

## COORDINATING BOARD FOR HIGHER EDUCATION

TIME: 11:00 a.m.  
Tuesday, November 4, 2014

PLACE: Lincoln University  
Scruggs University Center  
819 Chestnut  
Jefferson City, MO 65101

**Dalton Wright**, Chair, Conway

**Betty Sims**, Vice-Chair St. Louis

**Brian Fogle**, Secretary, Springfield

**Lowell C. Kruse**, St. Joseph

**Carolyn Mahoney**, Jefferson City

**Doug Kennedy**, Poplar Bluff

COORDINATING BOARD FOR HIGHER EDUCATION

Tuesday, November 4, 2014

Lincoln University, Scruggs University Center

819 Chestnut, Jefferson City, MO 65101

11:000 a.m. – 12:30 p.m.

**AGENDA**

**Action**

- |    |  |       |            |
|----|--|-------|------------|
| 1. | State Authorization Reciprocity Agreement – SARA           | Tab A | Leroy Wade |
| 2. | Recommendations of the CBHE Performance Funding Task Force | Tab B | Leroy Wade |
| 3. | Requested Performance Funding Model Changes                | Tab C | Leroy Wade |

**General Business**

**Information**

- |    |                                |               |
|----|--------------------------------|---------------|
| 1. | CBHE December 10, 2014 Meeting | David Russell |
|----|--------------------------------|---------------|

**Action**

- |    |   |
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| 1. | Adjourn Public Session of Coordinating Board for Higher Education |
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## **AGENDA ITEM SUMMARY**

### **AGENDA ITEM**

State Authorization Reciprocity Agreement  
Coordinating Board for Higher Education  
November 4, 2014

### **DESCRIPTION**

The State Authorization Reciprocity Agreement is the product of a nationwide effort to create a system of reciprocity among state regulatory agencies for the delivery of distance education. This item is intended to request approval to proceed with filing the related administrative rule with the Secretary of State and to submit the application to the Midwest Higher Education Compact for Missouri to participate in the SARA process.

### **Background**

The fundamental goal of SARA is to provide a national solution to barriers created by states having different regulations regarding oversight of distance education institutions and programs. These regulations may result in varied levels of student protection and quality assurance. Representatives from the Council of State Governments, the Presidents' Forum, the Commission on the Regulation of Postsecondary Distance Education and the four regional compact organizations worked together to establish the National Council for State Authorization Reciprocity Agreements. The purpose of NC-SARA is to ensure the SARA initiative offers a national solution rather than separate regional solutions.

### **SARA in the Midwest Region**

The Midwestern Higher Education Compact is the regional compact in which Missouri participates. MHEC employed staff to assist member states as they prepared to sign on to the reciprocity agreement. With the exception of Michigan and Wisconsin, all of the MHEC member states have passed legislation to authorize participation in SARA. As of October 15, 2014, three of the 12 MHEC member states (Indiana, Nebraska and North Dakota) have been approved to participate in SARA.

### **SARA in Missouri**

During the 2014 session, the legislature passed, and the Governor signed, House Bill 1389 providing the necessary authority for Missouri to participate in the Midwest-SARA agreement. The legislation grants authority to the Coordinating Board to enter into such agreements on behalf of the state and establishes a basic framework for the activities necessary to comply with the requirements of the reciprocity agreements. Those activities include review and approval of institutional participation, verification of the existence of basic consumer protection components, and establishment of a process to resolve complaints related to education delivered through the reciprocity agreement.

In order to successfully complete an application for participation by Missouri, the CBHE must establish a regulatory framework and process for implementing the SARA requirements. Attached to this agenda summary is the final draft of the proposed administrative rule for the implementation of SARA. It was developed initially by a team of MDHE staff, reviewed by the Presidential Advisory Committee as part of the September 2014 CBHE meeting, and publicized for comment by the higher education community on the MDHE website. All comments were supportive of the rule, with one making suggestions for minor changes, which were incorporated into this current version. The changes made since the September CBHE meeting are underlined in the attachment.

In addition, the draft rule was reviewed by staff of the Midwest Higher Education Compact and the National Council for State Authorization Reciprocity Agreements. This draft was provided to the MHEC SARA Steering Committee and has received recommendation for approval by the MHEC Board, pending approval by the CBHE.

### **Next Steps**

Upon approval by the CBHE, MDHE staff will begin the standard rulemaking process with the Office of the Secretary of State, which also includes a public comment period. In addition, the MDHE will notify MHEC of the approval of the rule and application for Missouri participation in SARA. Final action by MHEC is expected at the next commission meeting on November 16<sup>th</sup>.

### **STATUTORY REFERENCE**

Chapter 173.030, RSMo,

### **RECOMMENDED ACTION**

**It is recommended that the Coordinating Board approve the attached draft administrative rule and direct the Commissioner to file the rule with the Secretary of State so that it may become effective at the earliest possible date.**

**It also is recommended that the Coordinating Board approve the attached completed application for Missouri's participation in the State Authorization Reciprocity Agreement as tentatively approved by the Midwest Higher Education Compact SARA Steering Committee.**

### **ATTACHMENT(S)**

Attachment A: House Bill 1389  
Attachment B: Proposed Administrative Rule for Missouri's Participation in the Midwest State Authorization Reciprocity Agreement  
Attachment C: Application to Participate in the State Authorization Reciprocity Agreement

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1389**  
**97TH GENERAL ASSEMBLY**

4863L.03T

2014

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**AN ACT**

To repeal sections 173.030 and 174.450, RSMo, and to enact in lieu thereof two new sections relating to state authorization of reciprocity agreements for distance education.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 173.030 and 174.450, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 173.030 and 174.450, to read as follows:

173.030. The coordinating board, in addition, shall have responsibility, within the provisions of the constitution and the statutes of the state of Missouri, for:

(1) Requesting the governing boards of all state-supported institutions of higher education, and of major private institutions to submit to the coordinating board any proposed policy changes which would create additional institutions of higher education, additional residence centers, or major additions in degree and certificate programs, and make pertinent recommendations relating thereto;

(2) Recommending to the governing board of any institution of higher education in the state the development, consolidation, or elimination of programs, degree offerings, physical facilities or policy changes where that action is deemed by the coordinating board as in the best interests of the institutions themselves and/or the general requirements of the state. Recommendations shall be submitted to governing boards by twelve months preceding the term in which the action may take effect;

(3) Recommending to the governing boards of state-supported institutions of higher education, including public community colleges receiving state support, formulas to be employed in specifying plans for general operations, for development and expansion, and for requests for appropriations from the general assembly. Such recommendations will be submitted to the

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 governing boards by April first of each year preceding a regular session of the general assembly  
19 of the state of Missouri;

20 (4) Promulgating rules to include selected off-campus instruction in public college and  
21 university appropriation recommendations where prior need has been established in areas  
22 designated by the coordinating board for higher education. Funding for such off-campus  
23 instruction shall be included in the appropriation recommendations, shall be determined by the  
24 general assembly and shall continue, within the amounts appropriated therefor, unless the general  
25 assembly disapproves the action by concurrent resolution;

26 (5) Coordinating reciprocal agreements between or among Missouri state institutions of  
27 higher education at the request of one or more of the institutions party to the agreement, and  
28 between or among Missouri state institutions of higher education and publicly supported higher  
29 education institutions located outside the state of Missouri at the request of any Missouri  
30 institution party to the agreement;

31 (6) **Entering into agreements for interstate reciprocity regarding the delivery of**  
32 **postsecondary distance education, administering such agreements, and approving or**  
33 **disapproving applications to participate in such agreements from a postsecondary**  
34 **institution that has its principal campus in the state of Missouri:**

35 (a) **The coordinating board shall establish standards for institutional approval.**  
36 **Those standards shall include, but are not limited to the:**

37 a. **Definition of physical presence for non-Missouri institutions serving Missouri**  
38 **residents consistent with other states' definitions of physical presence; and**

39 b. **Establishment of consumer protection policies for distance education addressing**  
40 **recruitment and marketing activities; disclosure of tuition, fees, and other charges;**  
41 **disclosure of admission processes and procedures; and student complaints;**

42 (b) **The coordinating board shall establish policies for the review and resolution of**  
43 **student complaints arising from distance education programs offered under the agreement;**

44 (c) **The coordinating board may charge fees to any institution that applies to**  
45 **participate in an interstate postsecondary distance education reciprocity agreement**  
46 **authorized pursuant to this section. Such fees shall not exceed the coordinating board for**  
47 **higher education's cost of reviewing and evaluating the applications; and**

48 (d) **The coordinating board shall promulgate rules to implement the provisions of**  
49 **this subdivision. Any rule or portion of a rule, as that term is defined in section 536.010,**  
50 **that is created under the authority delegated in this section shall become effective only if**  
51 **it complies with and is subject to all of the provisions of chapter 536 and, if applicable,**  
52 **section 536.028. This section and chapter 536 are nonseverable and if any of the powers**  
53 **vested with the general assembly pursuant to chapter 536 to review, to delay the effective**

54 **date, or to disapprove and annul a rule are subsequently held unconstitutional, then the**  
55 **grant of rulemaking authority and any rule proposed or adopted after August 28, 2014,**  
56 **shall be invalid and void;**

57 (7) Administering the nurse training incentive fund;

58 [(7)] (8) Conducting, in consultation with each public four-year institution's governing  
59 board and the governing board of technical colleges and community colleges, a review every five  
60 years of the mission statements of the institutions comprising Missouri's system of public higher  
61 education. This review shall be based upon the needs of the citizens of the state as well as the  
62 requirements of business, industry, the professions and government. The purpose of this review  
63 shall be to ensure that Missouri's system of higher education is responsive to the state's needs and  
64 is focused, balanced, cost-effective, and characterized by programs of high quality as  
65 demonstrated by student performance and program outcomes. As a component of this review,  
66 each institution shall prepare, in a manner prescribed by the coordinating board, a mission  
67 implementation plan for the coordinating board's consideration and approval. If the coordinating  
68 board determines that an institution has qualified for a mission change or additional targeted  
69 resources pursuant to review conducted under this subdivision and subdivision [(8)] (9) of this  
70 subsection, the coordinating board shall submit a report to the general assembly that outlines the  
71 proposed mission change or targeted state resources. No change of mission for an institution  
72 under this subdivision establishing a statewide mission shall become effective until the general  
73 assembly approves the proposed mission change by concurrent resolution, except for the  
74 institution defined pursuant to subdivision (1) of section 174.010, and has been approved by the  
75 coordinating board and the institutions for which the coordinating board has recommended a  
76 statewide mission prior to August 28, 1995. The effective date of any mission change under this  
77 subdivision shall be the first day of July immediately following the approval of the concurrent  
78 resolution by the general assembly as required under this subdivision, and shall be August 28,  
79 1995, for any institution for which the coordinating board has recommended a statewide mission  
80 which has not yet been implemented on such date. Nothing in this subdivision shall preclude  
81 an institution from initiating a request to the coordinating board for a revision of its mission; and

82 [(8)] (9) Reviewing applications from institutions seeking a statewide mission. Such  
83 institutions shall provide evidence to the coordinating board that they have the capacity to  
84 discharge successfully such a mission. Such evidence shall consist of the following:

85 (a) That the institution enrolls a representative cross-section of Missouri students.  
86 Examples of evidence for meeting this requirement which the institution may present include,  
87 but are not limited to, the following: enrolling at least forty percent of its Missouri resident,  
88 first-time degree-seeking freshmen from outside its historic statutory service region; enrolling  
89 its Missouri undergraduate students from at least eighty percent of all Missouri counties; or

90 enrolling one or more groups of special population students such as minorities, economically  
91 disadvantaged, or physically disadvantaged from outside its historic statutory service region at  
92 rates exceeding state averages of such populations enrolled in the higher educational institutions  
93 of this state;

94 (b) That the institution offers one or more programs of unusual strength which respond  
95 to a specific statewide need. Examples of evidence of meeting this requirement which the  
96 institution may present include, but are not limited to, the following: receipt of national,  
97 discipline-specific accreditation when available; receipt of independent certification for meeting  
98 national or state standards or requirements when discipline-specific accreditation is not available;  
99 for occupationally specific programs, placement rates significantly higher than average; for  
100 programs for which state or national licensure is required or for which state or national licensure  
101 or registration is available on a voluntary basis, licensure or registration rates for graduates  
102 seeking such recognition significantly higher than average; or quality of program faculty as  
103 measured by the percentage holding terminal degrees, the percentage writing publications in  
104 professional journals or other appropriate media, and the percentage securing competitively  
105 awarded research grants which are higher than average;

106 (c) That the institution has a clearly articulated admission standard consistent with the  
107 provisions of subdivision (4) of subsection 2 of section 173.005 or section 174.130;

108 (d) That the institution is characterized by a focused academic environment which  
109 identifies specific but limited areas of academic emphasis at the undergraduate, and if  
110 appropriate, at the graduate and professional school levels, including the identification of  
111 programs to be continued, reduced, terminated or targeted for excellence. The institution shall,  
112 consistent with its focused academic environment, also have the demonstrable capacity to  
113 provide significant public service or research support that address statewide needs for  
114 constituencies beyond its historic statutory service region; and

115 (e) That the institution has adopted and maintains a program of continuous quality  
116 improvement, or the equivalent of such a program, and reports annually appropriate and  
117 verifiable measures of institutional accountability related to such program. Such measures shall  
118 include, but not be limited to, indicators of student achievement and institutional mission  
119 attainment such as percentage of students meeting institutional admission standards; success of  
120 remediation programs, if offered; student retention rate; student graduation rate; objective  
121 measures of student, alumni, and employer satisfaction; objective measures of student learning  
122 in general education and the major, including written and oral communication skills and critical  
123 thinking skills; percentage of students attending graduate or professional schools; student  
124 placement, licensure and professional registration rates when appropriate to a program's  
125 objectives; objective measures of successful attainment of statewide goals as may be expressed

126 from time to time by the coordinating board or by the general assembly; and objective measures  
127 of faculty teaching effectiveness. In the development and evaluation of these institutional  
128 accountability reports, the coordinating board and institutions are expected to use multiple  
129 measures of success, including nationally developed and verified as well as locally developed  
130 and independently verified assessment instruments; however, preference shall be given to  
131 nationally developed instruments when they are available and if they are appropriate. Institutions  
132 which serve or seek to serve a statewide mission shall be judged to have met the prerequisites  
133 for such a mission when they demonstrate to the coordinating board that they have met the  
134 criteria described in this subdivision. As a component of this process, each institution shall  
135 prepare, in a manner prescribed by the coordinating board, a mission implementation plan for  
136 the coordinating board's consideration and approval.

