

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
August 29, 2019

SUBJECT: Performance-Based Funding Study

PROPOSED COMMITTEE ACTION

Approve the Performance-Based Funding Study due to the Legislature by October 1, 2019.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Chapter No. 2018-4, Laws of Florida

BACKGROUND INFORMATION

The 2018 Legislature approved a law requiring the Board of Governors to submit recommendations to achieve a complete performance-based continuous improvement model.

By October 1, 2019, the Board of Governors, in consultation with the state universities, shall submit to the Legislature recommendations for future consideration on the most efficient process to achieve a complete performance-based continuous improvement model focused on outcomes that provide for the equitable distribution of performance funds. In addition to recommendations submitted by the Board of Governors, the Legislature shall review recommendations from an independent entity that consults with the Board of Governors for the purpose of receiving input on behalf of the state university system. Implementation of any recommendations shall not occur unless affirmatively enacted by the Legislature.

The State University System (SUS) is currently in year six of the Performance-Based Funding Model. The current model includes ten (10) metrics that evaluate institutions on a range of issues that were chosen after the review of over 40 metrics identified in University Work Plans. To ensure each university is striving to excel and improve on key metrics, there is a financial incentive in the model. That financial incentive is not only new state funding (State Investment Funding), but an amount of the base state funding (Institutional Investment Funding) reallocated.

Year Six of the Performance-Based Funding Model shows significant improvements in metric scores as well as overall scores of the institutions. The average score is 84 points, which is an increase of 14 points in the last four years. Nearly every institution is showing strong improvements in four-year graduation rates; the SUS average is now 52.6%, exceeding the strategic plan goal of 50%. Many of the SUS strategic plan goals have been met or are within a few percentage points of being met. The universities have also made continuous improvements in metrics resulting in reductions in the costs to the university students. The Performance-Based Funding Model has proven to be an effective way to significantly improve goals identified in the Board's State University System 2025 Strategic Plan.

With the implementation of a new allocation methodology in 2019, the Performance-Based Funding Model emphasizes continuous improvement focused on metric outcomes and provides an equitable distribution of the funding. With 25% of the State University System's base budget at risk in the model, the universities have a great incentive to invest in improving their Performance-Based Funding outcomes.

Supporting Documentation Included: Performance-Based Funding Study

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