

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