UMS Strategic Plan
Implementation Planning Process

STRATEGIC DIRECTION #6:
Performance, Accountability, and Funding

Achieving Excellence

Knowledge

Community

UMS MISSION

Student Success

Chancellor Joseph W. Westphal, Chair

Progress Report
Submitted December 22, 2005

A Value-based Holistic Approach
EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

The UMS Strategic Plan established a committee to address the issue of performance, accountability and funding. The committee is chaired by Chancellor Joseph W. Westphal and includes faculty, administrators, and a student.

Early in its work the committee established two fundamental guiding principles:

- To create and use a holistic approach to the overall issue of performance, accountability, and funding.
- The holistic approach is to be based on University System’s underlying core values. The committee recommends that the core values are: Knowledge, Student Success, and Community; with special emphasis on overlapping areas of Discovery and Learning, Development, and Contribution.

After much examination and deliberation, the committee unanimously established a vision for a value-based holistic approach for the issue of performance, accountability, and funding. Key points of the vision are:

- Establish and monitor System-level performance measures based on the underlying core values.
- Establish futuristic benchmarks (targets) for each performance measure and monitor the progress in meeting the desired goals (accountability).
- Establish and monitor performance measures and benchmarks for each university and System central services - based upon UMS core values and university missions. Benchmarks will be determined through open dialog between the Chancellor, Trustees, and campuses based upon external peer comparisons.
- The new funding process will conceptually be based upon “funding requirements for delivering services.” The funding requirements will be in part determined upon external peer comparisons.
- True accountability for the System, universities, and central services is measured by the simultaneous and proportionate progress in funding and reaching performance goals.

The committee strongly feels that evaluation and funding decisions should be made through open dialog that is well grounded on data and facts. The committee plans to bring three monumental recommendations to the Trustees for their consideration:

1. Core values for the UMS;
2. A holistic and operational performance and accountability report for the System and universities and;
3. A prototype funding model to be fully tested and analyzed.
Strategic Direction 6 – Require accountability from all universities by providing appropriate goals and objectives and carefully assessing each institution’s ability to meet its goals. Establish goals, objectives, and performance measures for each institution to ensure prudent stewardship and enhanced public accountability.

The UMS Strategic Plan adopted by the Board of Trustees on September 20, 2004 contains nine strategic directions. The sixth strategic direction deals with accountability as stated above. Nationally, many University Systems are implementing accountability standards in order to enhance student success; ensure quality research and service; and encourage greater productivity in higher education. The University of Maine System, through its Strategic Plan, embraces this philosophy and course of action. The UMS Strategic Plan directs this committee to work on the following specific outcomes:

The Strategy #6 Committee’s goals, as outlined in the Strategic Plan, are to:

1. Strengthen institutional research capacity and focus on it as a System, in order that research can be conducted that will be useful in understanding the strengths and weaknesses of all universities;
2. Set clear goals and objectives for financial management for each university and the System Office;
3. Renew capital assets to maintain and upgrade UMS facilities so that they meet regulatory requirements and overall modernization needs and, in situations where space is unavailable or current space cannot be modified, fund new construction;
4. Collect, analyze, and evaluate data such as enrollment, retention, and graduation rates, based on benchmark goals set for each institution, that are consistent with its mission and Carnegie classification;
5. Utilize a campus-based Academic Program Planning (APP) model for program review, assessment, and development, based on the outcomes in Strategic Direction #1;
6. Evaluate each institutional leader based on the progress made in achieving the goals and priorities set for each institution in its strategic plan, which must be consistent with the University of Maine System’s strategic planning priorities and must be approved by the Board of Trustees; and
7. Establish a performance-based funding component of funding.
To achieve this work, the UMS Strategic Plan Implementation Planning Process established a working committee on the issue of performance, accountability, and funding. The committee is chaired by Chancellor Joseph W. Westphal and includes faculty, administrators, and a student from the University System.

The committee held its first meeting on March 22, 2005 to examine the overall issue, review the external and internal financial environments, and establish an approach for navigating through the complex issues. Concerning the 7 specific objectives above, the committee felt that issue #1 was being addressed separately by the implementation of PeopleSoft and issue #3 is being addressed separately by the System CFO group that will make recommendations to this committee.

Consequently, the committee’s work is initially focused on issues #2, 4, 5, 6, and 7. The committee established the guiding principle that their work should NOT address each item separately, but rather use a holistic approach to the complexity and interrelated issues of performance, accountability, and funding. Furthermore, the committee views the outcome of its work as providing only a conceptual framework and quantitative foundation that supports an open dialog between the Trustees, Chancellor, and campuses; and contributes to the performance assessment of Presidents.

