**Goal Statement**

Biennial review/update of the budget allocation model consistent with state and system policy goals and objectives

**Background**

The Montana Legislature allocates the vast majority of funding for our education units in a “lump sum” that is then allocated by the Regents to the individual institutions within the system. How these funds are allocated is central to every strategic objective of the Board. In order to achieve the goals and objectives in this strategic plan, the basic funding allocation model must be continually analyzed. To be an effective tool for achieving our strategic goals, the allocation model should, at a minimum:

- Focus on financing for the state system, not only funding for the individual campuses;
- Be transparent as to the policy choices of the Regents, Legislature, and executive branch;
- Provide a framework for dealing with allocations to institutions, tuition revenues, financial aid, and mandatory fee waivers;
- Have a specific fund dedicated to furthering Regents’ priorities;
- Protect institutional viability by moderating the short-term effects of enrollment changes;
- Provide incentives for institutions to collaborate as a system;
- Ensure equity of funding among all institutions;
- Maintain an adequate base of funding and education quality for all institutions;
- Maintain a differential between 2-year and 4-year tuition.

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**Goal 3:**

Efficiency & Effectiveness

**System Initiatives:**

- **Performance Funding:** The Montana University System is engaged in the process of exploring and developing performance funding models to be included as an additional component in the allocation methodology for distributing state appropriations to the MUS campuses.

The process has been split into two phases, 1) a short-term pilot phase directed at the allocation of funds specifically for FY 2015, and 2) a second phase aimed at developing a performance funding model to be used on a longer-term basis.

This second phase will occur during the 2013-14 academic year, whereby the MUS will engage faculty and staff throughout the system in an effort to fully develop a performance funding model. A Performance Funding Steering Committee has been appointed to provide oversight and direction of this process.