Instructions for using the IN Performance Funding Formula Model – 2/22/13

Upon opening the model, there are various tabs that provide different roles when using the PFF model. Users should start at the “2013-15 PFF Budget Ops Impact” tab in order to ground themselves on how the model works.

**2013-15 PFF Budget Ops Impact Tab**

- Column B is each of the institutions that are impacted by the model.
- Column C is the current appropriation levels for each institution.
- Column D is the amount of funding that is set aside from each institution to fund a portion of the PFF. Note that in cell M3 is a percent. This percent determine how much funding is set aside from each institution in Column D. If a user wishes to have no funding reallocated from institutions to fund PFF, the amount in cell M3 should be 0.0%.
- Column E is a calculation of Column C and D
- Column F is derived from the tab “Summary of Metrics 2014” for each institution
- Column G is a calculation of Column E and F
- Column H is the difference in Column D and G
- Column I is the percent change from Column C to Column G

The same set up is provided for Columns L through R. Note that Column M is based on the cell M4 and Column O is derived from the “Summary of Metrics 2015” tab for each institution. Users can adjust cells M3 and M4 to change the amount of PFF that may be funded through base funding reallocation. This is the only figure that should be adjusted on this tab.

Please note that in Indiana, the Indiana University School of Medicine and Dentistry (IUSMD) does not participate in the PFF, thus they are not included in the calculations for the PFF or the metrics.

**2011-13 PFF Allocation Tab**

This is a historical reference of the 2011-13 PFF Metrics, allocation to each metric and how much each institution was awarded based on their performance in the metrics. This represents the gross amount allocated to the PFF (Column K) and does not reflect any reallocation of the base. In 2011-13, 5% was reallocated (Column C) to fund the PFF.

There are no entry requirements on this tab.

**2013-15 PFF Allocation Recommendation Tab**

This provides information on each institution and how much PFF is awarded based on each metric. The information and funding assumes the Commission’s recommendation as of December 2012. Again, Column C represents the reallocation of base funding to support the PFF. These figures are pulled from the 2013-15 PFF Budget Ops Impact tab, Columns D and M. The amounts in Columns D through J are
derived from the Summary of Metrics 2014 tab and Summary of Metrics 2015 tab. This is a similar presentation to the 2011-13 PFF Allocation tab previously noted.

There are no entry requirements on this tab; this simply pulls from other tabs to show information on the PFF.

**Summary of Metrics 2014 Tab**

This provides a summary of each institution, each metric and each unit within the metrics. This provides a summary from the 7 performance metric schedules (PMS) and shows the unit change and the amount of funding tied to the change. Note that any negative results in the metrics are zeroed out and not counted against the institution.

As a reference, start with the IUB institution in cell B7. The information in row 8 is pulled from each of the PMS tabs noted later in the model. For example, the information in cell E8 is from the Overall Degree Completion PMS I tab, derived from cell R23. All of the information in columns C through X is derived from data in the PMS tabs. The Commission calculated data in columns AB through AH to assess how much each metric weighed against the institution’s overall PFF gross allocation.

Row 70 and 71 are summaries of each major metric in the PFF and the percent the metric represents of the total PFF allocation.

There are no entry requirements on this tab; this simply pulls from other tabs to show information on the PFF.

**Weighting and Rates PFF Tab**

This tab is the focal point of the formula, setting up the amount to be funded through the PFF and how much each metric will be allocated from the total PFF allocation. The figures in these tabs are used against the raw unit data in the PMS tabs to calculation the amount of funding each institution would receive through the PFF.

- Cell C6 is the total operational appropriation to the state’s institutions, net of the IUSMD.
- Cell D6 calculates any new funding that could be added to the PFF. This figure is derived from adjusting cell G6.
- Cell E8 is a straight 6% calculation against C6 to derive the 6% PFF allocation. Users may adjust the percent in this cell to come up with a smaller or larger PFF allocation. This is the same for cell C10.
- Cells D8 and D10 add to new funding to the PFF allocation included in cell D6. Thus, if a user increases cell G6 by 3%, the 6% in cell E8 and 7% in cell E10 will increase by 3.0%.

By setting the total PFF allocation amounts in cells D8 and D10, the next step is to determine how much of the total PFF allocation for each year will be driven to each of the metrics listed in cells B16 through B24 and G16 through G24.
- In cells E16 through E24, users can determine how much each metric will be weighted. Changing the percentages in these cells will automatically change the amounts in cells C16 through C24. The same applies to the cells in J16 through 24.
- The information in cells D16 through D24 are derived from the Summary of Metrics 2014 tab, based on the unit rates in cells C30 through C55 and F57 through F72 calculated against the raw unit data in the PMS tabs.
- For example, the unit rate in cell C30 is $1,949, which is how much the formula would pay for a change in 1 year certificates. This unit rate is then applied to the information in the Summary of Metrics 2014 tab in column C, where any net increase in 1 year certificates will be applied to the unit rate of $1,949. If a user wishes to adjust any unit rate, that will change the amount of funding for that metric.
- Users can adjust other rates in cells C30 through C55 to create different amounts in the PFF metric values in cells D16 through D24.
- For the unit rates under Institution Defined Productivity Metric (Cell A56) the model calculates the amount of funding the PFF allocated to this metric at a percent of the total operating budget (Cell A57) and then applies that percent rate to each institution’s operating appropriation from the 2013-15 PFF Budget Impact Ops tab, column C. Based on how well each institution performed in this metric, the amounts in cells C57 through C72 are calculated against the percent rates in cells D75 through D81.
- As users adjust the unit rates, the model output PFF allocation amounts are compared to the weighted amounts and a difference is calculated (Cell D26). This allows users to see if their unit rates are creating a lower or higher PFF allocation then intended with the original weighting in cells C16 through C24.

All of the above changes are applicable to the information for the 2015 PFF allocation in cell G14. All of the unit rates are increased by the overall increase rate of the PFF allocation. Note cell H27 provides the increase from 6% to 7%, and thus adjusts all the unit rates by 16.7%. Users can adjust other unit rates to make their own amounts, but this seems to be the easiest way to increase PFF allocation without creating more work in the model.

**Performance Metric Schedules I through VII Tabs**

The remaining tabs are the raw data that drive funding to the institutions based on how well they performance in each metric. The seven tabs are aligned with the unit rates noted in the Weighting and Rates PFF tab.

Using the Overall Degree Completion PMS I tab; institutions or users must provide the data to populate the information for each data point in the metric. For example, starting on row 18, Indiana University supplied the Commission with degree completion data over the 6 year period. The formula rewards institutions that show improvement over a two 3 year average period. Note Column R provides the overall net change. Any institution that did not show improvement in a particular data point was not penalized and the amount is zeroed out in the Summary of Metrics 2014 and Summary of Metrics 2015 tabs.
Each of the PMS tabs includes at the bottom notes on data to be provided to the Commission to populate the data. For the Institutional Eff PMS VII tab, this was something new for Indiana and was created by each institution to indicate improvement in efficiencies. Users could include their own metric for this exercise as Indiana adopted this metric in 2013.

If you should have any questions regarding the IN PFF model, please feel free to contact the Commission at 317-464-4400 or email jdudich@che.in.gov. Associate Commissioner and CFO Jason Dudich will be happy to assist you with questions.