174.450. 1. Except as provided in subsection 2 and subsection 6 of this section, the  
2 governing board of the University of Central Missouri, Missouri State University, Missouri  
3 Southern State University, Missouri Western State University, and of each other public  
4 institution of higher education which, through the procedures established in subdivision [(7) or]  
5 (8) **or (9)** of section 173.030, is charged with a statewide mission shall be a board of governors  
6 consisting of eight members, composed of seven voting members and one nonvoting member  
7 as provided in sections 174.453 and 174.455, who shall be appointed by the governor of  
8 Missouri, by and with the advice and consent of the senate. No person shall be appointed a  
9 voting member who is not a citizen of the United States and who has not been a resident of the  
10 state of Missouri for at least two years immediately prior to such appointment. Not more than  
11 four voting members shall belong to any one political party. The appointed members of the  
12 board of regents serving on the date of the statutory mission change shall become members of  
13 the board of governors on the effective date of the statutory mission change and serve until the  
14 expiration of the terms for which they were appointed. The board of regents of any such  
15 institution shall be abolished on the effective date of the statutory mission change, as prescribed  
16 in subdivision [(7) or] (8) **or (9)** of section 173.030.

2. The governing board of Missouri State University, a public institution of higher  
18 education charged with a statewide mission in public affairs, shall be a board of governors of ten  
19 members, composed of nine voting members and one nonvoting member, who shall be appointed  
20 by the governor, by and with the advice and consent of the senate. The nonvoting member shall  
21 be a student selected in the same manner as prescribed in section 174.055. At least one but no  
22 more than two voting members shall be appointed to the board from each congressional district,  
23 and every member of the board shall be a citizen of the United States, and a resident of this state

24 for at least two years prior to his or her appointment. No more than five voting members shall  
25 belong to any one political party. The term of office of the governors shall be six years, except  
26 as provided in this subsection. The term of office for those appointed hereafter shall end January  
27 first in years ending in an odd number. For the six voting members' terms that expired in 2011,  
28 the successors shall be appointed in the following manner:

29 (1) Of the five voting members' terms that expired on August 28, 2011, one successor  
30 member shall be appointed, or the existing member shall be reappointed, to a term that shall  
31 expire on January 1, 2013;

32 (2) Of the five voting members' terms that expired on August 28, 2011, two successor  
33 members shall be appointed, or the existing members shall be reappointed, to terms that shall  
34 expire on January 1, 2015;

35 (3) Of the five voting members' terms that expired on August 28, 2011, two successor  
36 members shall be appointed, or the existing members shall be reappointed, to a term that shall  
37 expire on January 1, 2017; and

38 (4) For the voting member's term that expired on January 1, 2011, the successor member  
39 shall be appointed, or the existing member shall be reappointed, to a term that shall expire on  
40 January 1, 2017.

41 Notwithstanding any provision of law to the contrary, nothing in this section relating to a change  
42 in the composition and configuration of congressional districts in this state shall prohibit a  
43 member who is serving a term on August 28, 2011, from completing his or her term.

44 3. If a voting member of the board of governors of Missouri State University is found  
45 by unanimous vote of the other governors to have moved such governor's residence from the  
46 district from which such governor was appointed, then the office of such governor shall be  
47 forfeited and considered vacant.

48 4. Should the total number of Missouri congressional districts be altered, all members  
49 of the board of governors of Missouri State University shall be allowed to serve the remainder  
50 of the term for which they were appointed.

51 5. Should the boundaries of any congressional districts be altered in a manner that  
52 displaces a member of the board of governors of Missouri State University from the  
53 congressional district from which the member was appointed, the member shall be allowed to  
54 serve the remainder of the term for which the member was appointed.

55 6. The governing board of Missouri Southern State University shall be a board of  
56 governors consisting of nine members, composed of eight voting members and one nonvoting  
57 member as provided in sections 174.453 and 174.455, who shall be appointed by the governor

58 of Missouri, by and with the advice and consent of the senate. No person shall be appointed a  
59 voting member who is not a citizen of the United States and who has not been a resident of the  
60 state of Missouri for at least two years immediately prior to such appointment. Not more than  
61 four voting members shall belong to any one political party.

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**Draft Administrative Rule  
Missouri Participation in the  
Midwest State Authorization Reciprocity Agreement**

**A. Definitions**

1. “Accredited” means: holding institutional accreditation by name as a U.S.-based institution from an accreditor recognized by the U.S. Department of Education.
2. “Approve” or “Approval” in the context of an institutional application to operate under SARA means: a written statement by a home state that an institution meets the standards required by SARA and is eligible to operate under SARA.
3. “Authorized” means: holding a current valid charter, license or other written document issued by a state, the federal government or a recognized Indian tribe, granting the named entity the authority to issue degrees and operate within a state or jurisdiction.
4. “Charter” means: a document bearing the word Charter issued by proper governmental authority that names a college or university as a degree-granting institution authorized to operate under the laws of the issuing jurisdiction.
5. “Clinical” means: a supervised field experience through which students earn academic credit through observation, treatment, and interaction with actual patients.
6. “Complaint” means: a formal assertion in writing that the terms of this agreement, or of laws, standards or regulations incorporated by this agreement, are being violated by a person, institution, state, agency or other organization or entity operating under the terms of this agreement.
7. “C-RAC Guidelines” and other uses of “C-RAC” refers to the *Interregional Guidelines for the Evaluation of Distance Education Programs (Online Learning)* for best practices in postsecondary distance education developed by leading practitioners of distance education and adopted by the Council of Regional Accrediting Commissions (C-RAC).
8. “Credits” means: numeric descriptors of completion of academic work applicable toward a degree, including the Carnegie unit system and competency units.
9. “Degree” means: An award conferred at the Associate level or higher by an institution as official recognition for the successful completion of a program of studies. (Based on IPEDS definition.)
10. “Distance Education” means: instruction offered by any means where the student and faculty member are in separate physical locations. It includes, but is not limited to, online, interactive video or correspondence courses or programs.

11. “Faculty” means: a professional individual employed by or contracting with an institution primarily to teach, conduct research or provide related professional education services.
12. “Home State” means: a member state where the institution holds its legal domicile for purposes of accreditation. To operate under SARA an institution must have a single home state.
13. “Host State” means: a member state in which an institution operates under the terms of this agreement, other than the home state.
14. “Hybrid” means: an educational program or course that includes both face-to-face and distance education. Also known by the name “blended” and, sometimes, other terms.
15. “Institution” means: a degree-granting postsecondary entity holding recognized accreditation for purposes of participation in SARA.
16. “Internship” means: a supervised field experience through which students earn academic credit and practical experience through training, observation, and interaction with employees and customers in an ongoing organizational or business setting. The term “internship” may be interchangeable with “externship” based on state or institutional definitions.
17. “Member State” means: any state, district or territory that has joined a SARA agreement through a regional compact.
18. “Non-degree award” means: a formal postsecondary award that does not carry the designation of Associate degree or higher.
19. “Operate” means: activities conducted by an institution in support of offering distance education degree or non-degree courses or programs in a state, including but not limited to instruction, marketing, recruiting, tutoring, field experiences and other student support services.
20. “Physical Presence” means: a measure by which a state defines the status of an educational institution’s presence within the state.

(A) Physical presence includes:

- a. A physical location for groups of five or more students to receive synchronous or asynchronous instruction;
- b. A requirement for students to meet in a location for instructional purposes more than twice per quarter or semester for a total of more than six contact or clock hours;
- c. Administrative office spaces for instructional and non-instructional staff;

- d. A physical site on behalf of an institution from which prospective students may receive information regarding enrollment or students may receive support services;
  - e. Short courses that require more than 20 contact hours;
  - f. A mailing address or phone exchange within the state.
- (B) An institution or an institution's program meeting one or more of the criteria for physical presence must meet the non-SARA requirements to operate legally in the State of Missouri. An institution is not considered to have a physical presence and therefore eligible for purposes of participation in SARA if it only:
- a. Advertises via print, billboard, mail or electronic media;
  - b. Offers courses or programs on military bases and enrollment is restricted to federal employees and family members;
  - c. Maintains a server, router or similar device in a facility that otherwise would not constitute a physical presence;
  - d. Employs faculty or other academic personnel who reside in the state;
  - e. Holds proctored exams at a Missouri location on behalf of the institution;
  - f. Recruits for a distance education program;
  - g. Participates in a consortia agreement to offer academic programs among SARA institutions and approved by each participating institution;
  - h. Has a contractual arrangement with the home or host state; or
  - i. Offers students educational field experiences or limited supervised field experiences in Missouri. Field experiences originating from campus-based programs are considered distance education for the purposes of participation in SARA if they place fewer than ten students per program cohort and do not involve multi-year contracts between the institution and a location within the host state.
21. "Portal Agency" means: the single agency designated by each SARA member state to serve as the interstate point of contact for SARA questions, complaints and other communications. The Department of Higher Education is the portal agency for the State of Missouri.
22. "Regional Compact" means: the New England Board of Higher Education, Midwestern Higher Education Compact, Southern Regional Education Board or Western Interstate

Commission for Higher Education. The Midwestern Higher Education Compact is the regional compact to which Missouri is a signatory.

23. “SARA” means: the State Authorization Reciprocity Agreement, which is an agreement among member states, districts and territories that establishes comparable national standards for interstate offering of postsecondary distance education courses and programs.
24. “State” means: any state, commonwealth, district, or organized territory of the United States.
25. “Supervised field experience” means: a student learning experience under the oversight of a supervisor, mentor, faculty member or other qualified professional, located in the host state, who has a direct or indirect reporting responsibility to the institution where the student is enrolled, whether or not credit is granted. Examples include practica, student teaching or internships. Independent off-campus study by individual students not engaged in a supervised field experience does not constitute a physical presence of a postsecondary institution in a SARA member state.

## **B. Responsibilities of Missouri Department of Higher Education**

1. Consistent with M-SARA requirements, MDHE will perform the following duties:
  - a. Serve as the primary point of contact for Missouri institutions participating in SARA for any issues that may arise between the institution and other SARA member states;
  - b. Serve as the point of contact for all other SARA member states and their agencies for questions about SARA within Missouri;
  - c. Determine whether a Missouri institution is eligible for participation in SARA, and lead any investigations regarding whether an institution is in compliance with SARA rules and policies; and
  - d. Serve as the contact point for complaints about any institutions in the state that are operating under SARA.
2. MDHE will require each Missouri applicant institution to apply for state approval using the standard SARA institutional application, including the agreement to operate under the C-RAC guidelines.
3. MDHE will review applications for renewal of approval to participate in SARA on an annual basis.
4. MDHE will recommend, and CBHE will approve, an annual fee schedule that provides sufficient funds to cover the administrative costs for oversight of SARA.

5. MDHE will verify institutional accreditation by an accrediting body recognized by the U.S. Department of Education. Such accreditation is considered by MDHE to be sufficient initial evidence of academic quality for approving institutions for participation in SARA.
6. MDHE will accept applications from accredited degree-granting institutions of all sectors. Applications are approved based on the same criteria regardless of sector.
7. For non-public institutions, MDHE will accept an institutional federal financial responsibility rating of 1.5 or above as sufficient evidence of financial stability to qualify for participation in SARA.
8. In the event an institution does not participate in federal Title IV financial aid, and therefore has no federal financial responsibility rating, MDHE will calculate this rating before allowing an institution to participate in SARA:
  - a. In the event an institution has a financial responsibility rating of 1.0 to 1.4, MDHE will consider the institution for participation in SARA if the institution provides one of the following:
    - i. A performance bond or irrevocable letter of credit in an amount equivalent to the unearned tuition of SARA students, or
    - ii. Evidence and commitment of sufficient financial resources available to the institution to meet the above requirement.
  - b. MDHE will not consider an initial or renewal application for participation in SARA from an institution with a financial responsibility rating less than 1.0.
9. In the event of an unanticipated closure or natural disaster impacting a campus, MDHE will work with the institution to develop and approve a plan for the protection of student records. All Missouri institutions participating in SARA must agree to provide a comprehensive plan for providing students with opportunities to complete their education program and for preservation of student records upon request from the MDHE.

### **C. Institutional Responsibilities**

1. Missouri institutions seeking participation in SARA must hold proper authorization from Missouri to offer postsecondary education, hold accreditation from an accrediting association recognized by the U.S. Department of Education, and maintain minimally accepted financial responsibility scores. (See Responsibilities of MDHE)
2. Any Missouri institution operating under SARA that offers courses or programs potentially leading to professional licensure must keep all students and potential students informed as to whether such offerings actually meet state licensing requirements. Failure to provide proper notice in one of the two ways listed below invalidates the SARA eligibility of the course or program offered:

- a. The institution will notify the applicant or student in writing that the institution has determined the course or program meets the requirements for professional licensure in the state where the applicant or student resides, or
- b. The institution will notify the applicant or student in writing that the institution cannot confirm the course or program meets requirements for professional licensure in the student's state. The institution must provide the student with current contact information for any applicable licensing boards and advise the student to determine whether the program meets requirements for licensure in the state where the student resides. Such contact information may include but is not limited to the current, active website of the applicable licensing board.

An e-mail dedicated solely to this purpose and sent to the student's best known e-mail address meets this requirement. The institution should use other means to notify the student if needed.

3. In order to maintain approval, an institution must agree to:
  - a. Abide by the *Interregional Guidelines for the Evaluation of Distance Education* adopted by the Council of Regional Accrediting Commissions, as summarized below:
    - i. Online learning is appropriate to the institution's mission and purposes.
    - ii. The institution's plans for developing, sustaining, and, if appropriate, expanding online learning offerings are integrated into its regular planning and evaluation processes.
    - iii. Online learning is incorporated into the institution's systems of governance and academic oversight.
    - iv. Curricula for the institution's online learning offerings are coherent, cohesive, and comparable in academic rigor to programs offered in traditional instructional formats.
    - v. The institution evaluates the effectiveness of its online learning offerings, including the extent to which the online learning goals are achieved, and uses the results of its evaluations to enhance the attainment of the goals.
    - vi. Faculty responsible for delivering the online learning curricula and evaluating students' success in achieving the online learning goals are appropriately qualified and effectively supported.
    - vii. The institution provides effective student and academic services to support students enrolled in online learning offerings.
    - viii. The institution provides sufficient resources to support and, if appropriate, expand its online learning offerings.

- ix. The institution assures the integrity of its online offerings.
  - b. Be responsible for the actions of any third-party providers used by the institution to engage in operations under SARA.
  - c. Notify MDHE of any negative changes to its accreditation status or financial stability.
  - d. Provide data necessary to monitor SARA activities, as determined by MDHE.
  - e. Submit annual participation fees as appropriate to NC-SARA and MDHE.
  - f. Make the institution and MDHE's complaint resolution policies readily available to applicants and students for coursework under SARA provisions. Readily available in this context means published as part of the institution's catalog or student handbook and/or published on the institution's website.
  - g. Work with MDHE to resolve any complaints arising from its students in SARA states and to abide by decisions of MDHE. Complaints must follow the institution's customary resolution procedure prior to being referred to MDHE under SARA procedures. Under SARA, MDHE will not accept complaints more than two years after the incident, complaints regarding grade appeals, or appeals related to student conduct violations. Complaints concerning criminal misconduct should be filed directly with local law enforcement authorities. Complaints relating to violations of Federal law should be filed directly with the Federal agency having jurisdiction over the matter in question (e.g., complaints regarding federal financial aid should be filed with the U.S. Department of Education).
  - h. Agree, in cases where the institution cannot fully deliver the instruction for which a student has contracted, to provide a reasonable alternative, as determined by MDHE, for delivering the instruction or reasonable financial compensation, as determined by MDHE, for the education the student did not receive.
4. In the event of an unanticipated closure or natural disaster impacting a campus, each institution has an obligation to work with MDHE to develop and receive approval of a plan for the protection of student records.

