated in the table below.



Table 8. Comprehensive Facilities Maintenance Cost Estimates by Institution

Institution	Estimated Instructional Square Footage	Replacement Value Multiplier	Total Replacement Value	Replacement Rate	Estimated Comprehensive Maintenance Costs (adjusted for inflation)
Alcorn State University	1,443,407	\$650	\$938,214,550	2.5%	\$24,219,169
Delta State University	684,045	\$650	\$444,629,250	2.5%	\$11,477,706
Jackson State University	1,679,844	\$650	\$1,091,898,535	2.5%	\$28,186,384
Mississippi State University	2,702,775	\$650	\$1,756,803,750	2.5%	\$45,350,317
Mississippi University for Women	814,857	\$650	\$529,657,050	2.5%	\$13,672,623
Mississippi Valley State University	760,922	\$650	\$494,599,300	2.5%	\$12,767,638
University of Mississippi	2,675,710	\$650	\$1,739,211,500	2.5%	\$44,896,188
University of Southern Mississippi	1,604,297	\$650	\$1,042,793,050	2.5%	\$26,918,769

In addition to bringing up the facilities maintenance estimates to industry-standard levels, the comprehensive foundational funding level also adjusts the methods for calculating the costs institutions face to provide their programs. At the lean level, NCHEMS recommended halving the cost weights prior to calculating the total estimated costs for institutions to provide their programs. This step was taken in recognition of the historically limited state funding available. At the comprehensive level, NCHEMS calculates the estimated costs for institutions to provide programs based on the full estimated cost weights. The share of these costs, and the students served costs, to be covered by the state as opposed to through other institutional revenue sources remains unchanged: 30% for institutions that have a differential tuition for nonresidents, 50% for institutions that charge a flat tuition rate. These calculations are described in the table below.

**Table 9. Comprehensive Program and Students Support Cost Estimates**

Institution	Total Estimate for Providing Programs & Students Supported	State Share	State's Share of Providing Programs & Students Supported
Alcorn State University	\$49,807,675	50%	\$24,903,838
Delta State University	\$39,678,061	50%	\$19,839,031
Jackson State University	\$94,194,063	50%	\$47,097,031
Mississippi State University	\$344,512,048	30%	\$103,353,614
Mississippi University for Women	\$39,669,823	50%	\$19,834,911
Mississippi Valley State University	\$23,443,393	50%	\$11,721,696
University of Mississippi	\$290,104,744	30%	\$87,031,423
University of Southern Mississippi	\$219,630,748	50%	\$109,815,374

Finally, the comprehensive foundational funding level includes a component intended to support institutions in developing and maintaining a relevant, employer-aligned curriculum. The work of delivering that curriculum is included in different variations at both the lean and comprehensive levels- but the cost of creating, updating, and maintaining the institution's curriculum assets is not covered in any previous foundational funding levels. To estimate these costs, NCHEMS uses faculty and staff salary data that each institution reports to the federal Department of Education. We take 2% as a share to represent the time devoted to creating and maintaining the curriculum, not just delivering it. These additional cost estimates are presented in the table below.

Table 10. Comprehensive Curriculum Maintenance Cost Estimates by Institution

Institution	Reported Faculty Salary Data (the IPEDS variable) (Five-yr Avg)	Curriculum and Professional Development Renewal Rate	Estimated Curriculum Maintenance Cost
Alcorn State University	\$35,899,282	2%	\$717,986
Delta State University	\$30,746,820	2%	\$614,936
Jackson State University	\$72,670,441	2%	\$1,453,409
Mississippi State University	\$385,411,291	2%	\$7,708,226
Mississippi University for Women	\$23,744,834	2%	\$474,897
Mississippi Valley State University	\$21,797,706	2%	\$435,954
University of Mississippi	\$1,121,984,146	2%	\$22,439,683



University of Southern Mississippi	\$163,459,757	2%	\$3,269,195
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The adjusted facilities cost-estimate methods, together with the estimated costs of maintaining the curriculum, yield the following comprehensive funding levels for each IHL institution.

