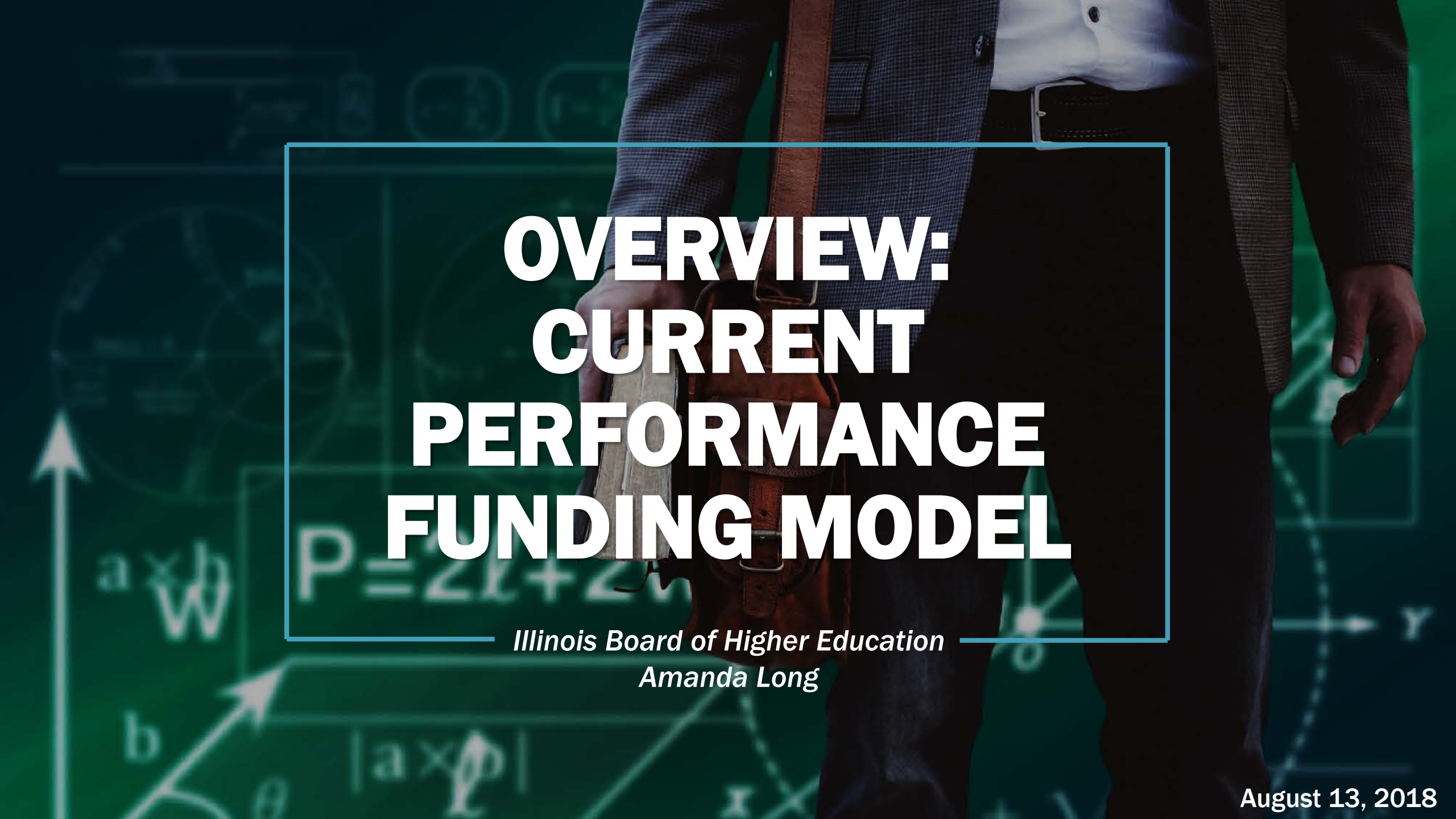

OVERVIEW: CURRENT PERFORMANCE FUNDING MODEL

Illinois Board of Higher Education
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History of Current PBF Model

1. Public Act 097–0320
2. Historically, the amount of money for re-allocation has been small and the General Assembly has declined allocation recommendations for final appropriations
3. PBF has been in final appropriations in FY13 and FY14 only since inception of the model
4. Loosely based on Tennessee's model

Five Main Guidelines

1. Develop in consultation with public institutions of Higher Education
2. Metrics should include provisions for advancing the success of students who are academically or financially at risk
3. Metrics should recognize and account for differentiated missions of institutions
4. Metrics should focus on the fundamental goal of increasing completion of courses, certificates and degrees
5. Metrics must be designed to maintain the quality of degrees, certificates, courses and programs

Public Act 097-0320

Funding Model Example

Illinois State University
Bachelor's Degrees
(3 Year Average FY14-FY16)

