

California Performance Targets and Performance Funding: A National Perspective

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Governor's Proposed Budget (January)

Governor's January budget called for General Fund augmentations for all public higher education segments and priorities for

- improvements in time-to-completion

- improvements in graduation and completion rates in all segments

- increases in transfer students enrolled at CSU, UC

- Successful credit and basic skills course completions

Can Funding be Fair? (Jan. 31, 2013)

- Inside Higher Education article discusses UC “rebenching” proposals to equalize funding for similar programs across campuses.
- Proposals are essentially enrollment driven and weighted by program and normed to undergraduates.
- Assumes increases in state budgets for 6 years.

LAO Reaction (February 2013)

Legislative Analyst's Office recommended

- Setting specific outcome & intermediate measures for California Community College system
- Creating rules for CCC campuses for tracking their progress (against selves)
- Allocation of a portion of base and new funds to CCC according to performance

That CSU, UC include incentives like above for internal allocation of state funds across campuses

Gov. Brown's recent plans to improve UC, CSU meet criticism

Daily Bruin 4/26/2013



Daily Bruin file photo / Daily Bruin file

Governor's May Budget Revision

Proposed CSU and UC Performance Plans with
1% increase in FY 2013, 3% in 2014, 6% in 2015

- Four-year graduation rates
- Two-year graduation rates for CCC transfers
- Headcounts of new CCC transfers enrolled
- # First-time freshmen degree completions
- # Transfer students degree completions
- # Low-income (Pell, Cal Grant) transfer students (freshmen and transfers)
- Undergraduate degree completions per 100 FTES

Legislature Reaction

Governor had proposed that funding be tied to performance measures.

Final budget bill keeps performance measures but only for CSU and UC and doesn't tie funding to performance measures.

Governor's Line Item Vetoes

“This provision would continue to make enrollment the primary drive of state budgeting for higher education. Instead, the investments made for the university should be used to ensure the timely graduation of students and make improvements on other performance measures established in this budget.”

Current Situation

No direct link performance measures, funding

Stakeholder group perspectives solicited a few months ago

But there is no inter-institutional working group working on performance funding metrics now

CSU, UC are developing performance measure data gathering protocols for legislated reporting



What?

Accountability Demands



Accountability Reporting for the Community Colleges
(*Scorecard*) since Assembly Bill 1417, 2006