Table 11. Comprehensive Foundational Funding Estimates by Institution

Institution	Enhanced Administrative Costs	Enhanced Facilities Estimate	Curriculum Maintenance Cost	Total Comprehensive Foundational Funding
Alcorn State University	\$12,520,998	\$24,219,169	\$761,102	\$37,501,269
Delta State University	\$10,828,703	\$11,477,706	\$651,865	\$22,958,274
Jackson State University	\$24,950,613	\$28,186,384	\$1,540,689	\$54,677,685
Mississippi State University	\$104,922,799	\$45,350,317	\$8,171,121	\$158,444,237
Mississippi University for Women	\$9,832,179	\$13,672,623	\$503,415	\$24,008,217
Mississippi Valley State University	\$6,990,739	\$12,767,638	\$462,134	\$20,220,512
University of Mississippi	\$103,355,634	\$44,896,188	\$23,787,233	\$172,039,056
University of Southern Mississippi	\$60,873,137	\$26,918,769	\$3,465,517	\$91,257,424

Funding Needs Excluded from Foundational Funding

At all levels, the foundational funding concept focuses on the funding needs for institutions to sustain their services by funding minimal administration, the physical campus, and the cost of providing programs. As NCHEMS considered possible areas where the state could apply its limited resources, we prioritized these key areas.

It is also possible that a broader range of institutional needs could have been included in the foundational funding estimates. Indeed, some states do consider these additional funding needs in systematic ways. These needs generally fall into two main areas: purchase of goods and services, and capacity building.

States routinely purchase needed services from their postsecondary institutions and provide funding for the unique service needs of their individual institutions. States also can provide one-time or short-term funding to build needed capacities within public institutions that will eventually become part of the larger funding model or become self-sustaining. This may include the creation of new programs, new pathways to and across institutions, or new services for communities that rely on the institution as its anchor. In the recommendations section of this

report, we talk more about how the Trustees can begin to build more intentionality and coherence behind how these institutional needs are met through the funding model.

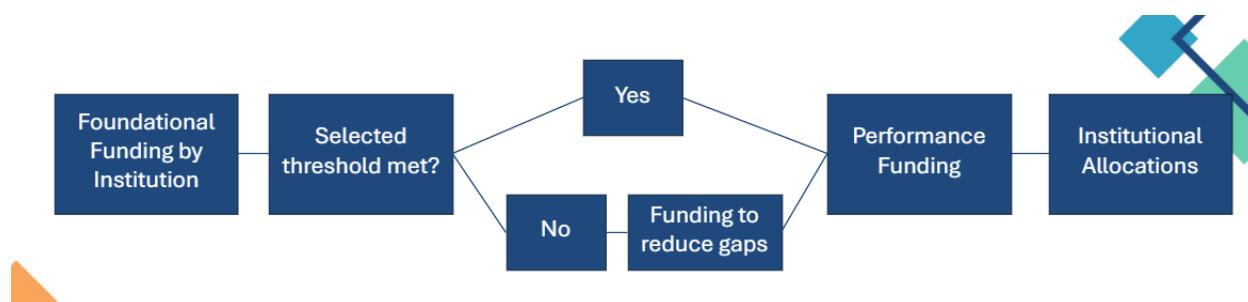
Performance Funding Framework

The recommended performance funding framework and recommendations for implementation are grounded in years of research and experience. Many states have implemented and refined performance funding models, therefore, Mississippi is well-positioned to adopt a formula based on best practices and to avoid pitfalls other states have encountered. Two recurring challenges often restrict the effectiveness of performance funding policies: first, failing to account for historical underfunding of institutions prior to implementing a performance formula, and second, failing to address the often broken link between institutional performance and actual dollars awarded. The recommended performance funding framework addresses both challenges by establishing a foundational funding pool to resolve prior underfunding while simultaneously rewarding institutions for future performance when the state partners with IHL to make new investments beyond foundational needs.

