

Performance Funding in the Montana University System

BACKGROUND

The Governor and the Montana Legislature, as well as the Board of Regents are interested in implementing a performance funding mechanism in the Montana University System.

College Affordability Plan: An agreement between Governor Steve Bullock and the Montana University System (MUS) Office of the Commissioner of Higher Education to implement a resident-student tuition freeze for the 2013-14 and 2014-15 academic years if certain funding levels (requested in the Governor's Budget) are provided for by the Montana Legislature.

(link to [CAP agreement](#))

Performance Funding Addendum: The Montana University System will commit to incorporating a performance funding component into the allocation model used for distributing funds to MUS Education Units for FY 15. (link to [CAP addendum](#))

MUS Strategic Plan - Success Agenda: In order to increase the overall educational attainment of Montanans and provide an efficient and effective system of higher education, the Board of Regents adopted a Success Agenda to augment the Strategic Plan and help guide the Montana University System. (link to [Success Agenda](#))

DRIVING FORCES

A national goal has been set by the President and leading higher education advocacy groups to improve the competitiveness of the US by increasing the percentage of the population with a higher education credential from 40% to 60%. Governor Bullock in his State of the State speech committed Montana to this same goal.

Nationally, 32 states have formally signed on to this initiative through an effort called [Complete College America](#). CCA recommends an approach for increasing college completions that includes performance funding.

Essential Steps for States

1. Set a state completion goal.
2. Set campus-level completion goals.
3. Uniformly measure progress and success.
- 4. Shift to performance funding.**
5. Reduce time-to-degree and accelerate success.
6. Transform remediation.
7. Restructure delivery for today's students.

[SJ 13](#) in the Montana Legislature urges the MUS to adopt uniform measures related to increasing completions and conveys that the Governor and the Legislature want to partner with us in the effort to increase completions.

PROCESS

1) Utilize nationally recognized best practices and design for performance funding models:

Resource Documents: CCA Performance Funding: [From Idea to Action](#)
West Virginia – [Select Committee on Outcomes-based Funding Models](#)
Wisconsin – [Performance Funding Policy Brief 2013](#)

2) Employ an open and inclusive process.

In April, Public Agenda/Lumina Consultants and OCHE will be holding initial conversations at MSU and UM on the process for developing performance funding.

3) Given the short planning window for the coming biennium, we envision a multi-step process:

Work to be done immediately:

- Working with representatives from our campuses, OCHE will design the initial, short-term measures and allocation methodology required by the CAP addendum.
 - This initial plan will need to be approved by the BOR before the beginning of the biennium.
 - Because of the limited time for planning, this will be treated as only a first step in developing the outcomes-based funding plan envisioned by policy leaders and will affect only a small fraction (a few percentage points at most) of FY 2014-15 funding.

Work to be done within the next year:

- Adopt specific longer-term goals for student success and other institutional outcomes.
 - This step will be completed over the next year in close collaboration with the campuses and experts from around the country.
- Begin development of action plans based on policy priorities for achieving these goals.

Work to be done within the next two years:

- Use campus and system goals to further develop and design a complete performance funding component within the allocation model.
 - This too will involve extensive consultation with campuses and leading experts
- Specifically identify goals and metrics that are related to institutional type and mission.