

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)

	Campus/Location	Administrators	Faculty	Students
MSU	Bozeman	Terry Leist	Bob Mokwa	
	Gallatin College MSU	Chris Fastnow		
	Billings		Bruce Brumley	
	City College at MSUB			
	Northern		Steve Don	
	Great Falls College MSU	Susan Wolff		
UM	Missoula	Perry Brown	Liz Putnam	
	Missoula College UM	Dawn Ressel		
	Montana Tech		Jerry Downey	
	Highlands College of MT Tech			
	Western	Susan Briggs		Seamus Manley
	Helena College UM	Elizabeth Stearns-Sims		
MUS	Regents	Jeff Krauss Major Robinson		Mariah Williams Zach Rogala
	OCHE	Tyler Trevor Neil Moisey John Cech Mick Robinson		



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)

Metric	Doctoral	4-year	2-year
Undergraduate Degrees & Certificates Awarded	X	X	X
Retention Rate	X	X	X
Early College Enrollment			X
Graduate Degrees & Certificates	X		
Research Expenditures	X		
2-year College Menu (choose 2)			X
Transfer to MUS 4-year			
Success in Developmental Education			
Momentum Points - Credit Accumulation			
Licensure/National Exam Pass Rate			



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



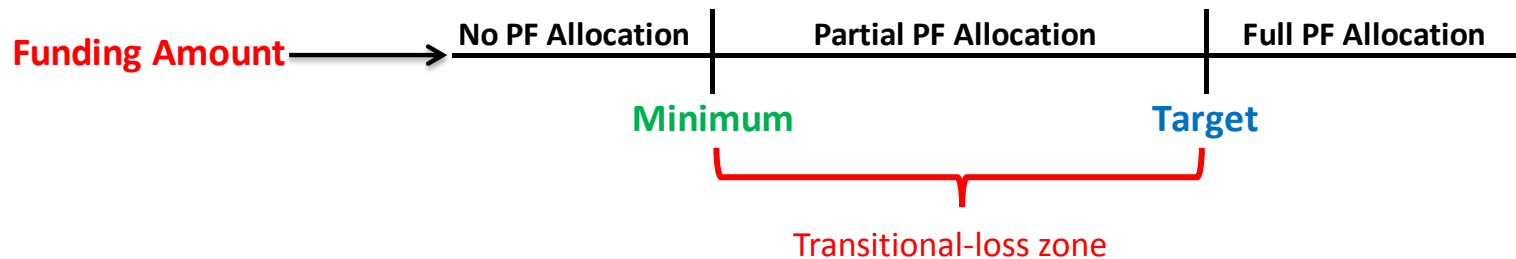
Details of Allocation Model - continued

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



Details of Allocation Model - continued

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).



Details of Allocation Model - continued

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 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

