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# CITIZENS SUMMARY

## Findings in the audit of the Department of Higher Education Performance Funding

Background	Performance funding (PF) is a model for funding public higher education based on performance on established metrics. Including Missouri, 37 states across the country are either operating or transitioning to a PF model for public higher education. Generally the goals of PF models are to improve performance of public colleges and universities in regard to student outcomes by linking funding to improvement on designated metrics.
Management of the Performance Funding Processes and Model	The Missouri Department of Higher Education's (MDHE) oversight of some aspects of the PF process has been weak and the lack of comprehensive standards, rules and guidelines have contributed to concerns noted in this report. Review procedures have been insufficient to identify and remedy those concerns. The MDHE has not evaluated the effectiveness of the model or developed criteria or a methodology to perform an assessment of effectiveness, although the model has been operational for 4 budget years.
Performance Funding Determinations	The MDHE does not use records available on the Enhanced Missouri Student Achievement Study (EMSAS) related to student success and progress to verify the PF data for those measures. Additionally, the MDHE does not obtain detailed records from institutions to support the PF data for job placement and quality of student learning performance measures for which data does not exist on the EMSAS. Furthermore, the MDHE lacked sufficient procedures to ensure the accuracy of spreadsheet formulas used to calculate performance results, and consequently, 1 determination was erroneous.
Peer Groups and Benchmarks	The MDHE has not established guidelines regarding peer groups and institutions have not adequately documented selection criteria. Additionally, the MDHE approved a performance benchmark for 1 institution on 1 measure where other institutions have no benchmark.
Technical Manual	The MDHE technical manual lacks sufficiently detailed guidance on some matters, causing inconsistent interpretations by institutions.

In the areas audited, the overall performance of this entity was **Fair**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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