At the same time, stakeholders across the state expressed a clear focus on ensuring that state resources are clearly and predictably applied to rewarding performance across all eight of the institutions. NCHEMS therefore recommends that a performance component be included within the model. Furthermore, to ensure it is the most powerful incentive possible, it should be structured as the only pathway through which institutions that have reached foundational funding levels should receive new funding.

The process for determining institutional allocations, therefore, would proceed first by determining if the floor foundational funding level has been reached for all institutions. From there, the Trustees would then set aside funding for closing foundational funding gaps and for rewarding performance. This process is illustrated in the figure below.

Figure 18. Recommended Funding Allocation Model Process Flow



To illustrate how this process could work, we use recently available data from IHL to model what such a funding model design would have produced if it were in place with the FY26 funding cycle.

Step 1: Calculate Floor Foundational Funding Level for All Institutions

If a performance funding policy is going to be effective, the past and current funding realities need to be acknowledged and addressed. NCHEMS recommends that the Trustees and legislature work together to establish a foundational funding level that meets a minimum state commitment to



fund its postsecondary assets: a conservative amount for administration and maintenance of the state's physical plant assets. We therefore present a recommended funding model that uses the floor foundational funding level as a minimum threshold of foundational funding for each institution to reach.

The table below summarizes the calculated floor foundational funding levels by each IHL institution, together with the 2026 state appropriations levels. It also includes a calculation of the gap in floor funding by institution.

Table 12. Floor Foundational Funding Gaps by Institution

Institution	Floor Foundational Funding Estimate	2026 Appropriations Level	Gap
Alcorn State University	\$28,915,512	\$24,346,447	(\$4,569,065)
Delta State University	\$18,598,227	\$24,190,597	none
Jackson State University	\$44,030,626	\$46,030,540	none
Mississippi State University	\$135,621,475	\$111,660,000	(\$23,961,475)
Mississippi University for Women	\$19,087,493	\$19,371,402	none
Mississippi Valley State University	\$15,633,448	\$16,682,408	none
University of Mississippi	\$133,746,900	\$100,840,389	(\$32,906,511)
University of Southern Mississippi	\$79,095,074	\$96,822,789	none

According to the table above, three institutions face gaps in meeting foundational funding at the floor levels. However, none of the institutions have reached lean levels- the ideal level of funding for Mississippi based on the stakeholder engagement and goal statement for this project. Since none of the institutions have reached minimum lean levels, NCHEMS recommends that the five institutions that have reached floor level funding receive the same amount of state appropriation as in the previous year, as their calculated foundational funding. For the other three institutions, the relative sizes of their gaps to reach the floor level of foundational funding should be used to inform how the Trustees should leverage state dollars to close these gaps in the next step.

Step Two: Create Foundational Funding and Performance Pools

With the initial assessment of how each institution's prior year funding level relates to its foundational funding needs, the IHL would then determine how to allocate its legislative appropriation across the two priorities: 1) meeting documented foundational funding needs and 2) providing new dollars to support performance.



Since only some of the institutions reached floor foundational funding levels in 2026, the IHL should continue to work toward reaching the floor level for all institutions.

Therefore, from the total legislative appropriation, NCHEMS recommends that each institution's current foundational funding be preserved. Using 2026 as an example, this would result in the following:

Table 13. FY 2026–2027 Unrestricted State Appropriations (Systemwide)

Sum of institutional foundational funding from year prior (FY26)	Total current year legislative appropriation (FY27)	Difference to allocate for foundational funding gaps and performance
\$439,944,572	\$442,589,815	\$2,645,243

NCHEMS recommends that the amount of money available to allocate to performance funding gaps should be divided into equal portions: 50% to close foundational funding gaps to the floor level and 50% to the performance component. As this model is implemented, the Trustees may choose to prioritize these shares differently across foundational and performance funding. In steps three and four, we illustrate how these pools would be allocated across the eight institutions.

Table 14. Allocations to the Foundational Funding and Performance Pools Based on FY26 to FY27 Unrestricted State Appropriations (Systemwide)

Foundational Funding Pool	Performance Pool	Total allocated to foundational funding gaps and performance
\$1,322,622	\$1,322,622	\$2,645,243

Step Three: Allocate Funding to Close Foundational Gaps

To allocate funding directed toward closing gaps in foundational funding, the IHL should assess each institution's distance from reaching the floor foundational funding level and allocate the available funding in proportion to those gaps.