Remediation success focus

CSU Student Success Initiatives

WASC/ACCJC accreditation moving to stressing student
outcomes

Student Learning Outcomes work gaining momentum

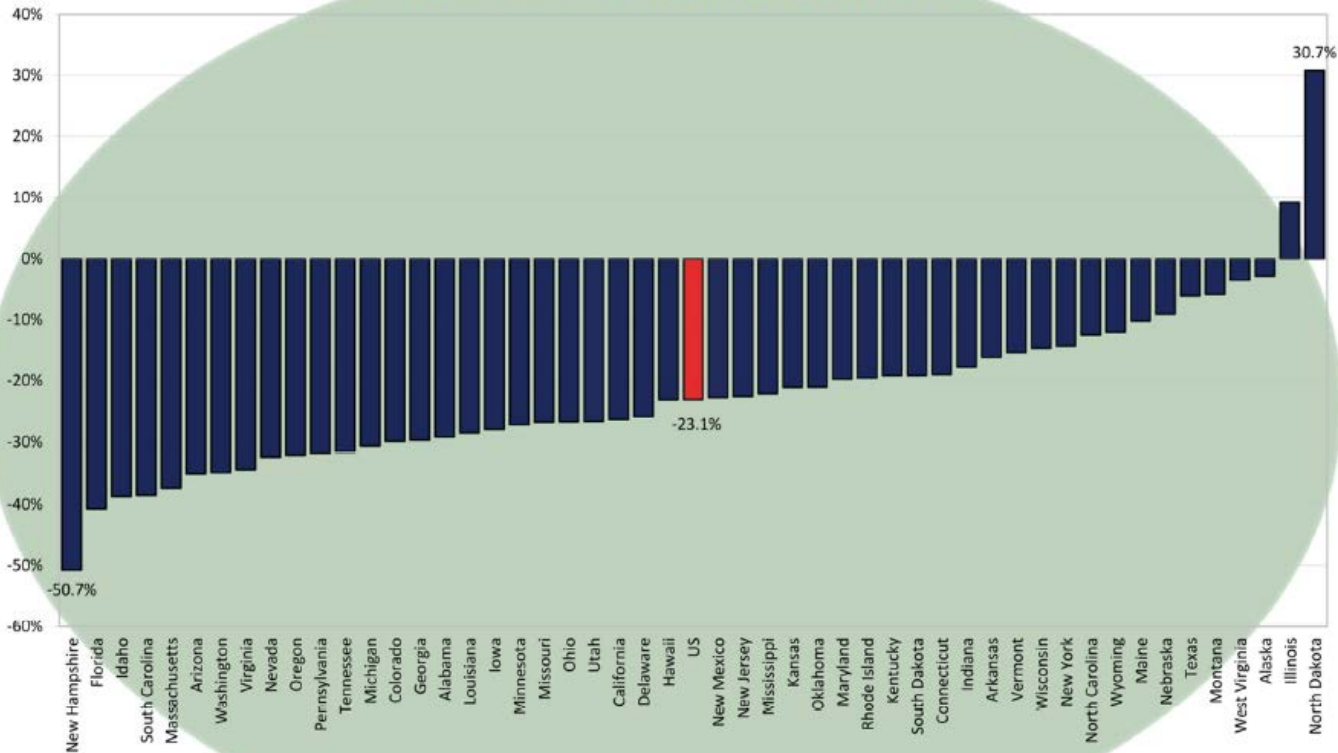
Students/Parents/Legislators Concerns

Tuition \$ 

Student Debt \$ 

State Funding Decrease

Figure 6
Educational Appropriations per FTE
Percent Change by State, Fiscal 2007-2012



Note: Dollars adjusted by 2012 HECA, Cost of Living Adjustment, and Enrollment Mix Index.

Source: State Higher Education Executive Officers

Performance Funding 1.0 (1979 – 2007)

- Arkansas
- California
- Colorado
- Connecticut
- Florida
- Idaho
- Illinois
- Kansas
- Kentucky
- Louisiana
- Minnesota
- Mississippi
- Missouri
- New Jersey
- New Mexico
- North Carolina
- Ohio
- Oklahoma
- Oregon
- Pennsylvania
- South Carolina
- South Dakota
- Tennessee
- Texas
- Virginia
- Washington

Performance Funding 1.0 Design Flaws

Too many priorities

Access agenda competition

Complex

Insufficient data

Lack of institutional buy-in

Add-on or insignificant amounts of funding

Source: Jeff Stanley (HCM Strategists) and Dennis Jones (NCHEMS) presentation to SHEEO Leadership Institute, July 11, 2012, Seattle, Washington

Other Performance Funding 1.0 Flaws

Insufficient state funding

Shortfalls in regular funding

Dropped during state budget cuts

Went away quickly

Metrics changed

Limited evidence that achieved intended outcomes

Source: Dougherty, K. J. and Reddy, V. (2013)

Performance Funding 1.0 related to

Some Intermediate Institutional Impacts

altered academic policies, programs and practices

changes in development education and tutoring

alterations to student service policies, programs, and practices

Source: Dougherty, K. J. and Reddy, V. (2013)

Completion Agenda



To increase the proportion of Americans with high-quality college degrees, certificates or other credentials to 60% by 2025

See more at:

http://www.luminafoundation.org/goal_2025.html#sthash.Y7001OrT.dpuf

Lumina's Four Steps to Finishing First

1. PERFORMANCE FUNDING

2. STUDENT INCENTIVES

3. NEW MODELS

4. BUSINESS EFFICIENCIES

Source: http://www.luminafoundation.org/publications/Four_Steps_to_Finishing_First_in_Higher_Education.pdf

Performance Funding 2.0 (2007 - present)

Ties state performance funding to state outcomes goals

Focus on completion and progress toward it (not access)