The committee’s work began in earnest at a one-day retreat held on May 2, 2005 that was facilitated by Paul Lingenfelter, Executive Director, State Higher Education Executive Officers (SHEEO). The retreat reviewed and discussed conceptual issues surrounding performance and accountability, and outlined funding models used by other States. This review and discussion was presented in the committee’s May 2005 interim report.

The committee then met monthly to narrow its work, conduct research, and discuss the issues in order to formulate the recommendations presented in this report. It is fully recognized that this report is NOT a final report as the committee has yet to fully address every point of its charge. Given the complexity and sensitivity of this work, it is felt that the committee should proceed slowly and thoughtfully rather than rush and make ill-informed recommendations.

**Next Steps**
The committee plans to hold monthly meetings throughout the spring semester to finish their work and bring three monumental recommendations to the Trustees for their consideration:

1. Core values for the UMS;
2. A holistic and operational performance and accountability report for the System and universities and;
3. A prototype funding model to be fully tested and analyzed.

This is a very ambitious, yet achievable, agenda for the committee.
A VISION FOR PERFORMANCE, FUNDING, AND ACCOUNTABILITY

Early in its work the committee established two guiding principles. The first guiding principle was to establish a holistic approach to the overall issue of performance, accountability, and funding. The approach should provide a foundation and framework for open dialog between the Board, Chancellor and campuses; and contributes to the performance assessment of Presidents.

The second guiding principle was that the holistic approach should be based on the underlying core values of the system. Specifically, the core values will guide the search for the performance and accountability measures and drive the new funding process.

After much examination and deliberation, the committee unanimously created a vision for a value-based holistic approach for the issue of performance, accountability, and funding.

Performance and Accountability
The schematic in figure 1 displays the overall vision. At the top and leading the effort is the Chancellor and the Trustees. They provide oversight, set benchmarks, and evaluate the process.

Based on the UMS Core Values, the System establishes and monitors selected meaningful and insightful performance measures at the System level. In addition, futuristic benchmarks (targets) for each performance measure are determined and set as goals. Accountability for the System is then measured by its progress in meeting its desired goals (benchmarks). This overall method is modeled after the Maine Economic Growth Council’s report entitled: Measures of Growth. A sample measure, benchmark, and progress are presented below.
In addition to the System level measures, benchmarks, and progress toward goals, each individual university and System central services will also establish and monitor similar value-based performance measures. The precise measures for the universities may be slightly adapted or reconstructed depending upon their mission. These measures should also incorporate the other strategic directions (see Figure 3 below). The universities and central services will also have benchmarks for each performance measure. The benchmarks will be determined and set through an open dialog between the universities, the Chancellor and Trustees. This dialog, in part, will be based on external peer comparisons for the performance measures\(^1\). Accountability will be measured by the progress in reaching the targets.

**Funding**

It's unrealistic to expect the System, the universities, and central services to completely reach their performance benchmarks (goals) for each measure without increased future funding. Therefore, for true accountability, the new funding process must be carefully designed to be consistent and supportive of the desired goals and benchmarks.

The funding process, yet to be fully constructed, will conceptually be based upon “funding requirements for delivering services.” Based, in part, on peer comparisons, the new funding process will calculate the funds that each university and central service unit requires in order to achieve the desired performance goal. The aggregated funding requirements will then become a System futuristic funding target and be used to help craft future State Appropriation requests.

**True Accountability**

The connection between performance and funding is the mainstay of true accountability. True accountability for the System, universities, and central services is measured by the simultaneous and proportionate progress in funding and performance. In other words, if the System is able to show progress in achieving its funding target, then there should be corresponding progress in reaching performance goals.

This integrated and symmetric relationship is also true for the universities and central services. If there is not mutual progress between the funding side and the performance side, then through open dialog, the Chancellor and Trustees can explore the reasons and identify the possible “barriers.”

The committee strongly feels that decisions should be made through open dialog that is well grounded on data and facts. Operationally, during each budget cycle, the senior administration of each university should present its budget and

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\(^1\) External peers will be selected that have similar size, scope, and mission. Universities will be included in the peer selection process.
performance measures to the Chancellor. A review and discussion of progress and barriers should be used in setting the new budget for the university.