#### **D. Complaint Process**

1. If MDHE receives a complaint about a Missouri institution, the complainant will be contacted by MDHE staff (Academic Affairs or Proprietary School Certification, as appropriate) to determine if the complainant has exhausted the grievance process at the institution.
2. If the institutional grievance process has been completed, MDHE will provide appropriate forms to file a formal complaint against the institution. If the complainant has not utilized

the institutional remedies available, the individual will be directed to contact the institution to seek resolution.

3. The formal complaint must be submitted in writing using the form provided by MDHE. The complaint may be mailed or faxed and must include supporting materials as well as documentation verifying institutional remedies have been exhausted. MDHE staff will acknowledge receipt of the formal complaint in writing.
4. SARA-related complaints that fall within the jurisdiction of the department will be investigated and resolved as appropriate by the relevant unit of MDHE. SARA applies solely to those complaints resulting from distance education courses offered by participating institutions to students in other SARA states. It does not apply to distance education activity inside Missouri or to on-ground campuses. Complaints concerning criminal misconduct will be referred to local law enforcement authorities. Complaints relating to violations of Federal law will be referred to the Federal agency having jurisdiction over the matter in question.
5. Institutions will provide a response to the complaint within 10 working days of official notification by MDHE.
6. All parties to the complaint will be notified of its resolution by mail.
7. MDHE will keep a log of all complaints, record the date received, the name of the complainant, the institution against which the complaint is made, a brief description of the complaint and the date and nature of its disposition.



**National Council  
for State Authorization  
Reciprocity Agreements**

*A voluntary, regional approach  
to state oversight of distance education*

**Indicate Regional Compact:**

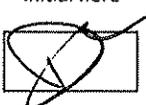
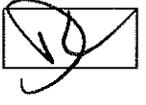
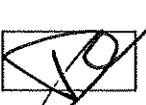
- Midwestern Higher Education Compact
- New England Board of Higher Education
- Southern Regional Education Board
- Western Interstate Commission for Higher Education

## Application and Evaluation Form for **State Membership** in SARA

A state that wants to apply for membership in the State Authorization Reciprocity Agreement (SARA) must submit this form and required documentation to its **Regional** education compact's SARA office.

A state may wish to include a cover letter and/or additional documentation to supplement the application and to strengthen the case for a state becoming a member of SARA.

To be accepted into a regional **State Authorization Reciprocity Agreement**, a state must agree that it can and will operate under the criteria for state membership established in the Regional agreements. The requirements for state membership are set forth below. For purposes of SARA, the term "state" includes the District of Columbia and the organized U.S. Territories.

<u>Applicant</u> State affirms meeting the requirement	<u>Requirements for State Membership in SARA</u>	<u>Evaluator</u> State meets the requirement	
Initial here		yes	no
	1. The state is a member of one of the four interstate higher education regional compacts that administer SARA, or has concluded an agreement with such a compact covering SARA activity.	<input type="checkbox"/>	<input type="checkbox"/>
	2. The state entity responsible for joining SARA has the legal authority under state law to enter an interstate agreement on behalf of the state and has provided a copy of the statutory or other legal authority documenting this.	<input type="checkbox"/>	<input type="checkbox"/>
	3. The state accepts institutional accreditation by an accrediting body recognized by the U.S. Secretary of Education as sufficient, initial evidence of academic quality for approving institutions for participation in SARA.	<input type="checkbox"/>	<input type="checkbox"/>
	4. The state considers applications from degree-granting institutions of all sectors (public, private non-profit and private for-profit) on the same basis and approves institutions that meet SARA standards and agree to SARA processes and commitments without differentiating by sector.	<input type="checkbox"/>	<input type="checkbox"/>
	5. For private institutions, the state accepts the U.S. Department of Education's institutional federal financial responsibility rating of 1.5 or above (or 1.0 -1.49 with additional justification) as indicating sufficient financial stability to qualify for participation in SARA.	<input type="checkbox"/>	<input type="checkbox"/>

## Requirements for State Membership in SARA (continued)

<u>Applicant</u>	<u>Evaluator</u>
State affirms meeting the requirement	State meets the requirement
Initial here	yes      no
<div style="display: flex; align-items: flex-start;"> <div style="border: 1px solid black; width: 40px; height: 20px; margin-right: 5px; text-align: center; line-height: 20px;"> </div> <div style="margin-left: 5px;"> <p>6. The state has a clearly articulated and comprehensive state process for consumer protection in regard to SARA activities, both with respect to initial institutional approval and on-going oversight, including the resolution of consumer complaints in all sectors, and has provided a copy of the complaint investigation and resolution process to be used to handle all complaints resulting from institutional operations (public and nonpublic) under SARA.</p> </div> </div>	<div style="display: flex; justify-content: space-around; width: 100%;"> <input type="checkbox"/> <input type="checkbox"/> </div>
<div style="display: flex; align-items: flex-start;"> <div style="border: 1px solid black; width: 40px; height: 20px; margin-right: 5px; text-align: center; line-height: 20px;"> </div> <div style="margin-left: 5px;"> <p>7. The state designates a "portal agency" as defined in SARA policies and standards to coordinate SARA matters for the state and provide a principal point of contact for resolution of student complaints.</p> </div> </div> <p style="margin-left: 40px; margin-top: 10px;">NOTE: The designated agency need not itself be responsible for all oversight activities of SARA providers inside the state, but will be the SARA portal for that state.</p>	<div style="display: flex; justify-content: space-around; width: 100%;"> <input type="checkbox"/> <input type="checkbox"/> </div>
<div style="display: flex; align-items: flex-start;"> <div style="border: 1px solid black; width: 40px; height: 20px; margin-right: 5px; text-align: center; line-height: 20px;"> </div> <div style="margin-left: 5px;"> <p>8. The state agrees that it will work cooperatively with other SARA states, regional compacts and NC-SARA to enable success of the initiative. It will follow up on requests for information or investigations from the SARA member states or any SARA regional or national office, providing such data or reports as are required.</p> </div> </div>	<div style="display: flex; justify-content: space-around; width: 100%;"> <input type="checkbox"/> <input type="checkbox"/> </div>
<div style="display: flex; align-items: flex-start;"> <div style="border: 1px solid black; width: 40px; height: 20px; margin-right: 5px; text-align: center; line-height: 20px;"> </div> <div style="margin-left: 5px;"> <p>9. The state agrees that it will not impose on an institution operating under SARA from another state any requirements, standards, fees or procedures other than those set forth in SARA policies and rules. This does not preclude the state from enforcing its laws against nondomestic institutions in subject areas outside those covered by SARA.</p> </div> </div>	<div style="display: flex; justify-content: space-around; width: 100%;"> <input type="checkbox"/> <input type="checkbox"/> </div>
<div style="display: flex; align-items: flex-start;"> <div style="border: 1px solid black; width: 40px; height: 20px; margin-right: 5px; text-align: center; line-height: 20px;"> </div> <div style="margin-left: 5px;"> <p>10. The state agrees to require each SARA applicant institution to apply for state approval using the standard SARA institutional application and agree to operate under the <i>Interregional Guidelines for the Evaluation of Distance Education</i> developed by the Council of Regional Accrediting Commissions (C-RAC), as summarized in SARA policy 5(2)1-9.</p> </div> </div>	<div style="display: flex; justify-content: space-around; width: 100%;"> <input type="checkbox"/> <input type="checkbox"/> </div>
<div style="display: flex; align-items: flex-start;"> <div style="border: 1px solid black; width: 40px; height: 20px; margin-right: 5px; text-align: center; line-height: 20px;"> </div> <div style="margin-left: 5px;"> <p>11. The state agrees to serve as the default forum for any SARA-related complaint filed against an institution approved by the state to participate in SARA. The state's SARA portal agency is responsible for coordinating any such efforts and is empowered to investigate and resolve complaints that originate outside of the state. All other state agencies and governing boards of SARA participant institutions shall assist as necessary in such investigations and report as needed to the portal agency. State remedies, if any, including refunds or other corrective action, must be available to resolve complaints involving residents of other states.</p> </div> </div>	<div style="display: flex; justify-content: space-around; width: 100%;"> <input type="checkbox"/> <input type="checkbox"/> </div>
<div style="display: flex; align-items: flex-start;"> <div style="border: 1px solid black; width: 40px; height: 20px; margin-right: 5px; text-align: center; line-height: 20px;"> </div> <div style="margin-left: 5px;"> <p>12. The state agrees to document:</p> <ul style="list-style-type: none"> <li>a) all formal complaints received;</li> <li>b) complaint notifications provided to institutions and accrediting agencies;</li> <li>c) actions taken that are commensurate with the severity of violations; and</li> <li>d) complaint resolutions.</li> </ul> </div> </div>	<div style="display: flex; justify-content: space-around; width: 100%;"> <input type="checkbox"/> <input type="checkbox"/> </div>

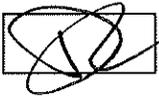
Requirements for State Membership in SARA (continued)

Applicant  
State affirms meeting  
the requirement

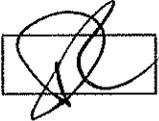
Evaluator  
State meets the  
requirement

Initial here

yes      no



13. The state agrees that it will promptly report complaints and concerns to the institutions about which the complaint is lodged, the home state SARA portal agency responsible for any such institution and, if appropriate, the relevant accrediting bodies.



14. The state has clear and well-documented policies and practices for addressing catastrophic events, as follows:

a. The state may request assistance from the institution's accreditor as the accreditor applies its standards under §602.24(c) of federal requirements for catastrophic events.

b. In the event of the unanticipated closure of an institution, the state has processes to assure that students receive the services for which they have paid or reasonable financial compensation for those not received. Such assurances may include tuition assurance funds, surety bonds, teach-out provisions or other practices deemed sufficient to protect consumers.

c. The state requires institutions to have adequate disaster recovery plans, particularly with respect to the protection of student records, or the state provides such a plan.

d. A SARA member state agrees to apply its policies and practices for catastrophic events consistently and equally within each sector (public, private non-profit, and private for-profit) to residents of any state.

Portal Agency Designation and Voluntary State Affirmation

State:

Portal Agency (principal SARA contact agency):

Mailing address of Portal Agency:

Web site of Portal Agency (location of state's SARA information):

Name of staff member in Portal Agency who is principal SARA contact<sup>1</sup>:

Phone number of principal SARA contact:

E-mail for principal SARA contact:

I, the undersigned representative of the State of , having the authority to commit the state to the SARA interstate agreement, agree that the state will abide by SARA requirements as stated above, have provided proof of those requirements needing documentation, and hereby apply for the state's admission to the SARA interstate agreement.

Signature:

Typed name of signatory officer:

Date signed:

Title of signatory state officer:

<sup>1</sup> The principal contact is the person with whom state agencies and regional compacts should communicate about the state's membership in SARA. It is not necessarily the state signatory officer or the person(s) whom institutions and students should contact regarding institutional membership in SARA, student complaints, and other matters regarding the normal discharge of a state's responsibilities under SARA.

# Missouri Revised Statutes

## Chapter 173 Department of Higher Education

[←173.0020.1](#)**Section 173.030.1**[173.0040.1→](#)

August 28, 2014

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**Additional responsibilities.**

173.030. The coordinating board, in addition, shall have responsibility, within the provisions of the constitution and the statutes of the state of Missouri, for:

- (1) Requesting the governing boards of all state-supported institutions of higher education, and of major private institutions to submit to the coordinating board any proposed policy changes which would create additional institutions of higher education, additional residence centers, or major additions in degree and certificate programs, and make pertinent recommendations relating thereto;
- (2) Recommending to the governing board of any institution of higher education in the state the development, consolidation, or elimination of programs, degree offerings, physical facilities or policy changes where that action is deemed by the coordinating board as in the best interests of the institutions themselves and/or the general requirements of the state. Recommendations shall be submitted to governing boards by twelve months preceding the term in which the action may take effect;
- (3) Recommending to the governing boards of state-supported institutions of higher education, including public community colleges receiving state support, formulas to be employed in specifying plans for general operations, for development and expansion, and for requests for appropriations from the general assembly. Such recommendations will be submitted to the governing boards by April first of each year preceding a regular session of the general assembly of the state of Missouri;
- (4) Promulgating rules to include selected off-campus instruction in public college and university appropriation recommendations where prior need has been established in areas designated by the coordinating board for higher education. Funding for such off-campus instruction shall be included in the appropriation recommendations, shall be determined by the general assembly and shall continue, within the amounts appropriated therefor, unless the general assembly disapproves the action by concurrent resolution;
- (5) Coordinating reciprocal agreements between or among Missouri state institutions of higher education at the request of one or more of the institutions party to the agreement, and between or among Missouri state institutions of higher education and publicly supported higher education institutions located outside the state of Missouri at the request of any Missouri institution party to the agreement;
- (6) Entering into agreements for interstate reciprocity regarding the delivery of postsecondary distance education, administering such agreements, and approving or disapproving applications to participate in such agreements from a postsecondary institution that has its principal campus in the state of Missouri:
  - (a) The coordinating board shall establish standards for institutional approval. Those standards shall include, but are not limited to the:
    - a. Definition of physical presence for non-Missouri institutions serving Missouri residents consistent with other states' definitions of physical presence; and

b. Establishment of consumer protection policies for distance education addressing recruitment and marketing activities; disclosure of tuition, fees, and other charges; disclosure of admission processes and procedures; and student complaints;

(b) The coordinating board shall establish policies for the review and resolution of student complaints arising from distance education programs offered under the agreement;

(c) The coordinating board may charge fees to any institution that applies to participate in an interstate postsecondary distance education reciprocity agreement authorized pursuant to this section. Such fees shall not exceed the coordinating board for higher education's cost of reviewing and evaluating the applications; and

(d) The coordinating board shall promulgate rules to implement the provisions of this subdivision. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2014, shall be invalid and void;

(7) Administering the nurse training incentive fund;