Using the calculated gaps from step 1, the IHL should calculate each institution's share of the total gap in funding and allocate accordingly. The table below illustrates the shares of the foundational funding gap pool each institution would have been allocated in 2026.



Table 15. Share Calculations for Foundational Gap Pool

Institution	Gap to Floor Foundational Funding	Share of Systemwide Lean Foundational Funding Gap	Share of Foundational Gap Pool
Alcorn State University	(\$4,569,065)	7%	\$98,363
Delta State University	\$0	0%	\$0
Jackson State University	\$0	0%	\$0
Mississippi State University	(\$23,961,475)	39%	\$515,844
Mississippi University for Women	\$0	0%	\$0
Mississippi Valley State University	\$0	0%	\$0
University of Mississippi	(\$32,906,511)	54%	\$708,414
University of Southern Mississippi	\$0	0%	\$0
Total	(\$61,437,052)	100%	\$1,322,622

Step Four: Allocate Performance Funding

Performance funding, though now common across the country, remains an evolving policy topic. The performance component included in the proposed performance funding framework incorporates lessons learned from other states while offering a tailored approach to the needs of the state of Mississippi. These best practices include customizing metrics by mission, emphasizing each institution's improvement relative to itself rather than to others in the state, and allocating new state appropriations to performance rather than reallocating a fixed pot of existing funding.

Performance Metrics

The performance metrics included in the performance funding framework are intended to incentivize improvements in outcomes associated with student success and Mississippi's workforce needs. These metrics include:

Metric 1: Bachelor's Degrees Awarded

This metric measures the percentage change in the total number of bachelor's degrees awarded by an institution. The metric indicates whether an institution is increasing undergraduate degree production over time.



Metric 2: Graduate and Professional Degrees Awarded

This metric measures the percentage change in the total number of graduate and professional degrees awarded. It reflects institutional capacity and output at the advanced degree level. This metric is only assigned to the research tier.

Metric 3: Six-Year Graduation Rate

This metric measures the change in the six-year graduation rate for first-time, full-time students. To calculate this rate, cohorts of students attending college on a full-time basis for the first time are measured as the denominator, with the number of students having graduated by the sixth consecutive year as the numerator. This rate does not include students who consistently attend part-time, who may be attending college after taking leave, or who begin attendance in a term other than the fall.

Metric 4: 30 Credit Hour Progression

This metric rewards student progression through the 30-credit-hour threshold, the point at which a student has accumulated 30 credit hours in their academic career. Reaching this threshold is a leading indicator of persistence and degree completion. This metric only applies to the comprehensive tier.

Metric 5: 60 Credit Hour Progression

This metric rewards student progression through the 60-credit-hour threshold, representing approximately the midpoint of a standard undergraduate degree program. Students who reach this milestone have demonstrated sustained enrollment and academic progress. This metric applies to both the research and comprehensive tiers.

Metric 6: Undergraduate Degrees Awarded per 100 Undergraduate FTE

This metric measures undergraduate degree productivity by expressing the number of undergraduate degrees awarded relative to every 100 undergraduate full-time equivalent (FTE) students enrolled. This measure includes degree completion for all students, not just those who are measured through the graduation rate. It provides a productivity-adjusted view of degree output that accounts for enrollment size.

Metric 7: Research Expenditures Per Tenure-Track Faculty Member

This metric measures the change in total research expenditures per tenure-track faculty member. Research expenditures serve as an indicator of sponsored research activity, external funding, and research performance. This metric only applies to the research tier.

Metric 8: Degrees Awarded to Pell Grant Recipients

This metric measures the change in the number of degrees awarded to students who received Pell Grant funding. Pell Grant status is a commonly used federal indicator of financial need. This metric reflects institutional effectiveness in supporting students from low-income backgrounds through to degree completion. As this population grows in Mississippi, it will be imperative for the state to provide adequate incentives for institutions to serve these students well.