Figure 2 below displays the overall work plan and responsibilities for accomplishing these tasks. Figure 3 below displays the integration and connectivity between the System, the Universities, and the Strategic Directions.

The remainder of this report focuses on the details of the overall vision. The next section describes in detail the recommended core values for the University System. This is followed by potential performance measures based upon the core values. It is envisioned that the core values and measures, along with benchmarks for the System and universities will be compiled into a publication entitled *A Vision for Excellence*. This publication will be multi-purposed: Chancellor and Trustee supervision of the System and universities; public accountability; and overall advocacy and marketing.
A VISION FOR
PERFORMANCE, ACCOUNTABILITY, AND FUNDING

Chancellor and BOT
- Oversight
- Set benchmarks
  - Performance
  - Budget
- Evaluate progress and take action

Performance Measures
- UMS Core Values; orientated for University mission.
- Benchmarked (targets) for each institution based in part on peers and other information; determined by open dialog.
- Performance gaps to be eliminated over time.
- System central services also held accountable.

Accountability
- Equating performance gaps with funding gaps
- Equalization of all gaps over-time
- Eliminating all gaps proportionally over-time (synchronized)

Funding Model
- Based on guiding principles
- Benchmarked (targets) based on peers and other information
- Funding gaps to be eliminated over time.

An integrated and holistic approach based on: core values; measurable inputs and outputs; realistic goals and timeframes; and open dialog.
Work Plan

STEP #1: Determine UMS Core Values
- Determine Objectives
- Determine Measurable Outcomes

STEP #2: Determine University Core Values
- Augment UMS Core Values to Represent University’s Mission
- Integrate UMS Strategic Directions
- Determine Objectives
- Determine Measurable Outcomes

STEP #3: Draft New Funding Process for the Allocation of State Appropriations
- Determine Guiding Principles
- Determine Goals and Objectives
- Determine Model Structure

Roles and Responsibilities

Board of Trustees:
- Approves UMS and universities’ core values
- Approves financial resource allocations (based upon recommendations from SD#6 sub-committee)

SD #6 Sub-Committee (Chaired by Chancellor):
- Recommends UMS Core Values to BOT
- Oversees and recommends System and university-based measures
- Recommend a new funding model for the allocation of State appropriations

University Planning Committees:
- Recommend mission-based supplemental values and measures to the SD#6 Sub-Committee
- Recommend external peer groups

SD Planning Sub-committees:
- Recommend SD specific measures to SD#6 Sub-Committee
Figure 3

An Integrated Framework

**UMS Board of Trustees and Chancellor** oversee the governance, stewardship, efficiency, and effectiveness of System through accountability measures and resource allocation.

**UNIVERSITY VALUES AND MEASURES** (Mission-based)
- UM
- UMA
- UMF
- UMFK
- UMM
- UMPI
- USM
- UMS Centralized Services

**UMS CORE VALUES AND MEASURES**
- Knowledge
- Student Success
- Community
  - Learning
  - Development
  - Contribution

**UMS STRATEGIC DIRECTIONS**
1. Academic Quality
2. Faculty Development
3. Distance Education
4. Libraries
5. Research
6. Accountability
7. Centralization
8. Reorganization
9. Advocacy
A VISION FOR EXCELLENCE

The UMS Core Values are the foundation upon which the University System impacts and enhances the quality of life for Maine citizens. The activities of the System enable Maine and its people to be engaged, active, productive, and self-sufficient. It’s about awareness, problem-solving, critical thinking, competency, and self-esteem. The core values are what the University System stands for and represent its true purpose. At the heart of the System’s values is the System’s mission statement.

The committee envisions a publication entitled A Vision for Excellence. The publication begins with the System’s core values, aggregated performance measures and futuristic benchmarks. This is then followed by the same related information for each university and System central services. In this format, the publication presents a holistic view of the performance of the System to all constituents: the Trustees, public leaders, opinion leaders, current and perspective students, faculty and staff, donors, and the public at large.

Below are the recommended System Core Values. There are three primary core values: Knowledge; Student Success; and Community. This is represented by the Venn diagram below. The overlapping areas are: Discovery and Learning; Development; and Contribution. The definitions of these terms are below along with the current UMS mission statement.
Knowledge, broadly defined, implies competency at several levels: comprehension; application; analysis; synthesis; and evaluation. The University of Maine System is dedicated to the discovery, dissemination, and application of knowledge. To achieve that level of knowledge, each student’s college experience should include a strong foundation in the natural sciences, social sciences, and the humanities.