(8) Conducting, in consultation with each public four-year institution's governing board and the governing board of technical colleges and community colleges, a review every five years of the mission statements of the institutions comprising Missouri's system of public higher education. This review shall be based upon the needs of the citizens of the state as well as the requirements of business, industry, the professions and government. The purpose of this review shall be to ensure that Missouri's system of higher education is responsive to the state's needs and is focused, balanced, cost-effective, and characterized by programs of high quality as demonstrated by student performance and program outcomes. As a component of this review, each institution shall prepare, in a manner prescribed by the coordinating board, a mission implementation plan for the coordinating board's consideration and approval. If the coordinating board determines that an institution has qualified for a mission change or additional targeted resources pursuant to review conducted under this subdivision and subdivision (9) of this subsection, the coordinating board shall submit a report to the general assembly that outlines the proposed mission change or targeted state resources. No change of mission for an institution under this subdivision establishing a statewide mission shall become effective until the general assembly approves the proposed mission change by concurrent resolution, except for the institution defined pursuant to subdivision (1) of section 174.010, and has been approved by the coordinating board and the institutions for which the coordinating board has recommended a statewide mission prior to August 28, 1995. The effective date of any mission change under this subdivision shall be the first day of July immediately following the approval of the concurrent resolution by the general assembly as required under this subdivision, and shall be August 28, 1995, for any institution for which the coordinating board has recommended a statewide mission which has not yet been implemented on such date. Nothing in this subdivision shall preclude an institution from initiating a request to the coordinating board for a revision of its mission; and

(9) Reviewing applications from institutions seeking a statewide mission. Such institutions shall provide evidence to the coordinating board that they have the capacity to discharge successfully such a mission. Such evidence shall consist of the following:

(a) That the institution enrolls a representative cross-section of Missouri students. Examples of evidence for meeting this requirement which the institution may present include, but are not limited to, the following: enrolling at least forty percent of its Missouri resident, first-time degree-seeking freshmen from outside its historic statutory service region; enrolling its Missouri undergraduate students from at least eighty percent of all

Missouri counties; or enrolling one or more groups of special population students such as minorities, economically disadvantaged, or physically disadvantaged from outside its historic statutory service region at rates exceeding state averages of such populations enrolled in the higher educational institutions of this state;

(b) That the institution offers one or more programs of unusual strength which respond to a specific statewide need. Examples of evidence of meeting this requirement which the institution may present include, but are not limited to, the following: receipt of national, discipline-specific accreditation when available; receipt of independent certification for meeting national or state standards or requirements when discipline-specific accreditation is not available; for occupationally specific programs, placement rates significantly higher than average; for programs for which state or national licensure is required or for which state or national licensure or registration is available on a voluntary basis, licensure or registration rates for graduates seeking such recognition significantly higher than average; or quality of program faculty as measured by the percentage holding terminal degrees, the percentage writing publications in professional journals or other appropriate media, and the percentage securing competitively awarded research grants which are higher than average;

(c) That the institution has a clearly articulated admission standard consistent with the provisions of subdivision (4) of subsection 2 of section 173.005 or section 174.130 ;

(d) That the institution is characterized by a focused academic environment which identifies specific but limited areas of academic emphasis at the undergraduate, and if appropriate, at the graduate and professional school levels, including the identification of programs to be continued, reduced, terminated or targeted for excellence. The institution shall, consistent with its focused academic environment, also have the demonstrable capacity to provide significant public service or research support that address statewide needs for constituencies beyond its historic statutory service region; and

(e) That the institution has adopted and maintains a program of continuous quality improvement, or the equivalent of such a program, and reports annually appropriate and verifiable measures of institutional accountability related to such program. Such measures shall include, but not be limited to, indicators of student achievement and institutional mission attainment such as percentage of students meeting institutional admission standards; success of remediation programs, if offered; student retention rate; student graduation rate; objective measures of student, alumni, and employer satisfaction; objective measures of student learning in general education and the major, including written and oral communication skills and critical thinking skills; percentage of students attending graduate or professional schools; student placement, licensure and professional registration rates when appropriate to a program's objectives; objective measures of successful attainment of statewide goals as may be expressed from time to time by the coordinating board or by the general assembly; and objective measures of faculty teaching effectiveness. In the development and evaluation of these institutional accountability reports, the coordinating board and institutions are expected to use multiple measures of success, including nationally developed and verified as well as locally developed and independently verified assessment instruments; however, preference shall be given to nationally developed instruments when they are available and if they are appropriate. Institutions which serve or seek to serve a statewide mission shall be judged to have met the prerequisites for such a mission when they demonstrate to the coordinating board that they have met the criteria described in this subdivision. As a component of this process, each institution shall prepare, in a manner prescribed by the coordinating board, a mission implementation plan for the coordinating board's consideration and approval.

(L. 1963 p. 350 § 3, A.L. 1988 H.B. 1456, A.L. 1990 H.B. 1429, A.L. 1995 S.B. 340, A.L. 2014 H.B. 1389)

## CBHE POLICY ON COMPLAINT RESOLUTION

### Introduction

In order for institutions of higher education to participate in the federal student aid programs authorized by Title IV of the Higher Education Act of 1965, an institution must be legally authorized to provide post-secondary educational programs within the state in which it is located. By rule promulgated by the U.S. Department of Education, part of this "state authorization" requirement is that the state must have "a process to review and appropriately act on complaints concerning the institution including enforcing applicable State laws ...." 34 C.F.R. § 600.9(a)(1). For its part, the institution must "provide students or prospective students with contact information for filing complaints with its accreditor and with its State approval or licensing entity and any other relevant State official or agency that would appropriately handle the student's complaint." *Id.* at § 668.43(b).

The Coordinating Board has determined that from the perspective of the institutions and of students and prospective students, it is preferable to have a simplified process with a central clearinghouse for addressing complaints rather than a complex matrix of contact points that might not cover every possible complaint and might also easily become outdated. Therefore, this policy sets out a process by which the Missouri Department of Higher Education will serve as the clearinghouse for complaints concerning colleges and universities authorized to operate in the State of Missouri, acting on those within its purview and forwarding those that are not to other entities for their appropriate action.

### Complaints Not Covered

Complaints concerning laws not applicable to a state institution of higher education are not covered by this policy. Complaints of criminal misconduct should be filed directly with local law enforcement authorities. Complaints relating to violations of Federal law should be filed directly with the Federal agency having cognizance over the matter in question (e.g., violations of the Family Educational Rights and Privacy Act with the U.S. Department of Education).

### Exhaustion of Remedies at the Institutional Level

Many issues fall within areas that generally are within the sole purview of an institution and its governing board. Examples include, but may not be limited to, complaints related to student life (such as, student housing, dining facilities, or student activities and organizations) and certain academic affairs (such as the assignment of grades). Moreover, issues or complaints are generally more speedily and appropriately resolved within the grievance channels available at the institution. Face-to-face discussion of the matter through open door policies or other informal means is the preferred starting point. Should that fail, the complainant should use formal dispute resolution mechanisms provided by the institution. Exhaustion of all informal and formal institutional processes, including both campus processes and any applicable system processes, is a prerequisite to filing any formal complaint with the MDHE pursuant to this policy.

### Process

If a mutually agreeable resolution cannot be reached at the institutional level, the student or prospective student may proceed with the MDHE's formal complaint process. The complaint must be submitted in writing, using a complaint form provided by the MDHE. It may be mailed or faxed to the department and should include any other supporting documentation. The MDHE will acknowledge receipt of the complaint, either in writing or by email. Such acknowledgment,

however, will not constitute a determination that the complaint addresses a law applicable to the institution or otherwise is a complaint covered by the policy. If there is no indication that institutional remedies have been exhausted, the complaint will be returned for that purpose.

**Filing a complaint pursuant to this policy cannot, and does not, extend or satisfy any statutory deadlines that may apply to filing particular complaints with any other state or federal agency having jurisdiction over such matters.**

Complaints that fall within the jurisdiction of the CBHE will be investigated and resolved as appropriate by the relevant unit of the MDHE. Complaints that fall within the jurisdiction of another State agency or are within the purview of an institution's accrediting body will be forwarded to that agency for appropriate investigation and resolution. The agency to which the complaint is forwarded will keep the MDHE apprised of on-going status and final disposition of the complaint. All parties to the complaint will be notified of its resolution by mail.

The MDHE will keep a log of all complaints and record the date received, the name of the complainant, the institution against which the complaint is made, a brief description of the complaint, the agency addressing the complaint, and the date and nature of its disposition.

**Note: Prior to initiating this formal process, complainants must first call the MDHE at 573-526-1577 to indicate their desire to file a complaint. At that time, the MDHE will ascertain whether the issue can be resolved through informal means and also determine whether administrative processes available within the institution of concern have been exhausted. If after that screening the complainant still desires to initiate a formal complaint, the MDHE will send the complainant the form to be filled out and returned for that purpose.**



**PROPRIETARY SCHOOL CERTIFICATION PROGRAM  
SCHOOL COMPLAINT FORM • UPDATED MARCH 2013**

P.O. Box 1469, Jefferson City, MO 65102-1469 • www.dhe.mo.gov  
Phone: 573-751-2361 Fax: 573-751-6635 Information Center: 800-473-6757

The completed complaint form will be shared with the director or owner of the school named in the complaint, and a response will be requested regarding the complaint. It is important to understand that complaint resolution must be made on the basis of documentation available to the department. Filing a complaint does not assure the solution you seek.

**1. INFORMATION ABOUT YOURSELF**

Last Name	First Name		Telephone
Street Address	City	State	Zip Code

**2. INFORMATION ABOUT THE SCHOOL**

School Name	Email		Telephone
Street Address	City	State	Zip Code

**3. ARE YOU CURRENTLY ENROLLED IN CLASSES AT THIS SCHOOL?**  YES  NO

If No, please complete the remaining parts of Question 3. If Yes, skip to Question 4.

A. I was enrolled from MONTH/YEAR	through MONTH/YEAR
B. I am no longer enrolled because I: <input type="checkbox"/> graduated, <input type="checkbox"/> withdrew, or <input type="checkbox"/> was terminated by the school.	
C. Current status: <input type="checkbox"/> Employed <input type="checkbox"/> Unemployed <input type="checkbox"/> Student <input type="checkbox"/> Other (Explain):	

**4. INFORMATION ABOUT THE PROGRAM IN WHICH YOU ARE/WERE ENROLLED**

Program Title
Level: <input type="checkbox"/> Certificate <input type="checkbox"/> Degree <input type="checkbox"/> Diploma



**PROPRIETARY SCHOOL CERTIFICATION PROGRAM  
SCHOOL COMPLAINT FORM • UPDATED MARCH 2013**

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Phone: 573-751-2361 Fax: 573-751-6635 Information Center: 800-473-6757

**5. DESCRIPTION OF COMPLAINT  
(PLEASE TYPE OR PRINT CLEARLY, USE ADDITIONAL SHEETS IF NECESSARY.)**

Describe your complaint in detail including events, names, dates, places and any other related information. Attach or enclose any written, printed, photographic, or other documentary material which supports your complaint including contracts, cancelled checks, billings and letters. ATTACH COPIES ONLY as all material submitted becomes the property of the Missouri Department of Higher Education and will not be returned.

Form Continues on Page 3.



# PROPRIETARY SCHOOL CERTIFICATION PROGRAM SCHOOL COMPLAINT FORM • UPDATED MARCH 2013

P.O. Box 1469, Jefferson City, MO 65102-1469 • www.dhe.mo.gov  
Phone: 573-751-2361 Fax: 573-751-6635 Information Center: 800-473-6757

**6. DESCRIPTION OF ACTIONS TAKEN BY YOU TO RESOLVE THE COMPLAINT  
(PLEASE TYPE OR PRINT CLEARLY, USE ADDITIONAL SHEETS IF NECESSARY.)**

Describe all actions you have taken to resolve your complaint, including actions taken with the school directly, consumer complaint agencies and attorneys. Give names, dates and results. Attach copies of any letters, forms or other documents which verify the actions described. ATTACH COPIES ONLY as all materials submitted become property of the Missouri Department of Higher Education and will not be returned.

Form Continues on Page 4.



**PROPRIETARY SCHOOL CERTIFICATION PROGRAM  
SCHOOL COMPLAINT FORM • UPDATED MARCH 2013**

P.O. Box 1469, Jefferson City, MO 65102-1469 • www.dhe.mo.gov  
Phone: 573-751-2361 Fax: 573-751-6635 Information Center: 800-473-6757

**7. WHAT ACTION ARE YOU SEEKING AS A SOLUTION TO YOUR COMPLAINT?**

--

*I hereby attest to the accuracy of the statements made in this complaint and authorize the provision of a copy of this complaint and information to the school against whom the complaint is filed.*

Print Name	
Signature	Date

**Draft Administrative Rule**  
**Missouri Participation in the**  
**Midwest State Authorization Reciprocity Agreement**

**A. Definitions**

1. “Accredited” means: holding institutional accreditation by name as a U.S.-based institution from an accreditor recognized by the U.S. Department of Education.
2. “Approve” or “Approval” in the context of an institutional application to operate under SARA means: a written statement by a home state that an institution meets the standards required by SARA and is eligible to operate under SARA.
3. “Authorized” means: holding a current valid charter, license or other written document issued by a state, the federal government or a recognized Indian tribe, granting the named entity the authority to issue degrees and operate within a state or jurisdiction.
4. “Charter” means: a document bearing the word Charter issued by proper governmental authority that names a college or university as a degree-granting institution authorized to operate under the laws of the issuing jurisdiction.
5. “Clinical” means: a supervised field experience through which students earn academic credit through observation, treatment, and interaction with actual patients.
6. “Complaint” means: a formal assertion in writing that the terms of this agreement, or of laws, standards or regulations incorporated by this agreement, are being violated by a person, institution, state, agency or other organization or entity operating under the terms of this agreement.
7. “C-RAC Guidelines” and other uses of “C-RAC” refers to the *Interregional Guidelines for the Evaluation of Distance Education Programs (Online Learning)* for best practices in postsecondary distance education developed by leading practitioners of distance education and adopted by the Council of Regional Accrediting Commissions (C-RAC).
8. “Credits” means: numeric descriptors of completion of academic work applicable toward a degree, including the Carnegie unit system and competency units.
9. “Degree” means: An award conferred at the Associate level or higher by an institution as official recognition for the successful completion of a program of studies. (Based on IPEDS definition.)
10. “Distance Education” means: instruction offered by any means where the student and faculty member are in separate physical locations. It includes, but is not limited to, online, interactive video or correspondence courses or programs.

11. "Faculty" means: a professional individual employed by or contracting with an institution primarily to teach, conduct research or provide related professional education services.
12. "Home State" means: a member state where the institution holds its legal domicile for purposes of accreditation. To operate under SARA an institution must have a single home state.
13. "Host State" means: a member state in which an institution operates under the terms of this agreement, other than the home state.
14. "Hybrid" means: an educational program or course that includes both face-to-face and distance education. Also known by the name "blended" and, sometimes, other terms.
15. "Institution" means: a degree-granting postsecondary entity holding recognized accreditation for purposes of participation in SARA.
16. "Internship" means: a supervised field experience through which students earn academic credit and practical experience through training, observation, and interaction with employees and customers in an ongoing organizational or business setting. The term "internship" may be interchangeable with "externship" based on state or institutional definitions.
17. "Member State" means: any state, district or territory that has joined a SARA agreement through a regional compact.
18. "Non-degree award" means: a formal postsecondary award that does not carry the designation of Associate degree or higher.
19. "Operate" means: activities conducted by an institution in support of offering distance education degree or non-degree courses or programs in a state, including but not limited to instruction, marketing, recruiting, tutoring, field experiences and other student support services.
20. "Physical Presence" means: a measure by which a state defines the status of an educational institution's presence within the state.