Metric 9: Degrees Awarded to Adult Learners

This metric measures the change in the number of undergraduate degrees awarded to adult learners, defined as students aged 25 and above at the time of graduation. It reflects an institutional commitment to serving non-traditional students who may be returning to education

after time in the workforce or due to other life circumstances, a population expected to grow in Mississippi in the future. This metric only applies to the comprehensive tier.

Metric 10: Degrees Awarded to Graduates with ACT Scores Below 19

This metric measures the change in the number of degrees awarded to students who entered the institution with an ACT composite score of less than 19. It captures institutional effectiveness in supporting students who arrived with indicators of potential academic need and supporting them through to degree completion.

Metric 11: Median Earnings One Year After Graduation

This metric measures the change in median earnings for graduates who are employed in Mississippi one year after graduation. It serves as a near-term labor market outcome indicator, reflecting the economic returns associated with a degree from the institution. Due to data limitations, only in-state employment is included in this calculation.

Metric 12: Employment and Post-Secondary Enrollment One Year After Graduation

This metric measures the change in the share of graduates who are either employed in-state or enrolled in post-secondary education one year after graduation. Together, these two pathways represent positive outcomes, either entering the workforce or continuing one's education.

Metrics by Mission

The IHL institutions have distinct mission sets and serve different student groups. Reflecting these differences, the formula incorporates two separate sets of performance metrics for IHL institutions, categorized by research and comprehensive classifications.

Table 16. Performance Metric Tiers (by Institutional Mission)

Research Tier	Comprehensive Tier
Jackson State University	Alcorn State University
Mississippi State University	Delta State University
University of Mississippi	Mississippi University for Women
University of Southern Mississippi	Mississippi Valley State University

Table 17. Performance Metrics

No.	Research Tier	Comprehensive Tier
1	Bachelor's Degrees	Bachelor's Degrees
2	<i>Grad & Professional Degrees</i>	Six-Year Graduation Rate
3	Six-Year Graduation Rate	<i>30 Student Credit Hour Threshold</i>
4	60 Student Credit Hour Threshold	60 Student Credit Hour Threshold
5	Undergraduate Degrees Per 100 FTE	Undergraduate Degrees Per 100 FTE
6	<i>Research</i>	Pell Awardees
7	Pell Awardees	<i>Adult Learners</i>
8	ACT < 19 Awardees	ACT <19 Awardees
9	Median Earnings in MS One Year After Grad	Median Earnings in MS One Year After Grad
10	Employed in MS or Enrolled One Year After Grad	Employed in MS or Enrolled One Year After Grad

* *Italicized metrics are specific to the tier.*



Metric Calculations

There are many strategies for measuring performance. In all cases, a fundamental challenge is selecting a measurement period that acknowledges recent performance while averaging out unique events. The performance calculations in this formula balance both considerations by comparing an institution's most recent year's performance against an average of the three prior years.

Furthermore, stakeholders expressed interest in a model where each institution competes against itself rather than against the others in the system. NCHEMS agrees with this approach, especially when it concerns a system of complementary institutions under one governing board rather than distinct sets of institutions intentionally designed to compete. As a result, this model uses a scoring system in which institutions are rewarded not only for improvements in each metric but also for the magnitude of those gains. These improvements are measured using two different scoring keys based on percentage changes. Six-year graduation rates are calculated slightly differently because improvement is measured in percentage-point increases. Institutions are evaluated on 10 metrics, so the highest possible score in a single year is 50.

Alternative methods to score institutional performance, such as comparing performance against external peers or establishing annual performance benchmarks, are also valid ways for calculating the performance pool. However, these approaches can overlook important factors, such as Mississippi's current and past higher education funding context or the institutional capacity to meet those benchmarks. Furthermore, when comparing against peers, year-to-year variability may make it more difficult for an IHL institution to clearly know if improvements in performance will result in increased funding.