Student success means activity and attainment in several aspects of the educational experience: active engagement in the learning process; completion of the requirements for a chosen degree field; development of demonstrable critical, integrative and synthesizing thinking skills; and the ability to solve or to understand problems appropriate to the degree field. As defined, the successful student is one who develops and utilizes effective communication skills; comprehends the importance of civic awareness and social responsibility, and demonstrates active participation in them; develops a commitment to ethical behavior; and respect and appreciation for diversity.

Individual and community success are intimately linked; without the energy and inspiration of the individual, the community withers; without the support of the community, the individual fails to bloom. Higher education today is the gateway to both individual and community well-being. As a core value, the University of Maine System aspires to strengthen Maine’s many communities, to foster sustainable economic development, to enhance the natural and built environment, and to contribute to the national and international communities of which we are a part. Each campus in the System plays its part through a rich set of connections and contributions to the communities it serves, and through adherence to a mission that embraces teaching, research, and public service to advance these communities’ purposes.
**Discovery and Learning**
Discovery is that profoundly authentic experience at the heart of any academic enterprise; if followed, discovery becomes learning. Beyond the acquisition of knowledge, learning includes the full embrace of skills, abilities, attitudes, and expressions. By acquiring those vital habits of heart and mind that true learning confers, students can maintain a level of success that transcends the constraints of time and place to create a high quality of life for themselves and others from within.

**Development**
Knowledge and Community come together through the engagement of intellectual, scholarly, and cultural (domestic and international) activities for the social and economic development of all citizens. Resources within the University System are devoted to address pressing community concerns and issues that directly affect the quality of life. The University System develops opportunities for citizens to expand and grow to reach their full potential.

**Contribution**
An excellent and diverse public university system will educate future professionals in areas of specialization, leadership, collaborative participation and appreciation for the community. These vital skills will be used by our students as they develop into Maine’s future leaders. The joining of our successful students into our communities will enrich the lives of their fellow citizens while enhancing economic development.

**UMS MISSION**
The University of Maine System unites seven distinctive public universities in the common purposes of providing first-rate higher education at reasonable cost in order to improve the quality of life for the citizens of Maine. The System, through its Universities, carries out the traditional tripartite mission—teaching, research, and public service. As a System, it extends its mission as a major resource for the State, linking economic growth, the education of its people, and the application of research and scholarship.
Potential Measures and Benchmarks

Precise performance measures and accountability benchmarks have not yet been selected. The actual measures must fully dovetail the UMS core values and carefully be selected as to ensure that the system grows and develops as the Chancellor and Trustees intend. Also, we must ensure that performance measures are in fact measurable – for universities and their peers.

Potential Measures

Below are potential measures that could be used for UMS; many of these are used by other State Systems and universities. Once the measures have been selected and refined by the committee, each university will then be asked to modify and adapt the measures according to their mission.

The table indicates the availability of supporting data from the Integrated Postsecondary Education Data System (IPEDS). If the supporting data is available on IPEDS, then consistent and comparable data can be collected easily for peer institutions.

<table>
<thead>
<tr>
<th>Core Values</th>
<th>Indicator Area</th>
<th>Availability on IPEDS</th>
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<tbody>
<tr>
<td>Knowledge</td>
<td>Faculty Productivity</td>
<td>IPEDS</td>
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<td>Enrollment by degree level</td>
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<td>Instructional Expenses as a Percentage of Total Expenditures</td>
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<td>FTE Students per FTE Teaching-Faculty Members</td>
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<td>% of freshmen who graduated in the top 25 percent of their H. S. class</td>
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<td>Library holdings</td>
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<td>Programs by Degree</td>
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<td>Student Success</td>
<td>Degrees conferred by program</td>
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<td>Retention- First year</td>
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<td>Maine pipeline students</td>
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<td>Student service</td>
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<td>Class size</td>
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<td>Nursing Exam (NCLEX) Pass Rates - First-Time Candidates</td>
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<td>Graduates continuing education</td>
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<td>Graduation Rate - 4 year</td>
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<td>Graduation Rate - 6 year</td>
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<td></td>
<td>Time to degree completion</td>
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<td>Community</td>
<td>Non-degree enrollment</td>
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<td>Community college transfers</td>
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<td>Public policy expenditures, employees</td>
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<td>Percent salary increase for faculty</td>
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<td>System partnerships</td>
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<td>Import/Export Ratio of College-Going Students</td>
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<td>Part-Time Undergraduate Enrollment as a Percent of 25-44 Year Olds</td>
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<td>Economic impact</td>
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<td>Applied, Accepted, Enrolled</td>
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<td>Growth in Online Credit Hours</td>
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<td>First-time, first year, in-state enrollment</td>
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<td>University gifts and giving</td>
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The overall financial underpinnings of the University System and universities are equally important. Three potential indicators for prudent financial stewardship are:

- Break-even on a full cost basis
- Unrestricted net assets to total debt
- Debt service coverage ratio

**Benchmarks**

Given the core values and performance measures, benchmarks will then be determined through an open dialog with the Chancellor, Trustees, and universities. The determination of the benchmarks will involve a dynamic process that is based upon successes, barriers, future funding opportunities, and other external and internal environmental factors. The benchmarks may be altered as deemed necessary by the Chancellor and Trustees due to unforeseen environmental changes.
NEW FUNDING PROCESS

As the saying goes, *the devil is in the details*, and the creation of a new funding process is no exception. This work has the potential to be highly politicized, debated, and contested. For this reason, the committee is proceeding cautiously, scientifically, and with due process.

The first step of the creation process is to define guiding principles (displayed below). Then, using the guiding principles in combination with the overall vision for a value-based holistic approach, the committee will begin to carefully examine funding models that currently exist in other states. The overall creation process is a multi-step process:

- The first step is to review existing models.
- Appropriate models will be examined and studied
- A narrowed pool will be further examined and scrutinized
- A prototype model for UMS will be crafted from desirable characteristics of existing models
- A prototype model will be thoroughly tested by campus; historically; and for various scenarios (including budget reductions).
- Further refinement and testing will occur as needed.

Once a final model has been established, it will be presented to all constituents (Trustees, Presidents, faculty and staff, students, and the public) for their feedback and input. The widely supported model will then be recommended to the Trustees for their approval.

Guiding Principles

To assist in the crafting of a new funding process, the committee established guiding principles. The new UMS funding process must be:

- Mission based
- Simple, straightforward, and transparent
- Providing stability and predictability
- Promoting efficiency and collaboration
- Encouraging campuses to compete for external funds
- Balanced between institutional autonomy and Trustee priorities
- Reflecting emerging state priorities
- Based on full costs and revenues
- Applied to new incremental funds
BUDGET FOR THE STRATEGIC DIRECTION

As the project is currently envisioned, the implementation costs associated with performance and accountability measures and a new funding process are negligible and can be easily absorbed by the University System. No new additional funds are currently required for these strategic initiatives.

DECISION-MAKING MATRIX

<table>
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<th>Priority (urgency, benefits)</th>
<th>Cost (financial and effort)</th>
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<td>Low</td>
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<td>High</td>
<td>● Performance</td>
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<td>● Funding Process</td>
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<td>Medium</td>
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● Performance Measures:
Performance measures are critical in assessing the effectiveness of the University System; the seven universities; and central services in meeting their obligations to the citizens of Maine. Establishing and monitoring performance measures will not require any additional funds.

● Accountability:
Accountability measures are vital in determining the progress over time in increasing quality, effectiveness, and efficiency by the University System, the seven universities, and central services. Establishing and monitoring accountability measures will not require any additional funds.

● Funding Process:
It is imperative that a new funding process be established that supports the mission of the University System in the most effective manner; especially in our high need and limited resource environment. Establishing and implementing a new funding process that is integrated with the UMS core values will not require additional funds.
IMPLEMENTATION TIMELINE

As we now see the project developing, we anticipate the following accomplishments and timelines. Of course there are numerous uncertainties and any unexpected event could alter our anticipated timeline.

- During the spring semester we present our overall vision for a value-based integrated approach for accountability and funding and our recommended core values to the Trustees for their endorsement and approval. Future work and development hinges on this initial foundation and it is critical to obtain the Trustee’s approval early in the process.

- By the end of this academic year we plan to have a fully operational performance and accountability system for the University System, seven universities, and central services to present to the Trustees for their approval. This work includes identifying performance measures; peer groups; and setting initial accountability benchmarks.

- By the end of this academic year we plan to narrow the selection of a new funding process to a few potential models to be tested. Over the summer these models will be thoroughly tested by campus; historically; and for various scenarios. Based on this work and results, the final model will be selected and presented to the Trustees for their approval. The new funding process will then be used to generate the FY08-09 biennium State appropriation request.