1. Base performance measures are gathered and entered into the formula
2. This example will look at bachelor's degree completions for ISU on average over a 3-year period
3. Sub-Population performance measures are recorded for bachelor's, master's, and doctoral degrees and entered into the formula
4. Sub-Population measures are weighted at 40% and added to the base measures as a "bonus"
5. For ISU, the base performance measure for bachelor degrees on average between FY14-FY16 was 4,340

Example of the Current Performance Funding Model

Illinois State University
Bachelor's Degrees
(3 Year Average FY14-FY16)

6 The sub-population measure for ISU over the same period for bachelor's degrees were:

Pell Eligible: 5,342
Adult: 432
Hispanic: 266
African American: 220
STEM & Health Care: 976

7 All sub-population measures are added together and multiplied by 40%. They are then added to the base measure to get the weighted measure. The data has now been "prepped" for use in the formula:

$$4{,}340 + 0.4(5{,}342 + 432 + 266 + 220 + 976) = \mathbf{7{,}234}$$

Scaling Factor Chart

(The weights for all performance measures)

Scaling Factor	Weight
Bachelors Degrees (3 Yr. Avg. 14-16)	1.00
Masters Degrees (3 Yr. Avg. 14-16)	1.00
Doctoral and Prof Degrees (3 Yr. Avg. 14-16)	2.00
Undergrad Degrees per 100 FTE (3 Yr. Avg. 14-16)	200.00
Graduation Rates 150% of Time, First-Time (3 Yr. Avg. Fall 09-11 Cohort)	50.00
Graduation Rates 150% of Time, Transfer (30 or less credit hrs.) (3 Yr. Avg. Fall 09-11 Cohort)	50.00
Graduation Rates 150% of Time, Transfer (31 to 59 credit hrs.) (3 Yr. Avg. Fall 09-11 Cohort)	50.00
Graduation Rates 150% of Time, Transfer (60 or more credit hrs.) (3 Yr. Avg. Fall 09-11 Cohort)	50.00
Completed 24 Semester Hours, First-Time (3 Yr. Avg. 14-16)	2.00
Completed 24 Semester Hours, Initial Transfer (30 or less credit hrs.) (3 Yr. Avg. 14-16)	2.00
Completed 24 Semester Hours, Initial Transfer (31 to 59 credit hrs.) (3 Yr. Avg. 14-16)	2.00
Completed 24 Semester Hours, Initial Transfer (60 or more credit hrs.) (3 Yr. Avg. 14-16)	2.00
Cost per Credit Hour (3 Yr. Avg. 14-16)	-8.00
Cost per Completion (3 Yr. Avg. 14-16)	-0.050
Research and Public Service Expenditures (3 Yr. Avg. 15-17)	0.00005

Scaling Factor Calculation

8. Next, the weighted measure is adjusted via the scaling factor

9. The scaling factor for each measure was determined during the inception of the formula by dividing the average bachelor's degrees for all universities by the average for each respective measure

10. The scaling factor for bachelor's degrees is "1" so the weighted measure in this example remains at 7,234

Funding Model Example – ISU – Bachelor's Degrees (3 Year Average FY14-FY16)

Institutional Mission Calculation

11 Once the scaling factor has been applied, the measure is weighted by institutional missions

For ISU, bachelor's degrees are weighted at 33%

$$7234 * 0.33 = \mathbf{2,387}$$

This result gives us the weighted outcome

Weighted Outcomes

(Weighted outcomes for all measures for ISU from FY14-FY16)

Weighted Outcomes	ISU
Bachelors Degrees (3 Yr. Avg. 14-16)	2387
Masters Degrees (3 Yr. Avg. 14-16)	173
Doctoral and Prof Degrees (3 Yr. Avg. 14-16)	7
Undergrad Degrees per 100 FTE (3 Yr. Avg. 14-16)	817
Graduation Rates 150% of Time, First-Time (3 Yr. Avg. Fall 09-11 Cohort)	89
Graduation Rates 150% of Time, Transfer (30 or less credit hrs.) (3 Yr. Avg. Fall 09-11 Cohort)	31
Graduation Rates 150% of Time, Transfer (31 to 59 credit hrs.) (3 Yr. Avg. Fall 09-11 Cohort)	36
Graduation Rates 150% of Time, Transfer (60 or more credit hrs.) (3 Yr. Avg. Fall 09-11 Cohort)	21
Completed 24 Semester Hours, First-Time (3 Yr. Avg. 14-16)	146
Completed 24 Semester Hours, Initial Transfer (30 or less credit hrs.) (3 Yr. Avg. 14-16)	4
Completed 24 Semester Hours, Initial Transfer (31 to 59 credit hrs.) (3 Yr. Avg. 14-16)	9
Completed 24 Semester Hours, Initial Transfer (60 or more credit hrs.) (3 Yr. Avg. 14-16)	8
Cost per Credit Hour (3 Yr. Avg. 14-16)	-58
Cost per Completion (3 Yr. Avg. 14-16)	-39
Research and Public Service Expenditures (3 Yr. Avg. 14-16)	158
Total	**3789**