Scoring Key

For all metrics measured as a percentage change, scores are assigned based on the following thresholds:

Table 18. Example of the Scoring Used for Metrics with Percent Change

Points	Threshold
0	Percentage change from 0% or less.
1	Percentage change from greater than 0% to less than 5%.
2	Percentage change from 5% to less than 10%.
3	Percentage change from 10% to less than 15%.
4	Percentage change from 15% to less than 20%.
5	Percentage change of 20% or greater.

The six-year graduation rate is one exception, as it is a metric measured in percentages, so this metric is scored using the same 0 to 5 scale, but with narrower thresholds reflecting that percentage point changes in graduation rates are comparatively small in magnitude.

Scoring Table

The performance results for each institution are calculated, and points are assigned on the 0-5 scale using the scoring key. Institutions that did not show improvement receive 0 points and are therefore ineligible for performance funding for that metric.

Table 19. Performance Metric Scores for Research Institutions

RESEARCH TIER — UM, MSU, USM, JSU											
30 SCH and Age >= 25 excluded in Research Tier											
Institution	Bachelors	Grad & Prof.	6-Yr Grad Rate	60 SCH	Deg/100 FTE	Research/ Faculty	Pell	ACT < 19	Median Earnings	Employed or Enrolled	Total Score
UM	0	1	5	3	0	4	0	3	0	2	18
MSU	0	4	5	0	0	2	0	0	0	2	13
USM	0	5	0	0	1	5	0	5	0	1	17
JSU	0	0	5	0	0	5	0	0	1	1	12

Table 20. Performance Metric Scores for Comprehensive Institutions

COMPREHENSIVE TIER — ASU, DSU, MUW, MVSU											
Grad & Prof. and Research excluded in Comprehensive Tier											
Institution	Bachelors	6-Yr Grad Rate	30 SCH	60 SCH	Deg/100 FTE	Pell	Age >= 25	ACT < 19	Median Earnings	Employed or Enrolled	Total Score
ASU	0	5	1	0	0	0	0	0	0	2	8
DSU	0	4	1	0	0	0	1	0	2	2	10
MUW	0	5	0	0	0	0	0	0	0	0	5
MVSU	0	3	0	0	0	0	0	0	4	1	8

Performance Shares

The total score for each institution is then used to determine its share of performance relative to all other institutions. Shares are taken to ensure that the funding allocated aligns with the total funding available in the performance pool.



Table 21. Performance Pool Shares (by Institution)

Institution	Performance Points	Share of Systemwide Performance Points	Share of Performance Pool
Alcorn State University	8	20%	\$261,617
Delta State University	10	14%	\$188,946
Jackson State University	12	19%	\$247,083
Mississippi State University	13	9%	\$116,274
Mississippi University for Women	5	11%	\$145,343
Mississippi Valley State University	8	13%	\$174,412
University of Mississippi	18	5%	\$72,672
University of Southern Mississippi	17	9%	\$116,274
Total	91	100%	\$1,322,622

Step Five: Sum Foundational and Performance Funding for Each Institution

As a final step, the IHL should sum together the total foundational funding available for each institution with funding dedicated to closing foundational funding gaps at the floor level and the performance component to arrive at each institution's total allocation.



Table 22. Summary Table of Total Allocations (by Institution)

Institution	Foundational Funding	Foundational Gap Funding	Performance Funding	Total Allocation
Alcorn State University	\$24,346,447	\$98,363	\$116,274	\$24,561,085
Delta State University	\$24,190,597	\$0	\$145,343	\$24,335,940
Jackson State University	\$46,030,540	\$0	\$174,412	\$46,204,952
Mississippi State University	\$111,660,000	\$515,844	\$188,946	\$112,364,790
Mississippi University for Women	\$19,371,402	\$0	\$72,672	\$19,444,074
Mississippi Valley State University	\$16,682,408	\$0	\$116,274	\$16,798,682
University of Mississippi	\$100,840,389	\$708,414	\$261,617	\$101,810,420
University of Southern Mississippi	\$96,822,789	\$0	\$247,083	\$97,069,872
Totals	\$439,944,572	\$1,322,622	\$1,322,622	\$442,589,815

Additional Recommendations

In addition to developing a recommended performance funding framework, we are providing several recommendations to support the model's successful implementation. Successful implementation of a durable performance funding framework will not happen by accident; indeed, the Trustees specifically will need to continue work with institutional, legislative, and other related stakeholders and commit to an ongoing cycle of funding model refinement. NCHEMS recommends four specific steps for the Trustees to pursue, described in more detail in the following sections.

