

AGENDA ITEM SUMMARY

AGENDA ITEM

Performance Funding Model Revisions
Coordinating Board for Higher Education
June 8, 2017

DESCRIPTION

In addition to the standard revision process described under Tab G, the change process established by the Coordinating Board for the performance funding model requires a more in-depth review occur every three years in order to ensure the model remains current and relevant. For the current review cycle, additional issues have been identified that the task force will need to include as part of its deliberations and recommendations. This agenda item describes the current status of that initiative.

Background

Less than a decade ago, only a handful of states had implemented some type of performance-based funding model as a component of how public colleges and universities were allocating state funding. Since that time, substantial growth and change has occurred in this policy arena. Based on data from the National Conference of State Legislatures, 37 states are either using or implementing a mechanism to incorporate performance indicators into their state higher education funding process. In addition to growth, the scope and nature of performance funding models are changing as well.

The funding models that now exist represent a wide range of approaches. Basic models are relatively simple in nature and do not have significant levels of funding, are likely to share features with earlier performance-funding models, and minimally link the state's finance policy with completion and attainment goals. The majority of states have adopted models that represent increasing degrees of development and adherence to promising practices. The most sophisticated systems include significant and stable funding, full institutional participation, differentiation by metrics and institutional sector, prioritization of both degree/credential completion, and outcomes for underrepresented students.

Missouri and eight other states have been classified by experts in the field as falling into the basic category. Only two states, (Tennessee and Ohio) are classified as the most robust, with the remaining 26 states falling somewhere between those two extremes. If Missouri's performance funding effort is to remain an integral part of the state's higher education funding process, it is imperative that we consider the changes occurring in other states and determine how those models can provide examples for improvement.

In addition to those external factors, the need for a comprehensive review of the Missouri model has several internal drivers as well. A number of issues were raised as part of the recent audit of the performance funding model by the office of the State Auditor. The issues included questions about data integrity and verification as well as about the peer group selection process. In addition, during the recently completed legislative session, the Governor's office and various legislators raised questions and concerns about the validity and impact of the current model.

Evidence of this concern includes legislation that was introduced making fundamental changes to the current model. A number of other issues were raised during an information session with the House Higher Education Committee and the House Appropriations Education Subcommittee.

2017 Performance Funding Task Force

In response, the MDHE has empaneled a new task force to work through these issues. Members of the taskforce are listed in the attachment to this agenda item. Current plans are to meet throughout the summer, with a mix of in-person and teleconferencing meetings. The intent is to bring a set of recommendations for revisions and updates to the performance funding model to the Coordinating Board at its September meeting. Depending on the scope of the deliberations, there may be some issues that will require more time to complete. If that situation arises, the taskforce will continue its work to develop final recommendations on those items.

Conclusion

Outcomes-based funding has moved into the mainstream of state-level higher education financing policy. This fact, coupled with growing body of information about good practices and concerns about the operations of the current model in Missouri, make it imperative that the Coordinating Board conduct a comprehensive review of this policy area if it is to remain an important strategy for improving access, persistence and attainment.

STATUTORY REFERENCES

Section 163.191, RSMo – State aid to community colleges

Section 173.1006, RSMo – Establishment of performance measures

Section 173.1540, RSMo – State aid to four-year institutions

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT(S)

Attachment A – Performance Funding Taskforce - 2017

Performance Funding Taskforce – 2017

Four-year Institutions

Kathy Mangels – Southeast Missouri State University
Sandy Koetting – Lincoln University
Clif Smart – Missouri State University
Bob Vartabedian – Missouri Western State University
Cuba Plain – University of Missouri System
Paul Wagner – COPHE

Community Colleges

Hal Higdon – Ozarks Technical Community College
Jon Bauer – East Central College
Lenny Klaver – North Central Missouri College
Shelley Kneuvean – Metropolitan Community College
Kelli Burns – St. Louis Community College
Rob Dixon – MCCA

State Technical College

Rick Mihalevich

Legislative Staff

Trevor Foley – Senate Appropriations
Kate Hangle – House Appropriations

Governor's Office

Drew Erdmann