

POSITION STATEMENT ON MISSION BASED BUDGETING IMPACT ON MEDICAL EDUCATION

A Summary Report from the CGEA Annual Meeting - 1999

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SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. In order to fairly value and reward teaching/educational activities, clear standards must be established

- Each school must determine the real endpoints/criteria for measurement

- Each school must determine performance standards for rewards

2. Accomplishments across domains (Teaching, Clinical Care, Research, Administration) of faculty activity must be equally valued

- Within each domain evaluation must address quantitatively, the commitment, the quality of the performance, and scholarly productivity within the domain

3. Missions and goals must properly link at the various organizational levels

Departmental mission and vision, which is derived of the Medical School mission and vision:

☐ *Defines departmental educational responsibilities*

☐ **Provides basis for divisional educational responsibilities**

☐ *Provides the basis for individual educational responsibilities*

☐ **Results in Deliverables/expectations for the individual**

☐ **Determines individual measures/criteria for \$\$\$**

4. Educators must be scholarly (the tradition of the university) in order to be highly valued

5. All forms of scholarly activity (discovery-research, teaching, integration, management-leadership, etc.) must be equally valued

6. Expectations for scholarly productivity should be equivalent for researchers, educators, and clinicians

7. Within the limits of a system, funding streams should be clearly identified and directed to support the intended activities

8. A systematic process, developed with the cooperation of all faculty should be

constructed, validated, and tested for reliability in measuring and rewarding teaching and other educational activities.

Report Background

This report summarizes the of outcomes of a 4-seminar track on Mission Based Management and Budgeting (MBM) at the Spring 1999 CGEA meeting held at the University of Missouri at Kansas City (based upon Kotter's 8 stage organizational change model). The four sessions were titled:

- I. Mission Based Management: What is it? What does it mean for faculty?
- II. Figuring the Cost of Medical Education
- III. Strategies for Headache-Free MBM
- IV. Application of MBM to Evaluating and Rewarding Teaching and other Educational Activities

Premises

Financial stresses have forced Medical School and AMC leadership to evaluate management, administrative, and leadership processes - MBM is one approach

During recent years Medical Schools have developed new faculty tracks to evaluate and reward non-traditional faculty (with varying success); tenure has declined in importance; schools seek to match dollar streams to responsibilities

Whereas expectations for faculty in traditional tenure tracks were relatively clear (if you publish and obtain grant support you will be promoted) this is less true for faculty in Clinician-Educator and Educator-Clinician tracks (faculty tracks with relative emphasis on the quantity and quality of educational/clinical scholarship and service).

Principles of Mission Based Management are applicable to organizations involved in medical education

Definition of Mission Based Management

Mission Based Management (MBM) may be defined as a process "to identify and account for the costs associated with each medical school function, (teaching, research, patient care, community service, administration), and to match those costs with the various revenue streams available. Some schools are using MBM approaches to achieve consensus on performance measures, productivity standards, and appropriate tracking tools, and then to increase accountability and fiscal discipline through peer-review processes. The aim is to develop timely, accurate information detailing the financial performance of each operating unit within the school and the productivity of each faculty member within those operating units. It entails an understanding of the magnitude of cross-subsidies and offers and opportunity to subject them to institutional review." Offers the opportunity to react in real time to mission critical needs. (Cohen, AAMC Reporter, 1998)

The Process of MBM

MBM requires integrated information systems and reporting tools to accurately measure mission-based activities, for example, quantitative and qualitative measures of teaching, at the various levels: school-wide, department/institute, and faculty-member. Required reporting elements include budgeting, financial, productivity, and performance expectations. The Dean's Office (school level) and/or the Chair's Office (department level) provides data collection and faculty effort reporting (FER) as part of productivity measurement. Faculty review the FER, making corrections and developing expectations for next FER. Chair persons and faculty jointly review FER and negotiate next FY expectations. Chairs and the Dean review FER and expectations and jointly develop recommendations for compensation. Quantitative and Qualitative measures are applied in this process.

Conclusions and Recommendations: CGEA Small Group Sessions

ADVANTAGES/STRENGTHS OF MBM FOR: INSTITUTIONS AND INDIVIDUALS

1. Demands creation of a shared vision for the future to sustain viability of the institution, department, unit, and individual
2. Provides the basis for management of scarce resources to preserve the academic mission of the institution
3. Addresses revenue streams which are at significant risk (GME, NIH, Clinical Revenues)
4. Provides the opportunity to understand economic relationships between education, research, and clinical missions
5. Provides a basis for controlling or reacting to the environment in real-time
6. Affords an opportunity to focus resources on institutional priorities
7. Affords an opportunity for the individual, department, and/or unit to be evaluated on the basis of clear expectations offers defined and measurable performance expectations
8. Offers incentives for excellence
9. Creates a more financially viable institution

Implications for Education Faculty. A shared vision for the institution's mission must be developed. Thus, faculty with heavy education responsibility must ensure proper representation in the MBM process. Mission-based goals provide the basis for allocation of scarce resources, and for determination of priorities during times of shortage. Effective response to environmental challenges (budget shortages) is made more feasible. Clear expectations are typically established, and serve as criteria for evaluation of individuals and departments (relative to the mission). Educational activities must be mission-based, that is, derived of the institutional mission.

