

SUMMARY OF PERFORMANCE AND OUTCOMES-BASED FUNDING MEASURES PRESENTED TO THE HIGHER EDUCATION COMMITTEE

This memorandum summarizes presentations made to the 2011-12 interim Higher Education Committee regarding higher education performance and outcomes-based funding measures. Each section of the memorandum summarizes presentations made to the committee by representatives of state and national organizations and details the measures discussed by the presenters.

NATIONAL CENTER FOR HIGHER EDUCATION MANAGEMENT SYSTEMS

Dr. Patrick Kelly, National Center for Higher Education Management Systems, Boulder, Colorado, presented information at the November 3-4, 2011, committee meeting regarding outcome-based, progress-based, and context-based performance funding measures. He discussed the following performance funding measures:

| Higher Education Performance Measures | | |
|---------------------------------------|-------------------------------|----------------------------------|
| Outcome-Based | Progress-Based | Context-Based |
| Degrees awarded annually | Remediation entry and success | Enrollment |
| Graduation rates | Retention rates | Degrees and certificates awarded |
| Transfer rates | Course completions | Completion ratio |
| Time and credits to degree | Credit accumulation | |

NATIONAL GOVERNOR'S ASSOCIATION

Mr. Travis Reindl, Postsecondary Education Program Director, National Governors Association, Washington, D.C., presented information at the January 18, 2012, committee meeting regarding the following higher education performance measures:

| Progress-Based Metrics | Outcome-Based Metrics |
|---------------------------------------|--|
| Remediation entry and success | Degrees awarded annually |
| Success in first-year college courses | Graduation rates |
| Credit accumulation | Transfer rates |
| Retention rates | Time required and credits taken to complete a degree |
| Course completion | |

Mr. Reindl said performance funding methods use metrics to determine the success of higher education institutions in meeting specified goals. He said performance funding metrics allow stakeholders to:

- Understand student and college success.
- Identify specific challenges and opportunities for improvement.
- Review progress over time.
- Hold students, colleges, and the state accountable to the public.

NORTH DAKOTA UNIVERSITY SYSTEM

Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning, North Dakota University System, presented information at the April 17-18, 2012, committee meeting regarding the activities of the University System's performance funding task force. The task force recommended a pilot program be implemented during fiscal year 2013 without funding and use the following measures:

1. Fall to spring semester student retention at the institution where the student initially enrolled.
2. Fall to fall semester student retention at any institution within the University System.
3. The number of students awarded degrees between July 1 and June 30 of each year.

The task force recommended funding be allocated for performance funding beginning with the 2015-17 biennium.

TENNESSEE HIGHER EDUCATION COMMISSION

Tennessee Outcomes-Based Funding Method

Dr. Richard Rhoda, Executive Director, and Mr. Scott Boelscher, Director for Fiscal Policy and Facilities Analysis, Tennessee Higher Education Commission, Nashville, Tennessee, presented information at the June 13, 2012, committee meeting regarding the Tennessee outcomes-based higher education funding model. The outcomes-based funding model identifies outcomes for which each institution is measured. The outcomes are prioritized at each institution based on institution mission, and a weighting factor is applied to each outcome based on the priority order. The following are examples of outcomes for two-year institutions and four-year institutions:

| Examples of Outcomes | |
|--|---|
| Two-year institutions | Baccalaureate and Doctoral Institutions |
| Students accumulating 12, 24, and 36 credit-hours | Students accumulating 24, 48, and 72 credit-hours |
| Dual enrollment students | Bachelor's degrees awarded |
| Associates degrees awarded | Master's degrees awarded |
| Certificates awarded | Specialized degrees awarded |
| Job placements | Doctoral and law degrees awarded |
| Remedial and developmental education student success | Institution research and service |
| Students successfully transferring to another institution | Students successfully transferring to another institution |
| Workforce training hours | Degrees awarded per 100 full-time equivalent students |
| Degrees and certificates awarded per 100 full-time equivalent students | Six-year graduation rate |

Tennessee Performance Funding Model

Tennessee uses a separate performance funding model that focuses on student quality. Institutions can earn an additional 5.45 percent of the outcomes-based funding formula amount through the performance funding model. Tennessee measures performance in the following areas:

- Quality of general education - Undergraduate student performance on standardized tests of general education.
- Assessment of major fields - Graduate performance on tests in the appropriate field area.
- Accreditation and evaluation of academic programs - The percentage of eligible programs that are accredited (or an alternative review of programs that are nonaccreditable).
- Satisfaction studies - Student, alumni, and employer satisfaction surveys.
- Job placement - Job placement rate of community college graduates.
- Assessment implementation - Institution effectiveness in meeting a defined Quality Enhancement Plan or in meeting an alternate Student Learning Initiative.
- Quality of student access and success - Institution effectiveness in serving selected student subpopulations.

INDIANA COMMISSION FOR HIGHER EDUCATION

Mr. Jason Dudich, Associate Commissioner and Chief Financial Officer, Indiana Commission for Higher Education, Indianapolis, Indiana, presented information at the June 13, 2012, committee meeting regarding the Indiana higher education performance funding model. The Indiana performance funding model has seven metrics that are designed to improve college completion, student success, and degree attainment. Approximately 5.1 percent of the total higher education operating budget was reallocated for performance funding distributions during the 2011-13 biennium. Only resident students are included in the performance funding measures. The following seven performance funding measures will be used by Indiana during the 2013-15 biennium:

1. Overall degree completion - Certificates, associate degrees, bachelor's degrees, master's degrees, and doctoral degrees awarded to resident students.

2. At-risk student degree completion - Certificates, associate degrees, and bachelor's degrees awarded to resident students that are Pell grant recipients at the time of graduation.
3. High-impact degree completion - Bachelor's degrees, master's degrees, and doctoral degrees awarded to resident students in science, technology, engineering, and mathematics (STEM)-related fields.
4. Student persistence incentive - Provides an incentive if a resident student successfully completes a set number of credit-hours at an institution.
5. Remediation success incentive - Provides an incentive to two-year institutions for resident students who successfully complete a remedial education course and then successfully complete a gateway college-level course in mathematics or English.
6. On time graduation rate - Provides an incentive for improvements in the on time graduation rate of students.
7. Institutional defined productivity measure - This measure is selected by each institution and must align with the strategic plan of the institution and focus on reducing the cost of attendance to the student. The measure must be approved by the Indiana Commission for Higher Education office.

The following schedule details which institution types use each measure:

| Measure | Research Institutions | Four-Year Nonresearch Institutions | Two-Year Institutions |
|---|-----------------------|------------------------------------|-----------------------|
| Overall degree completion | Yes | Yes | Yes |
| At-risk student degree completion | Yes | Yes | Yes |
| High-impact degree completion | Yes | No | No |
| Student persistence incentive | No | Yes | Yes |
| Remediation success incentive | No | No | Yes |
| On time graduation rate | Yes | Yes | Yes |
| Institutional defined productivity initiative | Yes | Yes | Yes |