(A) Physical presence includes:

- a. A physical location for groups of five or more students to receive synchronous or asynchronous instruction;
- b. A requirement for students to meet in a location for instructional purposes more than twice per quarter or semester for a total of more than six contact or clock hours;
- c. Administrative office spaces for instructional and non-instructional staff;

- d. A physical site on behalf of an institution from which prospective students may receive information regarding enrollment or students may receive support services;
- e. Short courses that require more than 20 contact hours;
- f. A mailing address or phone exchange within the state.

(B) An institution or an institution's program meeting one or more of the criteria for physical presence must meet the non-SARA requirements to operate legally in the State of Missouri. An institution is not considered to have a physical presence and therefore eligible for purposes of participation in SARA if it only:

- a. Advertises via print, billboard, mail or electronic media;
- b. Offers courses or programs on military bases and enrollment is restricted to federal employees and family members;
- c. Maintains a server, router or similar device in a facility that otherwise would not constitute a physical presence;
- d. Employs faculty or other academic personnel who reside in the state;
- e. Holds proctored exams at a Missouri location on behalf of the institution;
- f. Recruits for a distance education program;
- g. Participates in a consortia agreement to offer academic programs among SARA institutions and approved by each participating institution;
- h. Has a contractual arrangement with the home or host state; or
- i. Offers students educational field experiences or limited supervised field experiences in Missouri. Field experiences originating from campus-based programs are considered distance education for the purposes of participation in SARA if they place fewer than ten students per program cohort and do not involve multi-year contracts between the institution and a location within the host state.

21. "Portal Agency" means: the single agency designated by each SARA member state to serve as the interstate point of contact for SARA questions, complaints and other communications. The Department of Higher Education is the portal agency for the State of Missouri.

22. "Regional Compact" means: the New England Board of Higher Education, Midwestern Higher Education Compact, Southern Regional Education Board or Western Interstate

Commission for Higher Education. The Midwestern Higher Education Compact is the regional compact to which Missouri is a signatory.

23. "SARA" means: the State Authorization Reciprocity Agreement, which is an agreement among member states, districts and territories that establishes comparable national standards for interstate offering of postsecondary distance education courses and programs.
24. "State" means: any state, commonwealth, district, or organized territory of the United States.
25. "Supervised field experience" means: a student learning experience under the oversight of a supervisor, mentor, faculty member or other qualified professional, located in the host state, who has a direct or indirect reporting responsibility to the institution where the student is enrolled, whether or not credit is granted. Examples include practica, student teaching or internships. Independent off-campus study by individual students not engaged in a supervised field experience does not constitute a physical presence of a postsecondary institution in a SARA member state.

## **B. Responsibilities of Missouri Department of Higher Education**

1. Consistent with M-SARA requirements, MDHE will perform the following duties:
  - a. Serve as the primary point of contact for Missouri institutions participating in SARA for any issues that may arise between the institution and other SARA member states;
  - b. Serve as the point of contact for all other SARA member states and their agencies for questions about SARA within Missouri;
  - c. Determine whether a Missouri institution is eligible for participation in SARA, and lead any investigations regarding whether an institution is in compliance with SARA rules and policies; and
  - d. Serve as the contact point for complaints about any institutions in the state that are operating under SARA.
2. MDHE will require each Missouri applicant institution to apply for state approval using the standard SARA institutional application, including the agreement to operate under the C-RAC guidelines.
3. MDHE will review applications for renewal of approval to participate in SARA on an annual basis.
4. MDHE will recommend, and CBHE will approve, an annual fee schedule that provides sufficient funds to cover the administrative costs for oversight of SARA.

5. MDHE will verify institutional accreditation by an accrediting body recognized by the U.S. Department of Education. Such accreditation is considered by MDHE to be sufficient initial evidence of academic quality for approving institutions for participation in SARA.
6. The MDHE will accept applications from accredited degree-granting institutions of all sectors. Applications are approved based on the same criteria regardless of sector.
7. For non-public institutions, the MDHE will accept an institutional federal financial responsibility rating of 1.5 or above as sufficient evidence of financial stability to qualify for participation in SARA.
8. In the event an institution does not participate in federal Title IV financial aid, and therefore has no federal financial responsibility rating, MDHE will calculate this rating before allowing an institution to participate in SARA:
  - a. In the event an institution has a financial responsibility rating of 1.0 to 1.4, MDHE will consider the institution for participation in SARA if the institution provides one of the following:
    - i. A performance bond or irrevocable letter of credit in an amount equivalent to the unearned tuition of SARA students, or
    - ii. Evidence and commitment of sufficient financial resources available to the institution to meet the above requirement.
  - b. MDHE will not consider an initial or renewal application for participation in SARA from an institution with a financial responsibility rating less than 1.0.
9. In the event of an unanticipated closure or natural disaster impacting a campus, MDHE will work with the institution to develop and approve a plan for the protection of student records. All Missouri institutions participating in SARA must agree to provide a comprehensive plan for providing students with opportunities to complete their education program and for preservation of student records upon request from the MDHE.

### **C. Institutional Responsibilities**

1. Missouri institutions seeking participation in SARA must hold proper authorization from Missouri to offer postsecondary education, hold accreditation from an accrediting association recognized by the U.S. Department of Education, and maintain minimally accepted financial responsibility scores. (See Responsibilities of MDHE)
2. Any Missouri institution operating under SARA that offers courses or programs potentially leading to professional licensure must keep all students and potential students informed as to whether such offerings actually meet state licensing requirements. Failure to provide proper notice in one of the two ways listed below invalidates the SARA eligibility of the course or program offered:

- a. The institution will notify the applicant or student in writing that the institution has determined the course or program meets the requirements for professional licensure in the state where the applicant or student resides, or
- b. The institution will notify the applicant or student in writing that the institution cannot confirm the course or program meets requirements for professional licensure in the student's state. The institution must provide the student with current contact information for any applicable licensing boards and advise the student to determine whether the program meets requirements for licensure in the state where the student resides. Such contact information may include but is not limited to the current, active website of the applicable licensing board.

An e-mail dedicated solely to this purpose and sent to the student's best known e-mail address meets this requirement. The institution should use other means to notify the student if needed.

3. In order to maintain approval, an institution must agree to:
  - a. Abide by the *Interregional Guidelines for the Evaluation of Distance Education* adopted by the Council of Regional Accrediting Commissions, as summarized below:
    - i. Online learning is appropriate to the institution's mission and purposes.
    - ii. The institution's plans for developing, sustaining, and, if appropriate, expanding online learning offerings are integrated into its regular planning and evaluation processes.
    - iii. Online learning is incorporated into the institution's systems of governance and academic oversight.
    - iv. Curricula for the institution's online learning offerings are coherent, cohesive, and comparable in academic rigor to programs offered in traditional instructional formats.
    - v. The institution evaluates the effectiveness of its online learning offerings, including the extent to which the online learning goals are achieved, and uses the results of its evaluations to enhance the attainment of the goals.
    - vi. Faculty responsible for delivering the online learning curricula and evaluating students' success in achieving the online learning goals are appropriately qualified and effectively supported.
    - vii. The institution provides effective student and academic services to support students enrolled in online learning offerings.
    - viii. The institution provides sufficient resources to support and, if appropriate, expand its online learning offerings.

- ix. The institution assures the integrity of its online offerings.
  - b. Be responsible for the actions of any third-party providers used by the institution to engage in operations under SARA.
  - c. Notify MDHE of any negative changes to its accreditation status or financial stability.
  - d. Provide data necessary to monitor SARA activities, as determined by MDHE.
  - e. Submit annual participation fees as appropriate to NC-SARA and MDHE.
  - f. Make the institution and MDHE's complaint resolution policies readily available to applicants and students for coursework under SARA provisions. Readily available in this context means published as part of the institution's catalog or student handbook and/or published on the institution's website.
  - g. Work with MDHE to resolve any complaints arising from its students in SARA states and to abide by decisions of MDHE. Complaints must follow the institution's customary resolution procedure prior to being referred to MDHE under SARA procedures. Under SARA, MDHE will not accept complaints more than two years after the incident, complaints regarding grade appeals, or appeals related to student conduct violations. Complaints concerning criminal misconduct should be filed directly with local law enforcement authorities. Complaints relating to violations of Federal law should be filed directly with the Federal agency having jurisdiction over the matter in question (e.g., complaints regarding federal financial aid should be filed with the U.S. Department of Education).
  - h. Agree, in cases where the institution cannot fully deliver the instruction for which a student has contracted, to provide a reasonable alternative, as determined by MDHE, for delivering the instruction or reasonable financial compensation, as determined by MDHE, for the education the student did not receive.
4. In the event of an unanticipated closure or natural disaster impacting a campus, each institution has an obligation to work with MDHE to develop and receive approval of a plan for the protection of student records.

#### **D. Complaint Process**

1. If MDHE receives a complaint about a Missouri institution, the complainant will be contacted by MDHE staff (Academic Affairs or Proprietary School Certification, as appropriate) to determine if the complainant has exhausted the grievance process at the institution.
2. If the institutional grievance process has been completed, MDHE will provide appropriate forms to file a formal complaint against the institution. If the complainant has not utilized

the institutional remedies available, the individual will be directed to contact the institution to seek resolution.

3. The formal complaint must be submitted in writing using the form provided by MDHE. The complaint may be mailed or faxed and must include supporting materials as well as documentation verifying institutional remedies have been exhausted. MDHE staff will acknowledge receipt of the formal complaint in writing.
4. SARA-related complaints that fall within the jurisdiction of the department will be investigated and resolved as appropriate by the relevant unit of MDHE. SARA applies solely to those complaints resulting from distance education courses offered by participating institutions to students in other SARA states. It does not apply to distance education activity inside Missouri or to on-ground campuses. Complaints concerning criminal misconduct will be referred to local law enforcement authorities. Complaints relating to violations of Federal law will be referred to the Federal agency having jurisdiction over the matter in question.
5. Institutions will provide a response to the complaint within ten working days of official notification by MDHE.
6. All parties to the complaint will be notified of its resolution by mail.
7. MDHE will keep a log of all complaints, record the date received, the name of the complainant, the institution against which the complaint is made, a brief description of the complaint and the date and nature of its disposition.

## **AGENDA ITEM SUMMARY**

### **AGENDA ITEM**

Recommendations of the CBHE Performance Funding Task Force  
Coordinating Board for Higher Education  
November 4, 2014

### **DESCRIPTION**

On June 19, 2014, Governor Nixon signed Senate Bill 492, codifying the existing performance funding model approved by the Coordinating Board for Higher Education in 2012. The legislation also created the requirement to establish a new performance metric linked to job placement and continuing education. In order to implement the statutory requirements and to make necessary adjustments to the existing model, MDHE established a second performance funding task force. The task force includes representatives from all three sectors of public higher education, legislative and governor's office staff, and MDHE staff.

Over the past several months, this task force has reviewed and discussed questions and concerns regarding the existing five-measure model. In addition, it has worked to develop plans for how the additional measure will be implemented. The intent of this agenda item is to provide the board with staff recommendations for updating the Performance Funding Model and incorporating the graduate outcomes measure.

### **Background**

With the state funding situation for colleges and universities during the last decade being characterized by core cuts in bad years, and limited or no increases in better years since 2007, there have been no adjustments in the base for differential enrollment increases, changes in program mix or inflationary costs that must be borne by institutions. While there has been activity in the strategic initiative component of the Higher Education Funding model, the performance funding component was the least developed, prompting the commissioner to establish the Performance Funding Task Force in early 2011. The Task Force's recommendations were adopted the following year by the CBHE and new funding allocated under that model beginning in FY 2014.

The intentions of the first task force and SB 492 are that the model be reviewed in full every three years to ensure its credibility and relevance. However, the addition of a sixth metric to measure graduate outcomes added an additional aspect to the work of the task force. It was decided that the three-year review would also occur alongside planning and implementation of the new sixth measure.

### **Discussion**

Since the first task force meeting in early July, there has been a great deal of debate about all aspects of the funding model. Most of the recommendations contained in the attached report from the task force represent a compromise position around which consensus was reached. However, a few remain controversial and are highlighted individually below.

Coordinating Board for Higher Education  
November 4, 2014

**RECOMMENDATION 2: A third option, year-over-year comparison, should be added as an option for institutions to demonstrate improvement on any performance measure. The year-over-year comparison may only be chosen by the institution in the year following a failure to demonstrate improvement using the three-year rolling average method.**

Some skepticism was expressed about this recommendation. Some members agreed that the current practice to demonstrate success, three year rolling averages and sustained excellence, was adopted by the original task force as adequate to promote positive change while controlling for year-to-year fluctuations. Proponents of the additional option expressed concern that a single anomalous year could keep an institution from meeting its performance target for several years, even though performance continued to improve over the longer term. The department shared some reservations about the new success measure in early manifestations because it appeared to create a relatively safe haven for performance rather than continuing to provide incentives for change. However, staff believes the compromise reached by the task force, which establishes a triggering and limiting mechanism for the year to year option, provides a middle path that allows greater flexibility to the institutions while protecting the integrity of this measure. With that change, this recommended approach can function the way it was intended: as a way to demonstrate improvement after an anomalous year negatively impacts an institution's ability to demonstrate improvement.

**RECOMMENDATION 4: Health related programs of study (all programs in Classification of Instructional Programs or CIP 51) should be weighted using the same scope and process as is used for STEM programs.**

Questions have also been raised regarding the need to add the weighting feature to health programs. The questions centered on the basis for determining that the unmet demand for graduates of health related programs was sufficient to warrant a special incentive. The task force members generally identified the health field as high need in the state, much the same way as STEM fields.

The Department of Economic Development's Missouri Economic and Research Center (MERIC) projects growth in the short- and long-term among health care occupations. In the short term (2013-2015), MERIC projects that health occupations will grow by 1.5 percent, which exceeds overall projected growth of 1.38 percent. Areas where the most health care jobs are projected to be added include registered nurses, licensed practical and licensed vocational nurses and pharmacy technicians.

In the long term (2012-2022), MERIC projects that health occupations will grow by 12.7 percent, which exceeds overall projected growth of nine percent. The same three occupations lead in projected long-term job growth within health care, although many others are projected to exceed the nine percent projected for overall job growth.

