

Feedback on Revised Higher Education Funding Model (Revision presented February 4, 2013)

Institutions submitting comments-- Lincoln University (LU), Linn State Technical College (LSTC), Missouri State University (MSU), Truman State University (TSU), University of Central Missouri (UCM), and the University of Missouri System (UM).

Other entities submitting comments - Council on Public Higher Education (COPHE), Missouri Community College Association (MCCA), and the Missouri Department of Higher Education (MDHE).

Comments submitted	Notes
Consider using only new revenue for performance funding. Performance measures were developed under the assumption that performance funding would be applied only to new money. (UCM, UM, COPHE, MCCA, MSU, TSU)	Complete College America recommends not waiting for new money in order to implement performance funding. CCA: "...funding the performance component of the allocation only with new resources is a recipe for indefinite postponement."
Consider a reclassification to CIP Codes for 46 - Construction Trades and 47 - Mechanic and Repair Technologies from Cluster 2 to Cluster 3 in course weighting matrix (LSTC)	Yes. CIP Codes 46 and 47 should be in Cluster 3.
Note that performance measures for LSTC should include graduation rate, first-year retention, graduate 180-day placement rate, major field assessment passage rate, and completions per full-time equivalent student. (LSTC)	Yes. The performance measures listed for LSTC were taken from the final report of the Higher Education Performance Funding Taskforce report where they were listed in correctly. Corrections should be made to Appendix F.

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Consider that if performance measures are intended to help the state meet the 60% degree and credential goal, the measures should reflect access, completion, student success, and affordability. (UCM)	The proposed model has always incorporated incentives for completion and student success. The revised model attempts to address access through an incentive for institutions to recruit and retain students with low income. The only aspect noted in this comment that is not explicitly addressed is affordability. As one of the other comments noted, the funding model could be part of a larger conversation about tuition and state aid programs.
Consider that barely missing a performance target could negatively impact an institution's core budget. (UCM)	This is true, but for any measure there will be a cutoff point.
Performance measures should not be based on rates. (UCM)	The JCED proposal did not alter the Higher Education Performance Funding Taskforce metrics. Calculations for the performance measures for the FY2014 budget were done by MDHE.
Consider that the proposed system of rewards may encourage institutions to become more selective in order to meet performance goals. (UCM)	
Note that missions approved by CBHE and the historical levels of funding to support those missions are not considered through Carnegie classification groupings. (UCM)	
Note that comparisons with peer states sends message that increased productivity requires increased state support. (UCM)	Yes. Given Missouri's position nationally in terms of state support of public higher education institutions, any model that draws on other states for comparative expenditures will show Missouri institutions as underfunded. The ten states in the proposed model were selected because they are closest to Missouri in per capita personal income. Of those ten states, all have a higher level of state support for higher education per \$1,000 of personal income. Nine of the ten states have a higher level of state support for higher education per capita.

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Consider pairing the comprehensive funding model with consideration of the state's need-based financial aid programs and policies on tuition caps. (UCM)	State appropriations to institutions, state aid to students, and tuition caps are certainly related to each other when considering state support for higher education in the broader context. Staff are neutral on tuition caps and recommend the JCED consider a future study of state aid programs.
Note that a model that uses weighted student credit hours does not reflect the trend toward outcomes-based and competency-based performance measures. (UCM, MDHE)	The proposed model incorporates both expenditure considerations and performance outcomes. The expenditure-related components are designed to address disparities in current base funding. Previous input the JCED has received would indicate that for Missouri to move forward considering only performance would be to accept the current appropriations as appropriately proportioned across institutions and sectors. Any move forward with performance-only funding would maintain any current disparities.
Consider weights for professional programs in medicine, dentistry, and veterinary medicine to be 19.5 rather than 10.02 in course weighting matrix. (UM, COPHE)	Currently the weights range from 1 to 10. Further review is needed to determine the appropriate weight for these programs.
Consideration should be given to using weighted means rather than medians for standardized rates in credit hours for costs of instruction, headcount for costs of public service, and costs of student services. (UM, COPHE)	Upon direction from the JCED, this recommendation will require further review.
Consider consistent use of fall headcount vs. annual headcount in public service and student services. (UM, COPHE)	Yes. Revision will incorporate this change.

