Performance Funding

– Update from the MUS Steering Committee –

Board of Regents
March 5, 2015
Committee Update...

- Background
- Process: Phase 1 to Phase 2
- Proposed allocation model
- Summary and next steps
Background

a) March 2013: Governor ↔ MUS agreement
   • Tuition freeze for resident students
   • Legislators approve the MUS budget request
   • A portion of the state appropriation is designated for performance funding

b) May 2013: Regents approve a short-term (Phase 1) PF allocation model
   • Outcomes measured in FY2014
   • Funds distributed in FY2015

c) Phase 1 model -- outcome metrics
   • Retention
   • Completions

**Overarching Goal:**
Increase the percentage of the population in Montana with a higher education credential from 40% to 60%.
Background - continued

d) Summer 2013: Steering committee launches Phase 2
   • Expand committee membership
   • Broader engagement of the MUS community
   • Develop an enhanced list of mission-specific metrics
   • Create a ‘long-term’ allocation model

e) February 2015: Governor ↔ MUS discuss:
   • Freezing tuition for resident students
   • Consideration of the MUS budget request and salary request
   • Designating a portion of the state appropriation for performance funding

f) March 2015: Update the Regents and the MUS community
Phase 2 – The Process

Initial exploration, study and programming

• Expand committee membership

• Initiate working subgroups with additional expertise
## Performance Funding Steering Committee (PFSC)

<table>
<thead>
<tr>
<th>Campus/Location</th>
<th>Administrators</th>
<th>Faculty</th>
<th>Students</th>
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<tbody>
<tr>
<td><strong>MSU</strong></td>
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<td>Bozeman</td>
<td>Terry Leist</td>
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<td>Bob Mokwa</td>
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<td>Chris Fastnow</td>
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<tr>
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<td>Susan Wolff</td>
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<td><strong>UM</strong></td>
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<td>Mick Robinson</td>
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Phase 2 – The Process

Initial exploration, study and programming

- Expand committee membership
- Listen, learn and listen some more
- Research best practices
- Establish principles to guide metric selection and model development
# Phase 2 – Outcome Metrics

**Intermediate Milestone:** ➔ Regents approve metrics  
(May 2014 Board Meeting)

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<th>Metric</th>
<th>Doctoral</th>
<th>4-year</th>
<th>2-year</th>
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<td>Undergraduate Degrees &amp; Certificates Awarded</td>
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<td>Retention Rate</td>
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<td>Early College Enrollment</td>
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<td>Momentum Points - Credit Accumulation</td>
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<td>Licensure/National Exam Pass Rate</td>
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Phase 2 – Model Development

Important attributes of the new allocation model

1. Reward progress and improvement overall
2. Avoid competition between institutions
3. Employ a mechanism for using residual
4. Account for random fluctuations in data and avoid *all or nothing* outcomes
5. Account for underrepresented or at-risk populations
6. Reinforce the importance of academic quality
Quality

From the Montana University System Strategic Plan (2015):

“Maintaining the **high quality** of our institutions and the education provided to our students is not listed as an explicit goal. This is because it is **THE MOST IMPORTANT** consideration for every goal and initiative of the Montana University System and is considered to be an integral part of every component of this strategic plan.”
Quality

What about quality?

1. All of the MUS institutions strive to provide a high quality learning experience for our students
2. Faculty are the gatekeepers of academic quality
3. Track and report on quality assurance metrics
4. Measure and evaluate results
Details of Allocation Model

1. The potential allocation for each campus is proportioned based on 3-yr resident FTE average

2. Each sector (doctoral, 4-yr and 2-yr) has a unique set of metrics

3. Metrics are measured annually and compared to prior 3-yr avg. Metric values are weighted and indexed to a standard scale of 1,000 points.

4. Bonus points are awarded for under-represented groups:
   a. American Indian/Alaska Native
   b. Veterans
   c. Pell recipients
   d. Non-traditional age students
5. To receive the full PF allocation, a campus must meet an established target.

   a. An overall score **above 1,000** represents improvement

   b. A score **equal to 1,000** would represent no overall change from past performance

   c. A score **below 1,000** would represent regression
6. A transitional-loss zone accounts for random, non-systematic fluctuations in the metrics.

7. Campuses that fall below the target, but within the transitional-loss zone receive a portion of the eligible funding amount (Partial PF Allocation).
8. Earn-back opportunity in year-two (if a campus falls short of its target in the first year of the biennium)
   a. Year-one residual ➔ earn-back in year-two
   b. Year-two residual ➔ Board-approved scholarship reserve

9. Assess and revise the model each biennium, as necessary
In Summary...

• The Montana performance funding model encourages progress and improvement at the institutional level.

• Progress is evaluated based on outcome metrics, which vary depending on institution sector.

• Funding is based on improvement overall, not necessarily improvement on all metrics.

• Bonus points are awarded for under-represented, at-risk student populations.

• Partial funding is possible if the total score is below the target, but close.

• Institutions have a chance to earn-back lost funding in the second year of the biennium.
Going Forward...

• Campuses will continue to engage, inform and communicate with stakeholders

• The steering committee will gather input and finalize recommendations for the allocation model

• Approval of the Regents will be requested at the May 2015 Board meeting