Opportunities may exist in the future to better target weighting of health degrees using occupational projections and nationally standardized crosswalks to degree programs, but extensive additional analysis will be required, as well as additional consultation with Economic Development staff. At present, however, many health occupations in the short- and long-term are

projected to exceed the rate of growth for occupations overall in Missouri. Based on these data, we maintain that the full CIP 51 should be weighted, as it is difficult to tell where shortfalls in health professions will be in future years.

**RECOMMENDATION 7: MCCA recommends this measure be based on job placement, based on the 180-day follow-up report, of graduates of career and technical education and health related programs, as currently defined by the related federal program. Success on the measure is defined as improvement over the previous year’s performance or achieving a measure of sustained excellence. Sustained excellence is defined as performing at or above the average of all colleges that submit data through the 180-day follow-up report. Missouri State University – West Plains has requested to use this same measure.**

The task force was unable to reach consensus on this performance measure. As a result, the basic recommendation contains language recommended by the Missouri Community College Association as their agreed upon approach to comply with the job placement/graduate education (sixth measure) requirement. The community college representatives on the task force stated that because the statute indicates this measure should focus on job placement of graduates and this approach measures the job placement performance of graduates of their programs designed for direct occupational entry, this approach is both responsive to the statutory requirement and consistent with the mission of community colleges. Associate of Arts and Associate of Science programs should be excluded because those degrees are not considered terminal and are primarily intended for transfer into a baccalaureate degree program.

Concerns were raised by members of the task force because this approach would only include 40 to 50 percent of community college graduates. From this perspective, while AA and AS degrees are considered transfer degrees, a large number of students receiving those degrees do not transfer to other institutions but enter the workforce on the basis of that educational credential. Additionally, the opponents believe the exclusion of graduates from these programs is inconsistent with the statutory mandate to establish a sixth performance item “to measure student job placement in a field or position associated with the student’s degree level and pursuit of a graduate degree.”

MDHE staff believes the exclusion of approximately half of an institution’s graduates undermines the integrity of the measure and is inconsistent with the scope and intent of the statutory directive to establish this measure. While it is recognized that associate degree graduates that transfer are beyond the intended scope of this measure, the employment status of other graduates is not. Consequently, the staff does not support the adoption of this recommendation as currently drafted and suggests that the Coordinating Board remand this measure back to the community colleges to consider incorporating an additional survey process for students that complete AA or AS degrees but do not transfer to another postsecondary institution.

**RECOMMENDATION 8: COPHE recommends this measure for four-year institutions be based on a survey of all graduates during an academic year administered within 12 months of graduation. Success is achieved if the survey response rate is above an identified threshold [yet to be determined] and the percentage of graduates continuing their**

**education, engaging in volunteer or service programs, serving in a branch of the military, or employed full-time in a career that utilizes their level of education is within one of the performance bands [yet to be established]. In order to receive funding under this measure, the institution must meet minimum requirements for survey response rate [yet to be established].**

As with the previous recommendation, consensus was not reached regarding a recommendation for a methodology for the sixth measure that would be applied to the public four-year institutions. Although the proposed process incorporates the survey of all graduates of undergraduate programs at these institutions, there are many issues that remain unresolved due primarily to the fact that this survey process is entirely new. Expectations for minimum response rates and performance parameters, for example, will take time to develop as will the refinement of the survey instrument and process. This is the primary justification for the recommendation that the initial year (FY 2016) to be treated as a pilot year. That recommendation is contained in the attached report of the task force but not highlighted in this agenda item. That some survey components remain incomplete and the long time frame for full incorporation into the funding process may, however, raise concern with some.

While these questions and concerns are important, MDHE staff believes the approach taken here is appropriate given the untried nature of this measure. Consequently, while staff recommends adoption of this measure, it is crucial that the board and staff remain engaged in the ongoing development process to ensure this measure continues to satisfy the directive of the statute and remains a valid measure of institutional performance in this area.

**RECOMMENDATION 9: The financial responsibility and efficiency measure for community colleges should be expanded to permit the inclusion of measures of affordability.**

This recommendation would expand the permitted scope of the institution specific measure selected by community colleges to include measures of affordability. The department supports the recommendation as drafted and the community colleges' wish to expand their institution-specific metric; however, concerns have been expressed regarding the affordability measure identified by the community colleges. This is discussed in detail in the agenda item behind Tab B.

### **Conclusion**

Missouri has a long history of support for performance funding. However, with any model of this type, it is crucial that periodic review and revision occur in order to maintain the relevance and responsiveness necessary for it to maintain support of education and political leadership. By engaging in a collaborative and open process, MDHE staff believes this model will continue to receive broad support as a valid and meaningful method of allocating new funds appropriated to our public colleges and universities.

## **STATUTORY REFERENCES**

163.191, RSMo., State aid to community colleges

173.1006, RSMo., Establishment of performance measures

173.1540 RSMo., State aid to four-year institutions

178.638, RSMo., Oversight of college by coordinating board and state board of education

## **RECOMMENDED ACTION**

**It is recommended that the Coordinating Board accept the report of the CBHE Performance Funding Task Force and commend the members of the task force for their efforts to strengthen and improve the Missouri Performance Funding Model.**

**It is further recommended that the Coordinating Board approve Recommendations 1-6 and 8-10 in the attachment for incorporation into the Performance Funding Model.**

**It is further recommended that the Coordinating Board remand Recommendation 7 to MCCA for further review and revision to address the concerns highlighted in this agenda item. An alternative proposal should be provided MDHE so that it may be considered by the Coordinating Board at its December meeting.**

## **ATTACHMENT(S)**

Attachment A: CBHE Performance Funding Task Force Recommendations

Attachment B: Senate Bill 492

RECOMMENDATIONS OF THE  
CBHE PERFORMANCE FUNDING TASK FORCE  
NOVEMBER 4, 2014

On June 19, 2014, Governor Nixon signed SB 492, codifying the existing performance funding model approved by the Coordinating Board for Higher Education in 2012. The legislation also created the requirement to establish a new performance metric linked to job placement and continuing education. In order to implement the statutory requirements and to make necessary adjustments to the existing model, the MDHE established a second performance funding task force. The task force includes representatives from all three sectors of public higher education, legislative and governor's office staff, and MDHE staff.

Over the past several months, this task force has reviewed and discussed questions and concerns regarding the existing five-measure model. In addition, it has worked to develop plans for how the additional measure will be implemented.

The following are the recommendations from the task force to the Coordinating Board for Higher Education for revision of the existing model and the implementation of changes mandated by SB 492. The recommendations detailed below stem from months of conversations discussing what seems to be working, what doesn't, and what we can do to make the model better.

ISSUE 1: Process for Change

As required by SB 492, major revisions to the performance funding model will be reviewed and approved by the CBHE on a three-year cycle. Changes can be reviewed and approved between routine reviews in response to special circumstances.

It is also necessary, however, for institutions to be able to make changes to their peer groups, institution-specific measures or, in the case of four-year institutions, between already approved measure options. The task force discussed several options for ensuring a clear understanding of when and how change would occur. In addition, there was considerable interest in ensuring the transparency of the change process, both within the public higher education community and among the political leadership of the state.

**RECOMMENDATION 1: Proposed changes to peer groups, institution-specific measures, and already approved measure options should be reported to the CBHE by May 1. Specific requirements for each type of measure are detailed below:**

- A. Peer groups may be changed or revised each year by submitting an application to the Department of Higher Education. The proposed change will then be posted publicly for at least two calendar weeks for comment before being submitted to CBHE for consideration and approval.**
- B. Institution-specific measures may be changed as part of the regular three-year review procedure. The proposed change will then be posted publicly for at least two calendar weeks for comment before being submitted to the CBHE for consideration and approval.**

- C. Changes in measures where multiple options are available may also be changed as part of the regular three year review procedure. The institution making the change must provide notification to MDHE.**
- D. Changes can be submitted to and approved by the CBHE outside routine reviews in response to special circumstances, as approved by the board.**

#### ISSUE 2: Demonstration of Improvement

Currently, institutions are able to demonstrate improvement through two avenues: sustained excellence, calculated as ranking in the top third of the relevant comparator group, or improved performance using a three-year rolling average. While it seemed important to use a three-year rolling average to smooth out any unusual changes in the related rates or numbers, it was brought to the task force's attention that an anomalous year, high or low, could negatively impact the institution for years to come. The task force collected information regarding the impact of such unusual changes and generally concurred that there was benefit to providing an additional option for success. The task force believes this additional measure will continue to promote ongoing improvement in the measured parameter while avoiding the long-term unintended consequences discovered as part of the three-year averaging process.

**RECOMMENDATION 2: A third option, year-over-year comparison, should be added as an option for institutions to demonstrate improvement on any performance measure. The year-over-year comparison may only be chosen by the institution in the year following a failure to demonstrate improvement using the three-year rolling average method.**

#### ISSUE 3: Professional Licensure Tests

During the last year-to-18 months, the requirements and process for teacher education programs to maintain their accreditation with the Department of Elementary and Secondary Education and for candidates to gain teacher certification has undergone considerable review and revisions. Many on the task force felt the process and testing that is currently being implemented is too new and unverified to serve as a reliable measure of performance in this area.

**RECOMMENDATION 3: Beginning with the FY 2017 budget cycle (data submitted in fall 2016), teacher certification should not be included in the Professional Licensure Tests performance measure. The teacher certification data for all prior years included in the three-year rolling averages should also be excluded. Teacher certification data may be considered for inclusion during the next review if it is determined that the current testing issues have been resolved.**

#### ISSUE 4: Health and Allied Health Weighting

In order to recognize the strong demand for and to incentivize growth in critical health care fields, the task force recommends the addition of a health care weighting to the performance funding model. This weighting would operate within the model in the same manner as the STEM weighting.

**RECOMMENDATION 4: Health related programs of study (all programs in Classification of Instructional Programs or CIP 51) should be weighted using the same scope and process as is used for STEM programs.**

ISSUES 5 and 6: Implementation of the Job Placement/Graduate Education Measure

SB 492 requires the addition of a sixth performance item “to measure student job placement in a field or position associated with the student’s degree level and pursuit of a graduate degree.” Because this type of measure is not widely used in performance funding models found in other states, best practices have not been established and there is virtually no available information on incorporating this measure into such a system.

Because of these issues, the task force recommends that FY 2016 be a pilot year for the development and analysis of the 6<sup>th</sup> measure. The task force has not reached a final decision regarding how the data will be collected and recommended performance thresholds have not been established. In addition, it is important to note that data to determine performance success for purposes of funding would therefore not be available until FY 2019:

	December 2014	May 2015	End Pilot Year Cohort
August 2015	December 2015	May 2016	End Year 1 Cohort Collect Data on Pilot Year Cohort
August 2016	December 2016	May 2017	End Year 2 Cohort Collect Data on Year 1 Cohort
August 2017			Report for Funding for FY19 Budget

In addition, SB 492 states that this measure may not be used “in any year in which the state unemployment rate has increased from the previous calendar year’s state unemployment rate.” The task force has established a data source and process for determining when this measure will be employed.

**RECOMMENDATION 5: FY 2016 should be used as a pilot year to assess the validity of the measure of job placement and graduate education selected by each sector and to provide sufficient time to assess the need for improvements. Funding based on performance on this measure will be requested as soon as the necessary data are available, which will be for the FY 2019 budget request.**

**RECOMMENDATION 6: In determining which years the sixth measure will be operational, the decision should be based on the labor and data statistics reported by month by the Missouri Department of Labor and Industrial Relations (<http://labor.mo.gov/data>). MDHE should compare the reported unemployment rate from June of the most recently completed calendar year to the rate reported for June of the previous calendar year. If the rate reported for the most recent June is equal to or less than the previous June, the measure will be included; otherwise, it will be excluded.**

## ISSUES 7 and 8: Two- and Four-year Measures of Job Placement/Graduate Education

To implement the job placement/graduate education measure, the Missouri Community College Association proposes that community colleges will use a nationally standardized job placement survey system already in place. This system requires collection of data 180 days after graduation and covers Career, Technical, Health and Allied Health Associate of Applied Sciences programs. The survey would not include any graduates of Associate of Arts or Associate of Science programs, as those degree programs are considered to be primarily for transfer, rather than employment, purposes. Missouri State University – West Plains has indicated it will follow this same model, but will include AAS and AS programs. The State Technical College of Missouri, which does not offer AA or AS degrees, has an existing performance measure that uses the proposed process to collect this data.

The four-year institutions propose to collect data to calculate the measure from a survey of all graduates administered within one year of graduation. Only graduates from undergraduate programs (associate and bachelor level programs) would be included in the survey process. Based on the survey data, students that are employed in positions consistent with the level of their degree (not necessarily in a field directly related to their major), are continuing their education, are engaged in volunteer or service programs, or are serving in a branch of the U.S. military would be classified as successful under this measure.

Because the data collection process is still under development for many institutions and will be based on survey data for all institutions, the pilot year will be used to help establish the parameters and thresholds for this measure. The initial recommendation would be to establish a minimum acceptable response rate for the survey by sector below which the institution would not be eligible for funding under this measure. If the institution meets or exceeds that threshold response rate, it would receive funding either based on performance bands to be established during the initial implementation of this measure or based on the existing improvement/sustained excellence process.

The Task Force was unable to reach consensus on the implementation of this measure. Consequently, the following two recommendations reflect the proposals received from the two sector organizations.

**RECOMMENDATION 7: MCCA recommends the measure be based on job placement, based on the 180-day follow-up report of graduates of career and technical education and health related programs, as currently defined by the related federal program. Success on the measure is defined as improvement over the previous year’s performance or achieving a measure of sustained excellence. Sustained excellence is defined as performing at or above the average of all colleges that submit data through the 180-day follow-up report. Missouri State University – West Plains has requested approval to use this same measure.**

**RECOMMENDATION 8: COPHE recommends the measure for four-year institutions be based on a survey of all graduates during an academic year administered within 12 months of graduation. Success is achieved if the survey response rate is above an identified threshold [yet to be determined] and the percentage of graduates continuing their education, engaging in volunteer or service programs, serving in a branch of the military, or employed full-time in a career that utilizes their level of education is within one of the**

**performance bands [yet to be established]. In order to receive funding under this measure, the institution must meet minimum requirements for survey response rate [yet to be established].**

ISSUE 9: Affordability Measure

The current “fifth” measure for community colleges is described as a measure of financial responsibility and efficiency, addressed with institution-specific measures. As currently implemented, this measure is limited to a measure of efficiency, primarily comparing a measure of credit hours with state appropriations or institutional expenditures. The majority of the community colleges have expressed interest in expanding the definition of this measure to allow the colleges to include institutionally selected measures of affordability.

**RECOMMENDATION 9: The financial responsibility and efficiency measure for community colleges should be expanded to permit the inclusion of measures of affordability.**

ISSUE 10: Sixth Measure of State Technical College of Missouri

The State Technical College of Missouri performance metrics already include a measure of job placement success for its graduates. Consequently, in order to maintain a balanced number of performance items for each institutional sector, STCM was requested to propose an additional sixth measure to be included in the performance funding model in the same year that the job placement measure becomes operational.

