



Nevada System of Higher Education Performance Funding

Background and Context

In 2013, the Nevada State Legislature approved the adoption of a performance funding pool for the institutions of the Nevada System of Higher Education (NSHE). The NSHE is made up of seven teaching institutions (University of Nevada, Las Vegas; University of Nevada, Reno; Nevada State College; College of Southern Nevada; Great Basin College; Truckee Meadows Community College; and Western Nevada College) and the Desert Research Institute. The adoption of the NSHE's Performance Pool came about through a funding formula study that was created under a 2011 legislative measure. The Committee to Study the Funding of Higher Education (Senate Bill 374, Chapter 375, *Statutes of Nevada 2011*) was specifically charged with considering methods for rewarding institutions for graduating students, which ultimately resulted in the Performance Pool.

Throughout the funding formula study, it was understood that there would be no additional state funding allocated to NSHE institutions through the Performance Pool. Therefore, the Performance Pool is based on a carve-out of state funds over an initial 4-year implementation period. In the first year (FY 2015) the carve-out from base state funding is 5 percent, 10 percent in the second year, 15 percent in the third year, and finally 20 percent in the fourth year (FY2018). The carve out percentage will be set aside and depending on the institutions' performance in a prior year they can "earn back" the set aside funds.

The Mechanics

Institutions compete against themselves in separate institutional pools. Early versions of the Performance Pool were based on three funding pools whereby institutions would compete against institutions in the same tier (e.g. university, state college, and community college pool). However, because of the disparity between institution size and capacity and a wide range in historical institution performance under certain metrics, it was ultimately decided that institutions would compete against themselves in individual pools.

The metrics are consistent across tiers. Each metric is defined in terms of specifically what is counted and the data source (data definitions attached). Following is an example of the metrics selected for a university:

	Weights	2011-12 Baseline (Actual)		2012-13 Target
		Points	Weighted Pts.	Weighted Pts.
UNLV (2% Target)				
Bachelor's Degrees	30%	3,670	1,101.0	
At-Risk Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	912	273.7	
Master's and Doctoral Degrees	10%	1,370	137.0	
At-Risk Master's and Doctoral Graduates (Minority + Pell-Eligible x .4)	"	185	18.5	
Sponsored/External Research Expenditures in \$100,000's	15%	426.4	64.0	
Transfer Students w/a transferable associate's degree	5%	1,628	81.4	
Efficiency - Awards per 100 FTE	20%	27.2	5.4	
Economic Development (STEM and Allied Health) Graduates	20%	879	175.8	
Economic Development (business and management) Graduates	"	1,504	300.8	
TOTAL WEIGHTED POINTS	100%	--	2,157.6	2,200.8

Following is an example of the metrics for a community college:

WNC (2% Target)	Weights	2011-12 Baseline (Actual)		2012-13 Target
		Points	Weighted Pts.	Weighted Pts.
1 to 2 Year Certificate	10%	30	3.0	
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)	"	8	0.8	
Associate's and Bachelor's Degrees	30%	465	139.5	
At-Risk Associate's and Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	114	34.1	
Transfer Students w/24 credits or associate's degree	10%	213	21.3	
Efficiency - Awards per 100 FTE	20%	21.0	4.2	
Gateway Course Completers	10%	1,549	154.9	
Economic Development (STEM and Allied Health) Graduates	20%	122	24.4	
Economic Development (construction trades) Graduates	"	9	1.8	
TOTAL WEIGHTED POINTS	100%	--	383.9	

An institution's performance will be measured based on seven metrics (two of which have sub-metrics for under-served populations). The majority of the metrics are based on the number of students graduating, including metrics for students graduating in defined populations (underserved populations, STEM, allied health, etc.). Each institution was allowed to select one field (based on a two digit CIP code) that supports economic development for which it may receive additional points. In the university example provided, the institution selected Business and Management.

A weight (percent) is applied to each metric. The individual weights for the metrics total 100 percent and are intended to signify importance or priority of the metrics. From the application of the weights, the Performance Pool sends a clear signal that the top priority is graduating students. In addition, increasing sponsored project activity, transfer and articulation, and general efficiency are encouraged.

Point Targets

For each institution an aggregate point target is established. In the aforementioned example, the university must achieve weighted points of 2,200.8 (up from the baseline of 2,157.6 weighted points) to receive 100 percent of the funds carved out from its base funding (5 percent in FY2015).

Institutions will earn the performance funds for any given fiscal year based on performance in a prior academic year. For all existing data outcomes the data for any given academic year is available in late November of the following fiscal year. The following table indicates the performance year of measure and the respective fiscal year when the earned performance pool funds will be distributed.

