



MHEC

Creating a state of achievement

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

Anwer Hasan
Chairperson

Danette G. Howard
Secretary

September 23, 2013

The Honorable Thomas V. Mike Miller
President
Senate of Maryland
H-107 State House
Annapolis, Maryland 21401

The Honorable Michael E. Busch
Speaker
Maryland House of Delegates
H-101 State House
Annapolis, Maryland 21401

Re: *Outcome and performance measures in the
funding formula for regional higher education
centers report
#9331*

Dear President Miller and Speaker Busch:

In accordance with Chapter 710 of the Acts of 2012, the Maryland Higher Education Commission (MHEC) submits the required report.

As stated in §18-310(b)(7) of the Education Article,

“The Maryland Higher Education Commission shall:

- (a) Review options and make recommendations regarding the inclusion of outcome and performance measures in the funding formula for regional higher education centers in §11-105 of the Education Article; and
- (b) On or before October 1, 2013, report its findings and recommendations to the Governor and, in accordance with §1-1246 of the State Government Article, the General Assembly.”

If you have any questions regarding this report, please feel free to contact Mr. Geoffrey Newman, Director of Finance Policy and Facilities, at 410-767-3085, or gnewman@mhec.state.md.us.

Sincerely,

Danette G. Howard, Ph.D.
Secretary of Higher Education



Outcome and performance measures in the funding formula for regional higher education centers

(DLS#9331)

Introduction

In 2012, the General Assembly passed Chapter 710, Md. Acts of 2012, to codify the funding formula for regional higher education centers that are not part of the University System of Maryland. The formula provides State funds to centers that receive State funds administered by the Maryland Higher Education Commission.

That law also charged the Maryland Higher Education Commission to review options and make recommendations regarding the inclusion of outcome and performance measures in the funding formula and report its findings and recommendations to the Governor and the General Assembly by October 1, 2013.

Regional Higher Education Centers

MHEC met with the regional higher education center directors in June 2013 to discuss metrics that could be used to measure the outcomes and performance of the centers. During that discussion, MHEC suggested several measures to consider for the performance-based funding framework be used to measure the performance of the center. MHEC stated that these metrics would not only provide important information about the outcomes and performance of each center, but they are also consistent with performance metrics being developed for the public colleges and universities under the Performance-based funding (PBF) framework. They included:

- Degrees Awarded
 - Bachelor's,
 - Master's, and
 - Other Degrees

In addition, MHEC suggested that the centers consider other metrics:

- Progression Metric

- Number of students progressing from community colleges with 60 or more credits to the third year of four-year degree in programs offered at the center,
- Number of students progressing from the third-year (60 to 89 credits) to the fourth-year (90 or more credits) at the undergraduate level.

During the discussion, the centers expressed concern that this data would not be data that could be provided by the centers themselves, but would rather come from the institutions providing the programs at the centers. They expressed concern that they might not be able to collect the data from the institution and provide it directly. Nevertheless, they committed to go back to the institutional research directors for the respective institutions to determine whether the data could be reported for the programs provided at the centers. MHEC also considered whether it could collect the data from the institutions directly from the programs that they provide at the individual centers.

Following this discussion, MHEC and the centers continued correspondence regarding the collection and reporting of performance metrics. During that time, MHEC was meeting with the Performance-based Funding workgroup to consider revisions to the data metrics being proposed for the framework for public colleges and universities. While performing the analysis, MHEC determined that it would make sense to make any outcome and performance measures for the centers consistent with those used for public colleges and universities in performance-based funding. MHEC further concluded that developing outcome and performance measures outside the development of metrics for performance-based funding would not be as productive as first determining the metrics under PBF and then developing center measures consistent with those developed for the public colleges and universities. Therefore, MHEC has continued to work on finalizing outcome and performance metrics for the PBF framework before developing the same types of measures for the centers.

Performance-based Funding Metrics

In the summer of 2012, MHEC worked with an intersegmental workgroup composed of members from the University System of Maryland, Morgan State University, St. Mary's College of Maryland, the Maryland Association of Community Colleges, Cecil College, and Montgomery College to make recommendations on a framework for performance-based funding for public colleges and universities. The workgroup met through the summer and fall and proposed a framework consisting of several progression, completion and other performance metrics that could be used to measure performance of public colleges and universities and reward State funds based upon performance in these metrics.

During the 2013 session, the recommendation was critiqued by the budget committees in the Higher Education Overview and the General Assembly recommended that MHEC reconvene the workgroup to further revise and refine the framework to take into consideration issues raised in the analysis and to report on the revised framework in the fall of 2013.

MHEC reconvened the PBF workgroup to consider revision to the framework and refine the metrics used in the OBF framework proposal. MHEC is preparing a report on that work and its recommendation for revisions to the metrics to be used in a performance-based funding framework. That report will be submitted in October 2013.

Recommendation

MHEC recommends that, before developing and choosing outcome and performance measures for funding to the regional higher education centers, MHEC will complete the development of metrics for a performance-based funding framework for public colleges and universities. Once these have been developed, these or similar metrics can be considered for the regional higher education centers. Additionally, the collection of outcome and performance data for the centers will have to be made from the institutions providing the programs. This collection can be achieved through the annual data collection by MHEC and focus on the metrics developed for PBF at those institutions. Therefore, all data collection pertaining to outcome and performance for both institution and regional higher education centers can be made simultaneously and consistent.

The 2013 Joint Chairmen's Report narrative charged MHEC with revising the performance-based funding model proposed in 2012 and report to the budget committees with the revised proposal in October 2013. The narrative also charged MHEC with modeling the proposed model for a year following the proposal report through October 2014. MHEC will work with the public institutions to model the proposed performance-based model and to work with the regional higher education centers and partner/participating institutions to develop outcome and performance measures consistent with those developed under the performance-based model. MHEC will also work with the regional higher education center institution to collect data for the measures through the new Maryland Annual Collection and report the results to the budget committee at the appropriate time.