DISADVANTAGES/CHALLENGES/RISKS FOR: INSTITUTION, INDIVIDUAL

1. Most faculty were raised in an environment where the budget was set by the

- department chair, under the control of the chair, and the single source of revenue appeared to be from one stream (the chair)
2. Faculty look to administration of the institution for leadership (more difficult and demanding), rather than management
 3. Accounting of professional activity is viewed as meaningless (process and outcomes)
 4. Accounting rarely includes an appropriate measure of quality of effort
 5. Measurement of faculty activity and the RVU places more emphasis on research and patient care, which may be a disincentive for educational effort
 6. Faculty concern over instruments, criteria definitions, standard setting
 7. Frequently, only administrators and chairs are involved in process of developing instruments/process
 8. Who decided this mission is the right one? (Why isn't my strength area one of the missions?)
 9. Costing and allocating may be inexact and political in nature
 10. All studies conducted for costing are based upon assumptions:
 - Which have a marked effect on study outcomes, analysis, and decisions
 - Are determined by who is asking the question regarding cost
 - Which determine the purpose for the study affects process of study and analysis
 11. May be difficult to determine which costs should be attributable to the educational program
 - Research & practice, as programs as necessity for the educational program vs.
 - Only actual costs of the education itself
 12. Cross-subsidization of programs is an issue for consideration
 - tuition supports research
 - practice supports education
 13. Mission change affect on faculty whose skills and strengths are outside the new mission, loss of position? Loss of relevance?

Implications for Education Faculty.

MBM is a complex, business-derived process, with which faculty are mostly unfamiliar. Training of leadership and faculty in this process is necessary to assure proper application and smooth implementation. Development or adoption of metrics and accounting procedures must be done with the input of faculty at all ranks, from all disciplines, and from all tracks. Faculty with heavy education responsibility must ensure proper representation in the MBM process. In particular educators must be active in the determination of variables, criteria, and standards for measurement. Education dollar streams should be identified and clearly linked to educational activities. The MBM process must identify all revenue sources and costs. Mission-based decisions then may be made, for example, to allocate practice dollars to support education or to allocate research dollars to educational research projects. Only when such decisions are made with knowledge of all revenue/cost centers will buy-in be achieved among the various faculty groups

RECOMMENDATIONS FOR SUCCESS

1. Establishing an environment of trust should be the first goal (open, honest communication)
2. Wide faculty agreement/consensus on all issues
3. Information sharing is critical
4. Faculty at all levels must be involved
5. All decisions should be participative
6. Faculty must be involved in all decisions
7. Strong leadership from the dean: chairs implement consistently (risk at transfer of authority between levels)
8. Communication of driving forces crises is critical to mobilizing and motivating participation
9. Actively involve faculty in developing qualitative and quantitative criteria and standards and effort measurement conventions (including instrumentation)
10. Must provide for fair and equitable assignment of work expectations, use of expectations as basis for evaluation, accurate measurement of performance, linkage of rewards to evaluation
11. Accurate knowledge of faculty skill set for proper determination of expectations
12. Faculty development along mission lines is critical for success, and must be supported
13. Faculty development of leadership and management skills is a priority
14. Development of chairs and deans as leaders is a must.

Implications for Education Faculty.

Leadership must seek to involve faculty representatives from all walks of faculty-life. Consensus on evaluation and reward mechanisms is critical. Not only must faculty activities be mission-based, faculty must be placed in position to succeed (i.e. skills match expectations for performance. Qualitative measures as well as quantitative must be incorporated into each metric. Linkages of activities between levels (e.g. School-to-Department) must be clearly defined so that the mission and vision are effectively carried out. This linking process must be designed to provide fair and equitable assignment of work in a mission based fashion.

GUIDING PRINCIPLES

1. Faculty at all ranks, and from all tracks/disciplines must be empowered
2. Clear, mutually agreeable faculty expectations must be established
3. Place faculty in position to exceed expectations by providing discretionary authority
4. Trade/barter administrative control for responsibility/deliverables/accountability
5. Avoid "across the board" decisions (especially resource cuts)
6. Administrative structure and accountabilities must facilitate the success of faculty-leaders to meet or exceed expectations place upon them
7. Don't take faculty for granted: avoid sweat shop environment, maintain two-way communicate, incent each faculty member, do not make assumptions regarding needs and skill set, non-tenured faculty (clinician educators) may well be taken for granted and not

- considered long range planning and decision making
8. Invest in your faculty's skill development
 9. Don't recruit trainees or faculty without assessing how they will contribute to the departmental mission
 10. Cast a broad net in searching for talent
 11. Provide incentives for mission-friendly behaviors/activities, being sure to reward the correct, desired behaviors
 12. Unqualified vs. qualified titles (Assistant Professor vs. Clinical Assistant Professor) it is critical for recognition and status both locally and nationally
 13. Must fund faculty development to meet the missions fund departments working on school mission, etc.
 14. Must hold same expectations for educators and clinicians as we do for researchers
 15. Concept of protected time (the time is paid for and allocated for given deliverables, so that faculty have the opportunity to succeed)
 16. When a faculty member works on the School's Mission, the school pays to develop skills, (same for department mission, division mission, etc.)
 17. Must value education service, excellence, scholarly activity much as we do research
 18. All missions at a given level are valued (equally) as are those contributing to achievement of those missions

Annotated Bibliography

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