



MUS Strategic Plan

Budget Allocation

Goal 3: Efficiency & Effectiveness

Performance Funding History:

In May 2013, the Montana University System (MUS) adopted a performance funding model to augment the university system's allocation methodology for distributing state appropriations to campuses. This first version of the MUS performance funding model allocated \$7.5 million of state dollars in fiscal year 2015, approximately 5% of total state appropriations. The model utilized two basic metrics for all campuses, freshmen to sophomore retention of first-time, full-time students and the annual number of undergraduate degrees and certificates awarded.

Following the approval of the initial performance funding model, a Performance Funding Taskforce comprised of MUS administrators and faculty leaders, designed a more detailed model. The Montana Board of Regents approved the model in May 2014 for allocation of funds in fiscal years 2016, 2017 and beyond.

This current version of the performance funding model was used to allocate \$15 million of state appropriations for FY20, approximately 8% of the total state appropriation to the MUS educational units.

Goal Statement

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

Background

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

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

Performance Funding

In May 2014, the Board the Regents approved a new set of performance metrics designed to be used in 2015-16 and 2016-17 fiscal years, and beyond. Within this set of metrics, retention rates and completion numbers are measured for all MUS campuses. In addition, mission specific metrics are identified at the flagship and 2-year campuses. Degree counts in graduate programs and research expenditures are included in the flagship campus measurements, while early college enrollment of high school students coupled with a menu consisting of transfer rates, success in developmental education, credit accumulation, and licensure/exam pass rates round out the metrics for 2-year campuses. For all campuses, special weighting will be applied for Pell-eligible students (low income), American Indian students, nontraditional-age students, and veterans.