AGENDA ITEM SUMMARY

1. NAME OF ITEM: Outcomes Based Funding Model Recommendations for FY15

2. INITIATED BY: James H. Page, Chancellor

3. BOARD INFORMATION: BOARD ACTION: X

4. BACKGROUND:

In Fall 2013 the Outcomes Based Funding Model (OBFM) Review Team undertook an assessment of the current model for the purpose of making recommendations for implementation in FY15. The review included meetings with the leadership of all seven universities, as well as a faculty meeting at the University of Maine at Machias. Additionally, the recommendations were discussed with the Chief Financial Officers, the Chief Academic Officers, the Presidents Council, and the Administrative Review Steering Committee.

The OBFM Review Team makes the following recommendations for the FY15 Outcomes Based Funding Model:

1. Productivity Metric
   In FY14 the Productivity Metric was based on a calculation whereby the 3-year average of industry-recognized certificates and degrees per $100,000 of revenue (net tuition & fees and appropriation) was scaled by the 3-yr average number of matriculated FTE students. During the assessment of the OBFM, it was suggested that the scale should be based on either the total FTEs or total credit hours since the tuition and fee revenues in the model included both matriculated and non-matriculated tuition & fee revenues.

   Recommendation: The Productivity Metric should be scaled by weighted credit hours with associate & baccalaureate credit hours = 1; graduate = 1.5; and law = 2.9 as this weight reflects the graduate & law tuition rates as compared to the undergraduate tuition rate.

2. Degree Priority Population Premiums - Socio-Economic Status (SES)
   During the assessment, it was suggested that a component of the model should reward institutions serving socio-economically disadvantaged students.

   Recommendation: Include SES as a component of the Degree Priority Population premiums using Pell recipients as the proxy. Institutions can receive only one priority population premium per degree.
3. Collaboration
The team also heard during the assessment that there should be some metric to reflect collaboration on degree production.

Recommendation: Continue the credit accumulation metric as a proxy for collaboration. (Originally this metric was to be phased out over 3 years).

4. Priority Fields
In the FY14 OBFM, all institutions selected Business as their regional priority field. The Review Team looked at whether Business should be recognized officially as a statewide priority and whether some criteria should be added for the selection of a regional priority.

Recommendation: Recognize Business as a statewide priority field and eliminate the regional priority field.

On February 14, 2014, the Finance/Facilities & Technology Committee approved this recommendation to be forwarded to the Consent Agenda for Board of Trustee approval in March.

5. TEXT OF PROPOSED RESOLUTION:

That the Board of Trustees adopt the recommendations for the FY15 Outcomes Based Funding Model.