Funding Model Example
Illinois State University
Bachelors Degrees
(3 Year Average FY14 – FY16)

Using the method demonstrated so far, weighted outcomes are determined for all 15 performance measures, and then totaled for each university

Total: 3,789

Funding Model Example – ISU – Bachelor's Degrees (3 Year Average FY14-FY16)

13

The total weighted outcome for each school is then divided by the grand total of weighted outcomes for all institutions to get a percentage

This percentage will determine the portion of the 0.5% of re-appropriated funds to be included in IBHE's recommendation

In this example for FY19, the grand total of weighted outcomes came out to 55,486

$$\frac{3{,}789}{55{,}486} = \mathbf{6.83\%}$$

Funding Model Example – ISU – Bachelor's Degrees (3 Year Average FY14-FY16)

14 The 0.5% of re-distributed appropriated funds starts with the previous fiscal year's appropriation total and removes high cost entities for UIUC, UIC, SIUC, & SIUE

High cost entities include Medical/Hospital/Dental Program Factors

- For FY18, the final appropriation totaled $1.083 billion
- For FY18, the high cost entity total was calculated to be $116.7 million

- After high cost entities are removed, the amount is multiplied by 0.5% to get the amount of appropriated funds to be re-distributed

$$0.005(\$1{,}083{,}448{,}400 - \$116{,}669{,}600) = \mathbf{\$4{,}833{,}894}$$

The performance-based funding model intends to redistribute $4.8 million among all 12 universities

Funding Model Example – ISU – Bachelor's Degrees (3 Year Average FY14-FY16)

15

The $4.8 million is finally multiplied by the each university's weighted outcome percentage to determine IBHE's recommended amount for each school

Universities with high cost entities will then have 0.5% of their set aside amount added back in (This does not apply to ISU)

$$6.8\% * \$4{,}833{,}894 = \$330{,}131$$

The final recommendation for the 0.5% allocation for ISU is $330,131

- ISU's 0.5% share of the re-allocated funds was $325,020
- This results in an increase of $5,111 in the recommended appropriation for ISU from the previous year
- This equates to about a 0.01% overall increase

Southern Illinois University Carbondale
Research & Public Service Expenditures
(3 Year Average FY15 – FY17)

1

In this accelerated example, we will be observing the research and public service expenditures for SIUC

The base performance measure is $56,230,733

Sub-population measures are not considered for research and public service measures

Therefore, the weighted performance measure is $56,230,733

The scaling factor for research and public service expenditures is 0.00005

$$0.00005 * 56{,}230{,}733 = \mathbf{2{,}811.5}$$

After applying the scaling factor, we then adjust this new value with the institutional mission weight

SIUC's institutional mission weight is 25% for research and public service expenditures

$$0.25 * 2{,}811.5 = \mathbf{703}$$

Our weighted outcome for research and public service expenditures is 703

Southern Illinois University Carbondale
Research & Public Service Expenditures
(3 Year Average FY15 – FY17)

2

Combining 703 with the other 14 weighted outcomes gets us a total weighted outcome of 3,759 for SIUC

We take this value and divide it by the grand total of 55,486 to get SIUC's weighted outcome percentage:

$$\frac{3{,}759}{55{,}486} = \mathbf{6.78\%}$$

As shown in the ISU example, high cost entities are deducted from last fiscal year's appropriation and then multiplied by 0.5% to get $4,833,894

By multiplying the $4.8 million by SIUC's weighted outcome percentage, we will calculate the base value for the redistribution of 0.5% of last year's appropriation

$$6.78\% * \$4{,}833{,}894 = \mathbf{\$327{,}511}$$

Southern Illinois University Carbondale
Research & Public Service Expenditures
(3 Year Average FY15 – FY17)

3

For most universities, the calculation would be finished, but SIUC is one of the 4 schools that attributed to the deduction of high cost entities

For these schools, 0.5% of their high cost entities will be added to their final amount

SIUC has $37,424,800 worth of high cost entities

$$0.005 * \$37{,}424{,}800 = \$187,124$$

Finally, we add this value to the base recommendation we calculated on the previous slide:

$$\$187{,}124 + \$327{,}511 = \$514,635$$

The final recommendation for the 0.5% allocation for SIUC is $514,635

SIUC's 0.5% share of the re-allocated funds is $592,070

This results in a reduction of $77,435 in the recommended appropriation for SIUC from the previous year

This equates to about a 0.07% overall reduction

QUESTIONS?

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