Base Year	Year of Measure	Distribution Year
2011-12	2012-13 (FY2013)	FY2015
2012-13	2013-14 (FY2014)	FY2016

The performance year of measure is prior to the distribution year to ensure that institutions know in advance of the fiscal year what performance funds will be available for their budget. Metrics and point targets will be revisited by the Board of Regents at the end of every two-year performance cycle.

Carry-Forward Performance and Distribution of Unearned Funds

Institutions who do not earn 100 percent of their performance funds in the first year of the performance cycle will be given the opportunity to earn back those funds in the second year of the cycle. For example, for an institution who fails to meet its point targets in the first year, the unearned performance funds would carry forward to the second year where the institution could earn those funds back if it over performs in year two. In other words, the institution would have to exceed its year two target.

In the event that there are performance funds that are unearned at the end of the second year of the performance cycle, unearned funds will be distributed to all institutions for need-based financial aid. Because there are many “working poor” in Nevada who do not qualify for Title IV Federal Student Aid the institutions may determine students of need independent of Title IV guidelines.

Contact Information

For further information, please contact Crystal Abba, Vice Chancellor for Academic and Student Affairs via e-mail at cabba@nevada.edu.

NSHE Performance Pool Data Definitions

Outcome	Definitions
1 to 2 year Certificate	The total number of certificates requiring 30 or more credit hours granted during an academic year. Students earning multiple certificates in an academic year will have each earned certificate count as a separate outcome. An additional weight of .4 per certificate awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Associate's Degrees	The total number of associate's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per associate's degree awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Bachelor's Degrees	The total number of bachelor's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per bachelor's degree awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Master's Degrees	The total number of master's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per master's degree awarded to a minority student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Doctoral Degrees	The total number of doctoral degrees conferred during an academic year. First-professional degrees (medical, dental, law) are not included. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per doctoral degree awarded to a minority student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Transfer Students w/a Transferable Associate's Degree	Total number of students transferred to a 4-year institution with a transferable associate's degree from an NSHE community college. (Source: NSHE Data Warehouse)
Transfer Students w/24 credits or Associate's Degree	The total number of students who enrolled at a four -year institution during the fall or spring semester of a given reporting year who had earned at least 24 credits or a transferable associate's degree at a community college prior to the reporting year. Students are excluded if they are co-enrolled at a 4-year institution and a 2-year institution during the term in which they otherwise would have been included as a transfer student. (Excludes courses from the 24 credit count if the grades are AU, AD, NR, ND, X, I, F, U, W.) (Source: NSHE Data Warehouse)
Efficiency - Awards per 100 FTE	The number of bachelor's, master's and doctoral awards per 100 FTE at 4-year institutions and the number of certificates, associate's and bachelor's (where applicable) per 100 FTE at the 2-year institutions. (Source: IPEDS and Official FTE)
Sponsored/External Research Expenditures	The total amount expended on sponsored programs/projects of research and other scholarly activities for the fiscal year. This amount includes federal, federal pass-through, State of Nevada, other state and local government, private for-profit, private non-profit. Other scholarly activity includes the instructional, public service, student services, and "other" functional grant categories, including workforce development. The figures exclude the scholarship/fellowship category. (Source: Sponsored Projects)
Gateway Course Completers	The total number of students (unduplicated) who successfully completed a college-level English or mathematics course (grad C- and above) in the reporting year. (Source: NSHE Data Warehouse)
Economic Development - STEM and Allied Health Graduates	Total number of certificates, associate's, bachelor's, master's, or doctoral degrees awarded (first professional awards are excluded) in an academic year based on CIP codes for STEM and health professionals as identified by NCHEMS for the NGA metrics. (CIPs: 4 - architecture and related services; 11 - computer and information sciences and support services; 14 - engineering; 15 - engineering technologies/technicians; 26 - biological and biomedical sciences; 27 - mathematics and statistics; 40 - physical sciences; 41 - science technologies/technicians; and 51 - health professions and related clinical sciences) (Source: IPEDS)
Economic Development - Institution Selected Discipline	Total number of certificates, associate's, bachelor's, master's, or doctoral degrees awarded (first professional awards are excluded) in an academic year based on CIP code selected by the institution which aligns with the state's economic development plan. (UNLV- 52 Business, Management, and Related Support Services; UNR- 42 Psychology; NSC- 52 Business, Management, and Related Support Services; CSN- 52 Business, Management, and Related Support Services; GBC - 47 Mechanic and Repair Technologies/Technician; TMCC- 48 Precision Production; WNC- 46 Construction Trades.) (Source: IPEDS)