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Due to changes in IPEDS reporting, consider using only a two-year rolling average for FY2010 and FY2011 until FY2012 data are available and we can move to using three-year average data. (UM, COPHE)	Yes. If only two years of data are available for FY2010 and later, we will use a two-year rolling average until such time that three years of data are available.
Consider using the NCES variable for the percent of undergraduates receiving Pell grants rather than calculating the percent from available data. (UM, COPHE)	Possibly. The advantage to using the NCES variable is that it is available in IPEDS, and there would be no questions with calculations. The disadvantage is that the IPEDS percentage is a whole number and therefore not as precise. In addition, the NCES variable is listed by institution so a calculation would be required for determining the associates sector and the research sector percent over threshold.
Consider distributing the additional weighting for Pell eligible students proportionately across institutions according the number of Pell-eligible students they enroll. (UM)	No. This would disproportionately benefit institutions with higher enrollments and is not a reflection of an institution's commitment to recruit and retain Pell-eligible students.
Consider incorporating a variable to measure the quality of output. (UM, COPHE)	Quality measures would be reflected in performance measures which were determined by the institutions. Any revisions to those measures could be negotiated between the CBHE and the institutions.
Reconsider tuition limitations put in place under SB 389. (UM, COPHE)	
Rather than using state appropriation in peer institutions as the benchmark for state support, consider the median of the peers or the existing percent for the institution. (UM, COPHE)	Upon direction from the JCED, this recommendation may require further review.
Consider using a hold harmless rather than stop-loss provision. (MCCA)	Would not recommend. The stop-loss percentage was changed from 95% to 98% and would currently only be applicable to one institution.

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Consider adding to community colleges' appropriation for the costs of providing workforce development opportunities. (MCCA)	Would not recommend. We do not have any data on this issue, nor do we know to what extent data are collected, costs of workforce development estimated, revenue provided by employers or participants, etc.
Consider instruction costs of in-state students only. (MCCA)	Would not recommend. This would be punitive to institutions close to state borders that may enroll more out-of-state students.
Consider not deducting any local revenue from the state appropriation. (MCCA)	Would not recommend. There is not unanimous consent on this issue, and the recommendation in the revised proposal (2/4/2013) compromised with a partial deduction of local revenue.
Consider deducting local revenue from the formula grand total rather than from the calculated state share. (MCCA)	Would not recommend.
Consider subtracting local revenue from peer institutions before determining the state's share. (MCCA)	Upon direction from the JCED, this recommendation may require further review.
Consider using FTE rather than headcount for student services calculation. (TSU)	Upon direction from the JCED, this recommendation may require further review, and the change will be considered for both student services and public service.
Consider a lower instructional weight for "online only" students. (TSU)	Upon direction from the JCED, this recommendation may require further review.
Consider dividing master's sector into more specific categories according to size. (TSU)	Upon direction from the JCED, this recommendation may require further review.
Consider how statutory mission may impact costs such as TSU's objective to lower class sizes and prepare students for graduate school. (TSU)	Upon direction from the JCED, this recommendation may require further review.

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Note that most of the institutions in the master's peer group come primarily from four of the ten comparison states. (TSU)	
Consider running hypothetical scenarios that would project the potential impact of a reduction in enrollment and variations in the number of performance measures met. (TSU)	
Consider a reduced percentage for performance funding. (TSU)	
Verify the numbers and percentages of Pell-eligible students. Several COPHE institutions believe their numbers were not reported accurately. (COPHE)	These data will be reviewed and corrected as necessary.
Clarify the use of the 10 surrounding states as peers. (COPHE)	The 10 peer states are those closest to Missouri in per capita personal income and is noted in the report.
In the larger context of a discussion about how the state supports higher education and given the model's additional incentive for recruiting and retaining students with low-income, reevaluate the state's financial aid programs to ensure they provide access to the neediest students. (COPHE)	
Consider not incorporating the funding model into statute. (COPHE)	Would not recommend. Guaranteeing that the intent and expectations of the legislature would be met would be difficult to ensure outside of legislation.

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Note that model incentivizes simply growth in student headcount (MDHE)	In order for the state to meet the goal of increasing the number of adults with degrees or credentials to 60%, new students will need to be enrolled in postsecondary education.
Note that the model is largely driven by instruction as reflected through course hours completed. (MDHE)	Course hours completed represent a positive outcome measure for institutions.
Note that revised proposal does not specify how funding would be appropriated through the model. (MDHE)	Options for appropriating through the model have been discussed. A recommendation will be included in the final report.
Note MDHE supports the change to sector-specific targets for determining state share, the change in stop-loss percentage from 95% to 98%, and the additional weight for students with low income.	
Consider COPHE recommendation to use a base-plus method of distribution, concerns with methodology and comparator institutions, and need for evaluation of financial aid programs. (LU)	Would not recommend continuation of a base-plus appropriation that provides no rational basis for the appropriation.
Consider that LU population and mission may not be well-served by the model, specifically in comparative size of master's institutions, open enrollment status and land-grant status. (LU)	Upon direction from the JCED, consideration of dividing the master's sector may require further consideration.
Consider a phase-in of a new funding model. (LU)	Upon direction from the JCED, consideration may be given to options for phasing in the percentage of funding determined by performance outcomes.