



Tab 4

Performance Funding and Higher Education Efficiency Study – Final Report

Coordinating Board for Higher Education
June 14, 2023

BACKGROUND

HB 3003 (2022) is the appropriations bill that includes funding for the Department of Higher Education & Workforce Development's budget; public higher education institutions; student financial aid programs; and other programs, projects, and services. In this legislation, the General Assembly appropriated \$450,000 and directed DHEWD to use the appropriated funds:

"For commissioning a study which provides recommendations to the Governor and General Assembly on public higher education performance funding models, considering state fiscal climate and institutional mission, to be completed by December 15, 2022; and for commissioning a study that makes recommendations to the Governor and General Assembly regarding higher education efficiency and possible reforms, considering current institutional missions and state fiscal resources, to be completed by July 1, 2023."

Through the state's Request for Proposals (RFP) procurement process, the National Center for Higher Education Management Systems (NCHEMS) was awarded a contract to lead on both appropriation requirements.

As the department sought clarification from legislators about the intent and scope of the appropriation language, it became clear that the DHEWD, and in turn, NCHEMS, needed to approach the issues broadly related to performance funding and consider 1) how other states use institution performance as a funding tool, and 2) how might NCHEMS develop an approach that best fits the diverse makeup of Missouri's public higher education system.

The final report builds on the initial performance funding report by incorporating institution specific data to provide a more complete picture of the funding model's operation as well as information about higher education efficiency gathered earlier this year.

DISCUSSIONS & MILESTONES

Since the CBHE's last discussion on this topic, the department has completed the following noteworthy activities:

- **December 7, 2022:** CBHE received the initial performance funding report and approved the proposed advisory committee representation, acknowledging that the advisory committee will not serve as the only form of stakeholder engagement.
- **December 19, 2022:** DHEWD and NCHEMS staff conducted the first meeting of the performance funding and efficiency study advisory committee. The primary subjects for this meeting were an overview of the study process and a contextual discussion of the proposed funding model.
- **January 15 and 27, 2023:** DHEWD and NCHEMS staff met to continue conversations on progress with both the ongoing funding model development and the efficiency/reform component of the report.
- **Late January/Early February 2023:** In partnership with the State Higher Education Executive Officers (SHEEO) organization, NCHEMS conducted a 50 state survey of state-level initiatives to improve the efficiency of higher education institutions.
- **February 3, 2023:** DHEWD and NCHEMS staff conducted a meeting of the performance funding and efficiency study advisory committee. The primary focus was discussion of the performance funding component and related metrics. In addition, DHEWD staff distributed an NCHEMS-developed survey to all

Missouri public colleges and universities to collect information about current projects and initiatives designed to improve efficiency on their campuses.

- **March 3, 2023:** DHEWD and NCHEMS staff met to continue conversations on progress with both the ongoing funding model development and the efficiency/reform component of the report.
- **March 17, 2023:** DHEWD and NCHEMS staff conducted a meeting of the performance funding and efficiency study advisory committee. The primary focus of this meeting was continuing the discussion of the performance funding metrics and the upcoming campus visits by NCHEMS.
- **April 17 – 21, 2023:** NCHEMS staff conducted face-to-face meetings on various institutional campuses around the state with representatives of all public higher education institutions. The meetings included a relatively detailed review of the proposed funding model and an opportunity for one on one meetings with institutional representatives regarding the funding model and the efficiency component of the report.
- **April 28, 2023:** DHEWD and NCHEMS staff met to continue conversations on progress with both the ongoing funding model development and the efficiency/reform component of the report.
- **May 15, 2023:** DHEWD and NCHEMS staff met to discuss the current status of the final report and develop a plan for meetings with the advisory committee, Governor's office staff, and the Coordinating Board.
- **May 23, 2023:** DHEWD and NCHEMS staff conducted a meeting of the performance funding and efficiency study advisory committee. The primary focus of this meeting was to provide an update on and additional details regarding the proposed funding model, including the performance funding metrics.
- **May 26, 2023:** DHEWD and NCHEMS staff updated with several members of the Governor's staff on the progress of the study and provide additional details concerning the proposed funding model.

NEXT STEPS

NCHEMS will present the final comprehensive report (Attachment A) to the CBHE during the June 14, 2023 public meeting. Subsequent to the meeting, MDHEWD staff will transmit the report and any institution responses to the Governor's Office and General Assembly before June 30, 2023.

RECOMMENDATION

Staff recommend that the CBHE receive the performance funding and efficiency study report and thank NCHEMS for its work to complete this project.

ATTACHMENTS

- None