The IHL Trustees should continue to lead on setting the agenda and goals for funding model implementation.

Within the current policy environment in Mississippi, the IHL Trustees maintain authority over allocating unrestricted funds appropriated by the Legislature to the institutions. The Trustees have adopted regulatory guidance to aid in this process and have followed these policies over time.

At the same time, NCHEMS heard from stakeholders that they desired a greater level of transparency and understanding around how the Trustees make these allocation decisions. Stakeholders also expressed a desire for greater alignment between the funding policies the Trustees implement and the broader postsecondary attainment and workforce agenda in place in the state. This broader agenda calls for increased attainment levels and enhanced education to



workforce connections — goals which effective, performance-focused funding policies may reinforce.

To help close these gaps, NCHEMS recommends that the Trustees seek and play a larger role in the variety of committees, groups, and organizations that are working toward talent development across the state. This includes groups such as the Mississippi Postsecondary Attainment Council (formerly the Education Achievement Council), Accelerate MS, and other related organizations. In engaging with these groups, the Trustees should actively identify ways to continually refine the policies under their authority to further a common and necessary interest in expanding postsecondary opportunity across the state.

In addition to furthering cooperation across the growing group of stakeholders in statewide postsecondary and workforce policy, the Trustees may also act to more effectively communicate their own priorities when it comes to the performance funding framework. To do this, NCHEMS recommends that the Trustees revisit their regulations related to the funding model, making new revisions and adoptions where necessary. The Trustees may consider adoption of the Goal Statement developed in this project and presented in this report as one formal marker of their intent, developed in collaboration with a variety of stakeholders, when it comes to creating and refining the performance funding framework.

The IHL Trustees and staff must develop a transition plan for the performance funding framework.

In this report, NCHEMS has designed a performance funding framework and a recommended set of decisions to implement it. We have also illustrated how the implementation of the framework would work using recent data. This recommended plan begins by putting the performance metrics in place and by allocating a share of the total state appropriation based on each institution's individual growth.

In the years to come, the Trustees will need to continually review the balance between the foundational and performance components of the framework. As they strike that balance, NCHEMS recommends that the Trustees do so in a transparent way. For example, if, over time, the desire is to increase the share of dollars allocated through performance metrics, this signal should be made clearly. A clear plan that builds on the performance framework designed in this report will make clear that the Trustees are shifting away from their historical approach to the allocation process and pursuing reforms. Institutions should be able to rely on this plan to develop their own strategies to respond to the performance metrics. Legislative, executive branch, and other stakeholders should be able to rely on this plan as they make budgetary decisions at the state level.

The Trustees should develop, implement, and adhere to a process for ongoing review and revisions to the adopted funding model.

All state funding models require regular maintenance and review to function well and ensure they achieve their intended outcomes. The Trustees should routinize these reviews and create feedback





loops so that the findings of these reviews can continually improve the implementation of the performance funding framework.

NCHEMS recommends at least two different review committees, established for unique purposes. First, the Trustees should empower the IHL staff to convene a group of technical experts drawn from the institutions and the IHL staff themselves to ensure that the technical aspects of the formula are functioning as intended. This group would be responsible for ensuring data quality, setting processes for the collection of data, reviewing the function of the model, and making necessary adjustments to the formulas, weights, and other aspects of the model. This group should convene every two to three years.

This group should also be trusted to advise when new or updated data may be necessary. As a first example of this, NCHEMS recommends that the technical review committee review the space and facilities data used to calculate floor level funding, validating it with campuses and conducting additional data collection as needed. This data should include not only an understanding of how much educational space exists at each institution, but also how it is used. Understanding not just the existence of the space —but its utilization —will help ensure that institutions do not see incentives to increase their campus footprint within the framework's foundational funding component.