**RECOMMENDATION 10: The sixth measure for the State Technical College of Missouri should be improvement in assessment of general education. Success on this measure would be determined by an increase in the number of students scoring at or above the 50<sup>th</sup> percentile on nationally normed assessment of general education and held to the moderately selective level of sustained excellence of 60 percent. This measure should become operational in the same year as the job placement/graduate education measure.**

ISSUE 11: Reporting Timetable

Data preparation and reporting are critical to any performance related process. In this case, because of the nature of the data and the inherent complexity of some of the measures, it is essential that the MDHE provide clear timelines for data submission and that those timelines allow time for institutional review and confirmation of the reported data.

**RECOMMENDATION 11: The following deadlines should be established for the reporting of performance funding data elements.**

- Oct. 15: MDHE provides related IPEDS data to institutions**
- Nov. 1: Institutions provide performance funding data to MDHE**
- Nov. 15: MDHE notifies institutions of their performance funding results**
- Dec. 7: Deadline for institutions to appeal results**
- Dec. 20: Final performance funding results reported to the Governor’s office**

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
CONFERENCE COMMITTEE SUBSTITUTE FOR  
HOUSE COMMITTEE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 492

97TH GENERAL ASSEMBLY

2014

4393S.11T

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## AN ACT

To repeal sections 161.097, 163.191, 173.670, 173.1006, 178.638, 340.381, and 340.396, RSMo, and to enact in lieu thereof ten new sections relating to higher education.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 161.097, 163.191, 173.670, 173.1006, 178.638, 340.381, 2 and 340.396, RSMo, are repealed and ten new sections enacted in lieu thereof, to 3 be known as sections 161.097, 163.191, 173.670, 173.675, 173.680, 173.1006, 4 173.1540, 178.638, 340.381, and 340.396, to read as follows:

161.097. 1. The state board of education shall establish standards and 2 procedures by which it will evaluate all teacher training institutions in this state 3 for the approval of teacher education programs. The state board of education 4 shall not require teacher training institutions to meet national or regional 5 accreditation as a part of its standards and procedures in making those 6 evaluations, but it may accept such accreditations in lieu of such approval if 7 standards and procedures set thereby are at least as stringent as those set by the 8 board. The state board of education's standards and procedures for evaluating 9 teacher training institutions shall equal or exceed those of national or regional 10 accrediting associations.

11 **2. There is hereby established within the department of**  
12 **elementary and secondary education the "Missouri Advisory Board for**  
13 **Educator Preparation", hereinafter referred to as "MABEP". The**  
14 **MABEP shall advise the state board of education and the coordinating**  
15 **board for higher education regarding matters of mutual interest in the**

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

16 **area of quality educator preparation programs in Missouri.**

17 **3.** Upon approval by the state board of education of the teacher education  
18 program at a particular teacher training institution, any person who graduates  
19 from that program, and who meets other requirements which the state board of  
20 education shall prescribe by rule, regulation and statute shall be granted a  
21 certificate or license to teach in the public schools of this state. However, no such  
22 rule or regulation shall require that the program from which the person  
23 graduates be accredited by any national or regional accreditation association.

24 [3. Notwithstanding any provision in the law to the contrary, the state  
25 board of education may accredit a graduate law school and any graduate of such  
26 an accredited law school shall be allowed to take the examination for admission  
27 to the bar of Missouri.]

28 **4. Any rule or portion of a rule, as that term is defined in section**  
29 **536.010, that is created under the authority delegated in this section**  
30 **shall become effective only if it complies with and is subject to all of**  
31 **the provisions of chapter 536 and, if applicable, section 536.028. This**  
32 **section and chapter 536 are nonseverable and if any of the powers**  
33 **vested with the general assembly pursuant to chapter 536 to review, to**  
34 **delay the effective date, or to disapprove and annul a rule are**  
35 **subsequently held unconstitutional, then the grant of rulemaking**  
36 **authority and any rule proposed or adopted after August 28, 2014, shall**  
37 **be invalid and void.**

163.191. 1. As used in this section, the following terms shall  
2 mean:

3 (1) "Community college", an institution of higher education  
4 deriving financial resources from local, state, and federal sources, and  
5 providing postsecondary education primarily for persons above the  
6 twelfth grade age level, including courses in:

- 7 (a) Liberal arts and sciences, including general education;  
8 (b) Occupational, vocational-technical; and  
9 (c) A variety of educational community services.

10 Community college course offerings lead to the granting of certificates,  
11 diplomas, or associate degrees, but do not include baccalaureate or  
12 higher degrees;

13 (2) "Operating costs", all costs attributable to current operations,  
14 including all direct costs of instruction, instructors' and counselors'  
15 compensation, administrative costs, all normal operating costs and all  
16 similar noncapital expenditures during any year, excluding costs of

17 **construction of facilities and the purchase of equipment, furniture, and**  
18 **other capital items authorized and funded in accordance with**  
19 **subsection 6 of this section. Operating costs shall be computed in**  
20 **accordance with accounting methods and procedures to be specified by**  
21 **the department of higher education;**

22 **(3) "Year", from July first to June thirtieth of the following year.**

23 **2.** Each year public community colleges in the aggregate shall be eligible  
24 to receive from state funds, if state funds are available and appropriated, an  
25 amount up to but not more than fifty percent of the state community colleges'  
26 planned operating costs as determined by the department of higher  
27 education. [As used in this subsection, the term "year" means from July first to  
28 June thirtieth of the following year. As used in this subsection, the term  
29 "operating costs" means all costs attributable to current operations, including all  
30 direct costs of instruction, instructors' and counselors' compensation,  
31 administrative costs, all normal operating costs and all similar noncapital  
32 expenditures during any year, excluding costs of construction of facilities and the  
33 purchase of equipment, furniture, and other capital items authorized and funded  
34 in accordance with subsection 2 of this section. Operating costs shall be  
35 computed in accordance with accounting methods and procedures to be specified  
36 by the department of higher education.] The department of higher education shall  
37 review all institutional budget requests and prepare appropriation  
38 recommendations annually for the community colleges under the supervision of  
39 the department. The department's budget request shall include a recommended  
40 level of funding.

41 **3. (1) Except as provided in subdivision (2) of this subsection,**  
42 distribution of appropriated funds to community college districts shall be in  
43 accordance with the community college resource allocation model. This model  
44 shall be developed and revised as appropriate cooperatively by the community  
45 colleges and the department of higher education. The department of higher  
46 education shall recommend the model to the coordinating board for higher  
47 education for their approval. The core funding level for each community college  
48 shall initially be established at an amount agreed upon by the community colleges  
49 and the department of higher education. This amount will be adjusted annually  
50 for inflation, limited growth, and program improvements in accordance with the  
51 resource allocation model starting with fiscal year 1993. [The department of  
52 higher education shall request new and separate state aid funds for any new  
53 districts for their first six years of operation. The request for the new districts  
54 shall be based upon the same level of funding being provided to the existing

55 districts, and should be sufficient to provide for the growth required to reach a  
56 mature enrollment level.]

57 **(2) Unless the general assembly chooses to otherwise appropriate**  
58 **state funding, beginning in fiscal year 2016, at least ninety percent of**  
59 **any increase in core funding over the appropriated amount for the**  
60 **previous fiscal year shall be distributed in accordance with the**  
61 **achievement of performance-funding measures under section 173.1006.**

62 4. The department of higher education [will] shall be responsible for  
63 evaluating the effectiveness of the resource allocation model and [will] shall  
64 submit a report to the **governor, the joint committee on education, the**  
65 **speaker of the house of representatives and president pro [tem] tempore** of the  
66 senate by [November 1997] **October 31, 2019**, and every four years thereafter.

67 [2.] **5. The department of higher education shall request new and**  
68 **separate state-aid funds for any new community college district for its**  
69 **first six years of operation. The request for the new district shall be**  
70 **based upon the same level of funding being provided to the existing**  
71 **districts, and should be sufficient to provide for the growth required**  
72 **to reach a mature enrollment level.**

73 6. In addition to state funds received for operating purposes, each  
74 community college district shall be eligible to receive an annual appropriation,  
75 exclusive of any capital appropriations, for the cost of maintenance and repair of  
76 facilities and grounds, including surface parking areas, and purchases of  
77 equipment and furniture. Such funds shall not exceed in any year an amount  
78 equal to ten percent of the state appropriations, exclusive of any capital  
79 appropriations, to community college districts for operating purposes during the  
80 most recently completed fiscal year. The department of higher education may  
81 include in its annual appropriations request the necessary funds to implement  
82 the provisions of this subsection and when appropriated shall distribute the funds  
83 to each community college district as appropriated. The department of higher  
84 education appropriations request shall be for specific maintenance, repair, and  
85 equipment projects at specific community college districts, shall be in an amount  
86 of fifty percent of the cost of a given project as determined by the coordinating  
87 board and shall be only for projects which have been approved by the coordinating  
88 board through a process of application, evaluation, and approval as established  
89 by the coordinating board. The coordinating board, as part of its process of  
90 application, evaluation, and approval, shall require the community college district  
91 to provide proof that the fifty-percent share of funding to be defrayed by the  
92 district is either on hand or committed for maintenance, repair, and equipment

93 projects. Only salaries or portions of salaries paid which are directly related to  
94 approved projects may be used as a part of the fifty-percent share of funding.

95 [3.] 7. School districts offering two-year college courses pursuant to  
96 section 178.370 on October 31, 1961, shall receive state aid pursuant to  
97 [subsections 1 and 2] **subsection 2, subdivision (1) of subsection 3, and**  
98 **subsection 6** of this section if all scholastic standards established pursuant to  
99 sections 178.770 to 178.890 are met.

100 [4.] 8. In order to make postsecondary educational opportunities  
101 available to Missouri residents who do not reside in an existing community  
102 college district, community colleges organized pursuant to section 178.370 or  
103 sections 178.770 to 178.890 shall be authorized pursuant to the funding  
104 provisions of this section to offer courses and programs outside the community  
105 college district with prior approval by the coordinating board for higher  
106 education. The classes conducted outside the district shall be self-sustaining  
107 except that the coordinating board shall promulgate rules to reimburse selected  
108 out-of-district instruction only where prior need has been established in  
109 geographical areas designated by the coordinating board for higher education.  
110 Funding for such off-campus instruction shall be included in the appropriation  
111 recommendations, shall be determined by the general assembly and shall  
112 continue, within the amounts appropriated therefor, unless the general assembly  
113 disapproves the action by concurrent resolution.

114 [5. A "community college" is an institution of higher education deriving  
115 financial resources from local, state, and federal sources, and providing  
116 postsecondary education primarily for persons above the twelfth grade age level,  
117 including courses in:

- 118 (1) Liberal arts and sciences, including general education;
- 119 (2) Occupational, vocational-technical; and
- 120 (3) A variety of educational community services.

121 Community college course offerings lead to the granting of certificates, diplomas,  
122 and/or associate degrees, but do not include baccalaureate or higher degrees.

123 [6.] 9. When distributing state aid authorized for community colleges, the  
124 state treasurer may, in any year if requested by a community college, disregard  
125 the provision in section 30.180 requiring the state treasurer to convert the  
126 warrant requesting payment into a check or draft and wire transfer the amount  
127 to be distributed to the community college directly to the community college's  
128 designated deposit for credit to the community college's account.

173.670. 1. There is hereby established within the department of higher  
2 education the "Missouri Science, Technology, Engineering and Mathematics

3 Initiative". The department of higher education may award matching funds  
4 through this initiative to public institutions of higher education as part of the  
5 annual appropriations process.

6 2. The purpose of the initiative shall be to provide support to increase  
7 interest among elementary, secondary, and university students in fields of study  
8 related to science, technology, engineering, and mathematics and to increase the  
9 number of Missouri graduates in these fields at Missouri's public two- and  
10 four-year institutions of higher education.

11 3. There is hereby created a "Science, Technology, Engineering and  
12 Mathematics Fund", which shall consist of money collected under this  
13 section. The state treasurer shall be custodian of the fund and may approve  
14 disbursements from the fund in accordance with sections 30.170 and  
15 30.180. Upon appropriation, money in the fund shall be used solely for the  
16 administration of this section. Any moneys remaining in the fund at the end of  
17 the biennium shall not revert to the credit of the general revenue fund. The state  
18 treasurer shall invest moneys in the fund in the same manner as other funds are  
19 invested. Any interest and moneys earned on such investments shall be credited  
20 to the fund.

21 4. **As part of the initiative, the department of higher education**  
22 **shall develop a process to award grants to Missouri public two- and**  
23 **four-year institutions of higher education and school districts that have**  
24 **entered into articulation agreements to offer information technology**  
25 **certification through technical course work leading to postsecondary**  
26 **academic credit through the program established in section 173.675.**

27 5. The general assembly may appropriate funds to the science, technology,  
28 engineering, and mathematics fund to match institution funds to support the  
29 following programs:

30 (1) Endowed teaching professor programs, which provide funds to support  
31 faculty who teach undergraduate courses in science, technology, engineering, or  
32 mathematics fields at public institutions of higher education;

33 (2) Scholarship programs, which provide financial aid or loan forgiveness  
34 awards to Missouri students who study in the science, technology, engineering,  
35 or mathematics fields or who plan to enter the teaching field in Missouri with an  
36 emphasis on science, technology, engineering, and mathematics areas;

37 (3) Experiential youth programs at public colleges or universities,  
38 designed to provide Missouri middle school, junior high, and high school students  
39 with the opportunity to experience science, technology, engineering, and  
40 mathematics fields through camps or other educational offerings;

41 (4) Career enhancement programs for current elementary and secondary  
42 teachers and professors at Missouri public and private colleges and universities  
43 in the science, technology, engineering, or mathematics fields to improve the  
44 quality of teaching.

173.675. 1. The department of higher education shall develop a  
2 program to offer information technology certification through technical  
3 course work that leads to postsecondary academic credit. The program  
4 shall be available to students enrolled in a public high school in  
5 Missouri that has entered into an articulation agreement with a  
6 Missouri public two- or four-year institution of higher education to  
7 offer such course work. The program shall provide instruction on skills  
8 and competencies essential for the workplace and requested by  
9 employers and shall include the following components:

- 10 (1) A web-enabled online curriculum;
- 11 (2) Instructional software for classroom and student use;
- 12 (3) Training for teachers to advance technical education skills;
- 13 (4) Industry recognized skills certification; and
- 14 (5) Integration with existing education standards.

15 2. Any rule or portion of a rule, as that term is defined in section  
16 536.010, that is created under the authority delegated in this section  
17 shall become effective only if it complies with and is subject to all of  
18 the provisions of chapter 536 and, if applicable, section 536.028. This  
19 section and chapter 536 are nonseverable and if any of the powers  
20 vested with the general assembly pursuant to chapter 536 to review, to  
21 delay the effective date, or to disapprove and annul a rule are  
22 subsequently held unconstitutional, then the grant of rulemaking  
23 authority and any rule proposed or adopted after August 28, 2014, shall  
24 be invalid and void.