A second review committee should be tasked with ensuring that the design and implementation of the model is reaching its intended objectives. To give adequate time for outcomes to shift in response to the model, this group should convene only every five years. This group should include representation from the institutions, the legislature, and other key stakeholders that were consulted in the development of the performance funding framework.

The Trustees should continue to work to align funding streams from the state to meet institutional needs beyond the scope of what is covered through the funding model.

The performance funding framework recommended in this report is designed for the allocation of unrestricted state funds to each of the eight institutions. However, these funds have historically represented less than half of the total investment that the state makes in the IHL institutions, with additional dollars allocated for special projects, capital investments, or other purposes. In some cases, these dollars flow directly from the Legislature to the institutions themselves.

A major finding of this report is that all IHL institutions are underfunded relative to the funding model goals expressed by state and institutional stakeholders. As the Trustees develop and communicate their funding priorities, and as the state determines how to allocate increasingly scarce resources to higher education, more intentional action should be taken to align resources toward a common set of goals. NCHEMS would recommend that these goals include reaching lean funding levels for each of the eight institutions, which would represent targeted state support for administrative and facility costs as well as the cost of offering programs to all Mississippians.

The Trustees and the state should also prioritize strategies to meet distinct institutional funding needs that exist outside of the performance funding framework. These appropriations, which





should likely remain restricted to specific uses, would fill two functions: purchase of services and capacity building.

In the first category, purchase of services should cover institutional costs for providing distinctive services that serve the needs of their students or of the state broadly. Examples may include the unique needs of Alcorn State University, which must purchase its own emergency services to serve its campus community. Flood insurance, which the University of Southern Mississippi must carry at its Gulf Park campus, is a second example of a service the institution must retain but that the state currently lacks a mechanism to fund.

Second, the performance funding framework does not provide a clear pathway for institutions to seek funding for capacity building. Expenses in this category would include one-time or short-term costs associated with creating new programs and services to meet community and statewide needs. As higher education changes, and as the IHL is called to further align with employer and workforce needs, all of the institutions would benefit from state investment targeted at supporting innovation and development strategies.

Conclusion

The public four-year institutions governed by the Trustees of the Institutions of Higher Learning are a highly unique, complementary system of institutions that serve distinct student needs across the state. The data analysis and stakeholder engagement completed for this project support that Mississippi students are taking an active role in selecting a postsecondary institution that meets their needs, whether those needs are shaped by location, affordability, academic program availability, or other factors. Policies and practices enacted by the Trustees have shaped this system of institutions over decades, especially when it comes to allocating funding appropriated to them by the Legislature. This funding is designed as unrestricted support for each institution to achieve its mission.

Over time, the processes used to allocate this funding have come under scrutiny. This study has found that all eight of the institutions governed by the IHL Trustees face challenges relative to what stakeholders believe should be accomplished with this funding. This points to the real challenges that the Trustees face in allocating limited resources. At the same time, stakeholders across the state have a keen interest in increasing performance across the institutions by using funding as a lever.

This report has laid out a recommended solution for integrating the foundational funding needs of the institutions together with a performance funding framework. It has prioritized where the state should invest foundational dollars and identified where gaps in foundational funding are most acute. It has also laid out a framework to put the state on the path to implementing a robust performance funding framework that rewards institutions that serve students well. This framework focuses on degree completion and workforce success.

To be sure, implementing this framework will take time and require the ongoing, focused work of the IHL staff and Trustees. It will also require meaningful partnership and collaboration with institutional leadership, the legislature, and the executive branch if Mississippi is to be put on a durable, viable path to fund its four-year institutions based on performance criteria. Funding





policy is not static; it requires sustained attention to move through a cycle of implementation, evaluation, and improvement. Perhaps the most important thing that the Trustees can do now is to move the IHL onto this cycle and to craft policies and practices that will support ongoing alignment between funding policy and the high levels of institutional performance that students and the state demand.