173.680. 1. The department of higher education shall conduct a  
2 study to identify the information technology industry certifications  
3 most frequently requested by employers in Missouri. The department  
4 of higher education may conduct the study with the assistance of other  
5 state departments and agencies, the Missouri mathematics and science  
6 coalition, and the governor's advisory council on science, technology,  
7 engineering, and mathematical issues.

8 2. The department of higher education shall complete the study  
9 no later than January 31, 2015. The department shall prepare the  
10 findings in a report and provide it to:

- 11 (1) **The president pro tempore of the senate;**
- 12 (2) **The speaker of the house of representatives;**
- 13 (3) **The joint committee on education;**
- 14 (4) **The governor;**
- 15 (5) **The coordinating board for higher education; and**
- 16 (6) **The state board of education.**

173.1006. 1. [The following performance measures shall be established  
2 by July 1, 2008:

3 (1) Two institutional measures as negotiated by each public institution  
4 through the department of higher education; and

5 (2) Three statewide measures as developed by the department of higher  
6 education in consultation with public institutions of higher education.

7 One such measure may be a sector-specific measure making use of the 2005  
8 additional Carnegie categories, if deemed appropriate by the department of higher  
9 education.

10 2. The department shall report to the joint committee on education  
11 established in section 160.254 on its progress at least twice a year in developing  
12 the statewide measures and negotiating the institution-specific measures and  
13 shall develop a procedure for reporting the effects of performance measures to the  
14 joint committee on education at an appropriate time for consideration during the  
15 appropriations process.] **Each public four-year institution, each community  
16 college, and the state technical college shall utilize the five  
17 institutional performance measures it has submitted to, and that were  
18 approved by, the coordinating board for higher education as of the  
19 effective date of this act, for performance funding under sections  
20 163.191, 173.1540, and 178.638. Each institution shall adopt, in  
21 collaboration with the coordinating board for higher education, an  
22 additional institutional performance measure to measure student job  
23 placement in a field or position associated with the student's degree  
24 level and pursuit of a graduate degree. The institutional performance  
25 measure relating to job placement may not be used in any year in  
26 which the state unemployment rate has increased from the previous  
27 calendar year's state unemployment rate.**

28 2. **The coordinating board shall evaluate and, if necessary, revise  
29 the institutional performance measures every three years beginning in  
30 calendar year 2019 or more frequently at the coordinating board's  
31 discretion.**

32 3. **The department of higher education shall be responsible for**

33 evaluating the effectiveness of the performance funding measures,  
34 including their effect on statewide postsecondary, higher education,  
35 and workforce goals, and shall submit a report to the governor, the  
36 joint committee on education, the speaker of the house of  
37 representatives and president pro tempore of the senate by October 31,  
38 2019, and every four years thereafter.

173.1540. 1. Each public four-year institution of higher education  
2 shall annually prepare an institutional budget request and submit it to  
3 the department of higher education. The department of higher  
4 education shall review all institutional budget requests and prepare  
5 appropriation recommendations annually for each public four-year  
6 institution of higher education.

7 2. Unless the general assembly chooses to otherwise appropriate  
8 state funding, the appropriation of core-funding increases in state  
9 funding to public four-year institutions of higher education shall be in  
10 accordance with the increase allocation model, subject to the  
11 parameters set forth in subsection 4 of this section. The increase  
12 allocation model shall be developed and revised as appropriate  
13 cooperatively by the public four-year institutions of higher education  
14 and the department of higher education. The department of higher  
15 education shall recommend the model to the coordinating board for  
16 higher education for its approval by October 31, 2014.

17 3. The core-funding level for each public four-year institution of  
18 higher education shall initially be the appropriated amount for each  
19 institution for fiscal year 2015. Increases under subsection 4 of this  
20 section shall be incorporated into the core-funding level annually in  
21 accordance with the increase allocation model starting with fiscal year  
22 2016.

23 4. (1) The increase allocation model shall comply with the  
24 parameters of this subsection in allocating annual increases in core  
25 appropriations to public four-year institutions of higher education.

26 (2) Unless otherwise provided by the general assembly during  
27 the appropriations process, no more than ten percent of any increase  
28 in core appropriations shall be distributed to address inequitable state  
29 funding through any combination of the following:

30 (a) Determined on a per-student basis, as determined by  
31 calculating full-time equivalency or on such other basis as determined  
32 by the department and agreed upon by the institutions. To the extent

33 inequities result from an institution's performance on its performance  
34 funding measures adopted under section 173.1006, such inequities shall  
35 not be eligible for an allocation under this paragraph; and

36 (b) Distributed based on weighted full-time equivalent credit  
37 hours so as to provide enrollment, program offering, and mission  
38 sensitivity on an on-going basis.

39 (3) Unless otherwise provided by the general assembly during  
40 the appropriations process, at least ninety percent of annual increases  
41 shall be distributed in accordance with the performance funding model  
42 adopted under section 173.1006.

43 5. The department of higher education shall be responsible for  
44 evaluating the effectiveness of the increase allocation model and shall  
45 submit a report to the governor, the joint committee on education, the  
46 speaker of the house of representatives and the president pro tempore  
47 of the senate by October 31, 2019, and every four years thereafter.

178.638. 1. State Technical College of Missouri shall be under the  
2 oversight of the coordinating board for higher education. The institution shall  
3 also be subject to oversight by the state board of education to the extent it serves  
4 as an area vocational technical school. Beginning in the first full state fiscal year  
5 subsequent to the approval of State Technical College of Missouri's plan by the  
6 coordinating board submitted pursuant to section 178.637, the state of Missouri  
7 shall, subject to appropriation, provide the funds necessary to provide the staff,  
8 cost of operation, and payment of all new capital improvements commencing with  
9 that fiscal year.

10 2. All funds designated for the institution shall be included in the  
11 coordinating board's budget request as provided in chapter 173, except that  
12 vocational technical education reimbursements shall continue to be requested  
13 through the state board of education.

14 3. Unless the general assembly chooses to otherwise appropriate  
15 state funding, beginning with fiscal year 2016, at least ninety percent  
16 of any annual increase in core funding over the previous year shall be  
17 distributed in accordance with the performance-funding measures  
18 under section 173.1006.

340.381. 1. Sections 340.381 to 340.396 establish a student loan  
2 forgiveness program for approved veterinary students who practice in areas of  
3 defined need. Such program shall be known as the "Dr. Merrill Townley Large  
4 Animal Veterinary Student Loan Program".

5 2. There is hereby created in the state treasury the "Veterinary Student

6 Loan Payment Fund", which shall consist of general revenue appropriated to the  
7 large animal veterinary student loan program, voluntary contributions to support  
8 or match program activities, money collected under section 340.396, and funds  
9 received from the federal government. The state treasurer shall be custodian of  
10 the fund and shall approve disbursements from the fund in accordance with  
11 sections 30.170 and 30.180. Upon appropriation, money in the fund shall be used  
12 solely for the administration of sections 340.381 to 340.396. Notwithstanding the  
13 provisions of section 33.080 to the contrary, any moneys remaining in the fund  
14 at the end of the biennium shall not revert to the credit of the general revenue  
15 fund. The state treasurer shall invest moneys in the fund in the same manner  
16 as other funds are invested. Any interest and moneys earned on such  
17 investments shall be credited to the fund.

340.396. 1. Sections 340.381 to 340.396 shall not be construed to require  
2 the department to enter into contracts with individuals who qualify for education  
3 loans or loan repayment programs when federal, state, and local funds are not  
4 available for such purposes.

5 2. Sections 340.381 to 340.396 shall not be subject to the provisions of  
6 sections 23.250 to 23.298.

7 [3. Sections 340.381 to 340.396 shall expire on June 30, 2013.]

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## **AGENDA ITEM SUMMARY**

### **AGENDA ITEM**

Requested Performance Funding Model Changes  
Coordinating Board for Higher Education  
November 4, 2014

### **DESCRIPTION**

During the past 18 months, MDHE has received requests and inquiries from numerous institutions about revising various components of the Performance Funding Model. The intent of this agenda item is to provide the board with staff recommendations for proposed changes to institution-specific measures and peer groups.

### **Background**

Although Missouri has a long history of performance funding for higher education, the performance funding component was the least developed of the Higher Education Funding models developed in the mid-2000s. This prompted the commissioner to establish the Performance Funding Task Force in early 2011. The Task Force's recommendations were adopted the following year by the CBHE and new funding allocated under that model started in FY 2014.

As a result, there was little time for process review and adjustment based on any weaknesses in the model. There was also no opportunity for institutions to test out their peer groups or institution-specific measures as originally planned. As the requests for changes came forward, it became apparent that the existing publication relating to the performance funding model (Recommendations of the CBHE Performance Funding Task Force – 2012) did not address how and when change should take place. In order to make necessary adjustments to the existing model, MDHE established a second performance funding task force. The task force includes representatives from all three sectors of public higher education, legislative and governor's office staff, and MDHE staff.

During the past several months, the second task force has reviewed and discussed questions and concerns regarding the existing five-measure model. In addition, it has developed a process for institutions to make changes to their measures and peer groups.

### **Proposed Change Process**

A timeline and process for change was developed by the task force to create transparency in the process. Although approval of this change process is incorporated in another agenda item, the following are the details of that recommendation, which was followed in order to collect and review proposals for change.

While consistency of measures over time is a crucial factor in the validity of the performance funding process, there must be a process for revision to components of the model in order to

Coordinating Board for Higher Education  
November 4, 2014

reflect changes at institutions and in the broader environment. This section describes the process that must be followed to request and receive approval for changes to various components of the model.

In order to ensure maximum transparency for the change process, all requested changes to peer groups and institution-specific measures must be submitted to and approved by the Coordinating Board for Higher Education. As a result of the lead time necessary for changes to be reflected in data reports for future change cycles, proposals for change must be approved by CBHE at or before its regular June meeting. Proposals that require a comment period must be delivered to the MDHE office at least 45 days prior to the CBHE meeting during which they will be considered.

Four-year institutions and State Technical College of Missouri are allowed to change peer groups each year by applying to MDHE. Once the new peer group is received, it will be posted online for comment from other postsecondary institutions and interested parties. MDHE reviews the change request and submits a recommendation for action to CBHE.

Both two-year and four-year institutions are also allowed to change their institution-specific measure every three years by applying to MDHE. Once the new measure is received, it will be posted online for comment from other postsecondary institutions and interested parties. The change request is then considered, and MDHE submits a recommendation for action to CBHE. Review may occur more frequently, however, due to extenuating circumstances.

In addition, four-year institutions must notify MDHE of changes between measure options where available (i.e., from freshman-to-sophomore retention rate to first-time, full-time freshmen successfully completing 24 hours in their first academic year or vice-versa). These changes do not require CBHE approval, as these measures have been previously adopted and approved by the board as part of the basic performance model.

### **Current Change Requests**

In August, MDHE notified all public institutions to submit requests for changes to the three areas covered by this change process no later than September 15, 2014. Twenty-six requests were received from 22 institutions and included requests to revise peer groups, institutionally selected measures and changes in available measure options.

A call for comments for proposed changes to institution-specific measure and peer groups was sent to all public community colleges, four-year institutions and the State Technical College of Missouri on September 26, 2014, with a deadline of October 10, 2014.

### **Analysis**

As highlighted in the Performance Funding Task Force agenda item, the community colleges have requested the expansion of their institution-specific measure to allow for performance items relating to affordability in addition to efficiency. Based on that change, all community colleges requested a revision of their fifth measure to take advantage of this expansion. During the

comment period, concerns were raised about the approach taken in these proposals. MDHE staff also raised concerns about the consistency of these proposals with the guiding principles of the Missouri performance funding model and with the manner in which the sustained excellence benchmark was established. The colleges were notified of these questions and, in response, several have revised their proposals. At the time of the distribution of this item, proposed revisions continue to be received and evaluated by the MDHE. Final information concerning proposed changes will be distributed to the board at the CBHE meeting along with a recommendation for action by the board on each one.

Several four-year institutions also have requested changes to their peer groups and institutionally-selected measures. During the staff review of the peer group changes, concern was raised that some of the peer groups contained a much smaller number of institutions than the institution's original peer group. However, based on the eventual determination that the changes were appropriate and within the guidelines for establishing peer groups to be used to determine the baseline for sustained excellence, staff recommends the board approve these changes. With regard to changes to the institution specific measures, no comments were received and staff believes they are also consistent with the goals of the model. Consequently, they are recommended for approval.

#### **STATUTORY REFERENCE**

163.191, RSMo., State aid to community colleges

173.1006, RSMo., Establishment of performance measures

173.1540 RSMo., State aid to four-year institutions

178.638, RSMo., Oversight of college by coordinating board and state board of education

#### **RECOMMENDED ACTION**

**A final recommendation regarding proposed changes to the institutionally selected measure for community colleges will be provided to the CBHE at or before the meeting.**

**It is recommended that the Coordinating Board approve Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, and State Technical College of Missouri's changes to their peer groups.**

**It is recommended that the Coordinating Board approve Lincoln University, Missouri Southern State University, Truman State University, and University of Missouri System's changes to institution-specific measures.**

#### **ATTACHMENT**

Listing of Requested Changes, by Institution (Changes requested by community colleges will be provided at or prior to the meeting.)

**FOUR YEAR INSTITUTIONS'**  
**Requested Performance Funding Changes**

<b>INSTITUTION</b>	<b>CHANGE</b>	<b>SPECIFICS</b>
Harris-Stowe State University	Pre-Selected Measure	Improvements in assessments in the major field
Lincoln University	Pre-Selected Measure	Improvements in assessment of general education
	Institution-Specific Measure	Freshmen who successfully complete English 101 changed to Freshman to sophomore
	Peer Group	Change intended to account for size, mission, demographic, and land-grant status.
Missouri State University	Demonstration of Success	Sustained excellence for 24 hour completion be set at 66.6%.
Missouri Southern State University	Institution-Specific Measure	Percentage of students in freshmen cohort successfully retained after participating in first year learning community changed to number of students enrolled in a learning community each fall semester
	Peer Group	Changed to be more similar in terms of demographics
Missouri Western State University	Peer Group	Changed to be more similar in terms of budget size and student enrollment
Northwest Missouri State University	Peer Group	Removes some from original list due to institutions' change of mission or geographic
Southeast Missouri State University	---	
Truman State University	Institution-Specific Measure	Demonstration of improved critical thinking changed to increased performance of seniors in high-impact practices
University of Central Missouri	---	
University of Missouri System	Institution-Specific Measure	Federally financed research and development expenditures changed to science and engineering expenditures sponsored by business & industry
	Demonstration of Success	3 ways to demonstrate success changed to 2 ways (more similar to other measures)
State Technical College of Missouri	Peer Group	Removes 2 private institutions and replaces them with 2 public institutions with similar program mix