Build into base budget and continue in good and bad budget years

Appropriate enough % of base to command attention

Increase % over time but may use a phase-in and/or “stop loss” provision

More PF 2.0 Design Principles

Recognize mission differentiation in metrics and/or metric weights

Reward success with “at risk”/underserved students

Limit metrics, make sure that measurable, data is available

Pick clear and “hard to game” metrics

Implement a “year of learning” with no funding at first

Still More PF 2.0 Design Best Practices

Agree on goals

Involve all public institution stakeholders early

Reward continuous improvement not fixed goal attainment

Evaluate, review and revise goals as needed



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Completion by Design

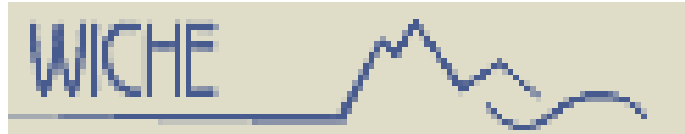
Center for American Progress

PROGRESSIVE IDEAS FOR A STRONG, JUST, AND FREE AMERICA



Public Agenda







NCHEMS

National Center for Higher Education Management Systems



CCRC COMMUNITY COLLEGE
RESEARCH CENTER

The Hatcher Group

William Massy

THE UNIVERSITY OF
ALABAMA

Education Policy Center



INSTITUTE
FOR HIGHER
EDUCATION
LEADERSHIP
& POLICY

Often Mentioned States Using PF 2.0

Tennessee

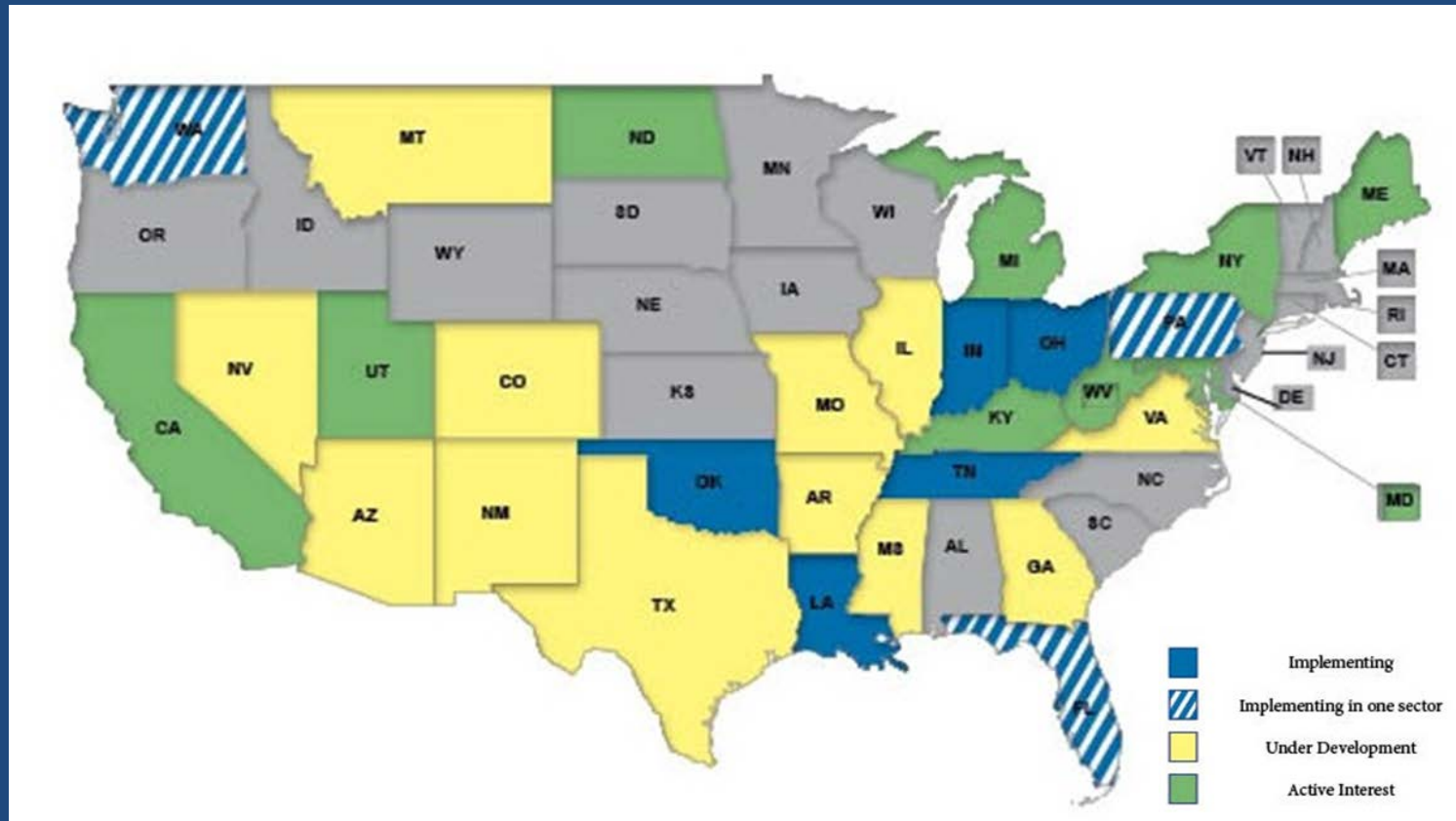
Indiana

Pennsylvania

Washington State

Ohio

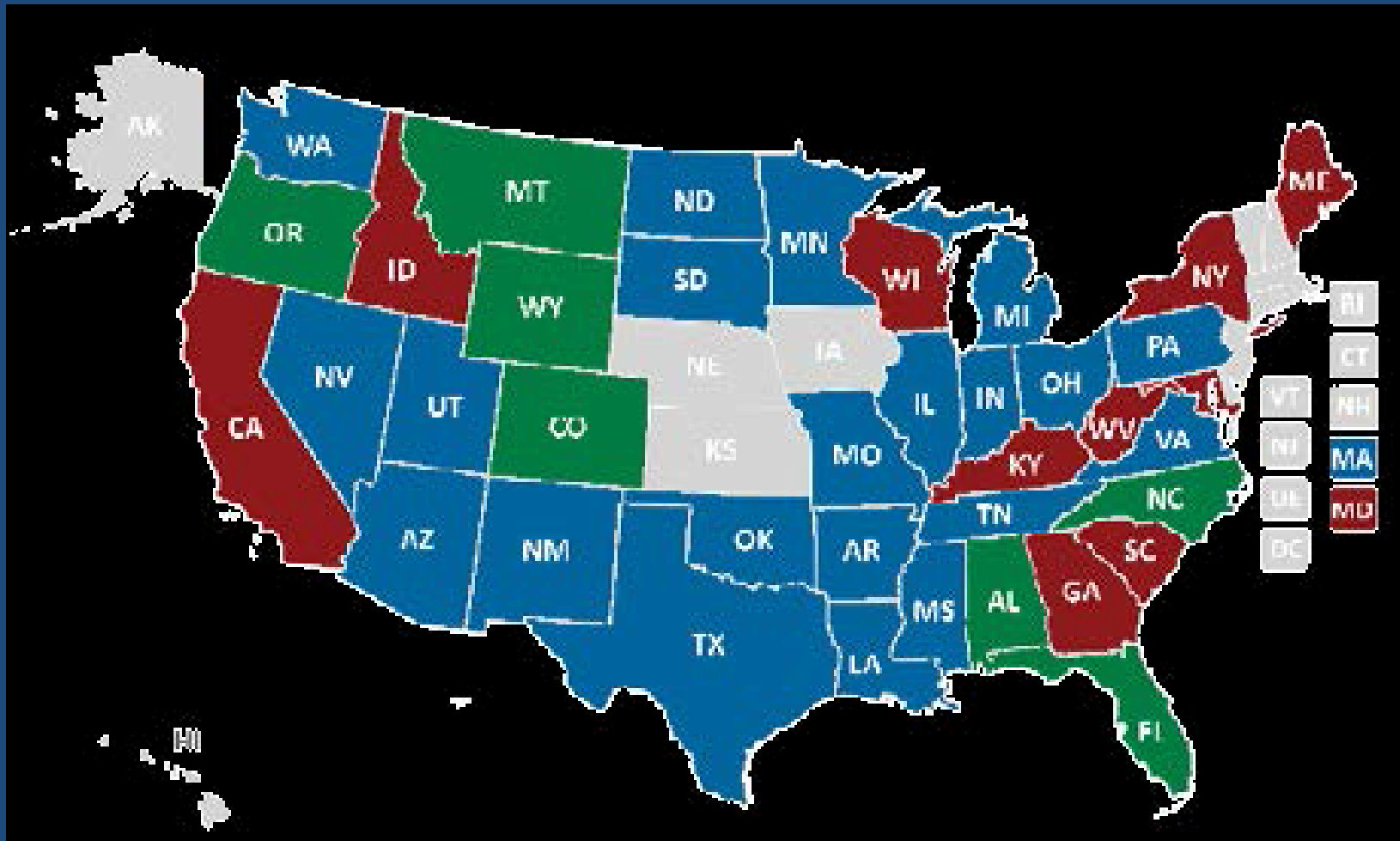
Performance Funding 2.0: State Activity as of July 11, 2012



Source: Jeff Stanley (HCM Strategists) and Dennis Jones (NCHEMS) presentation to SHEEO Leadership Institute, July 11, 2012, Seattle, Washington

Performance-Based Funding Activity Map

(Current as of September 2013)



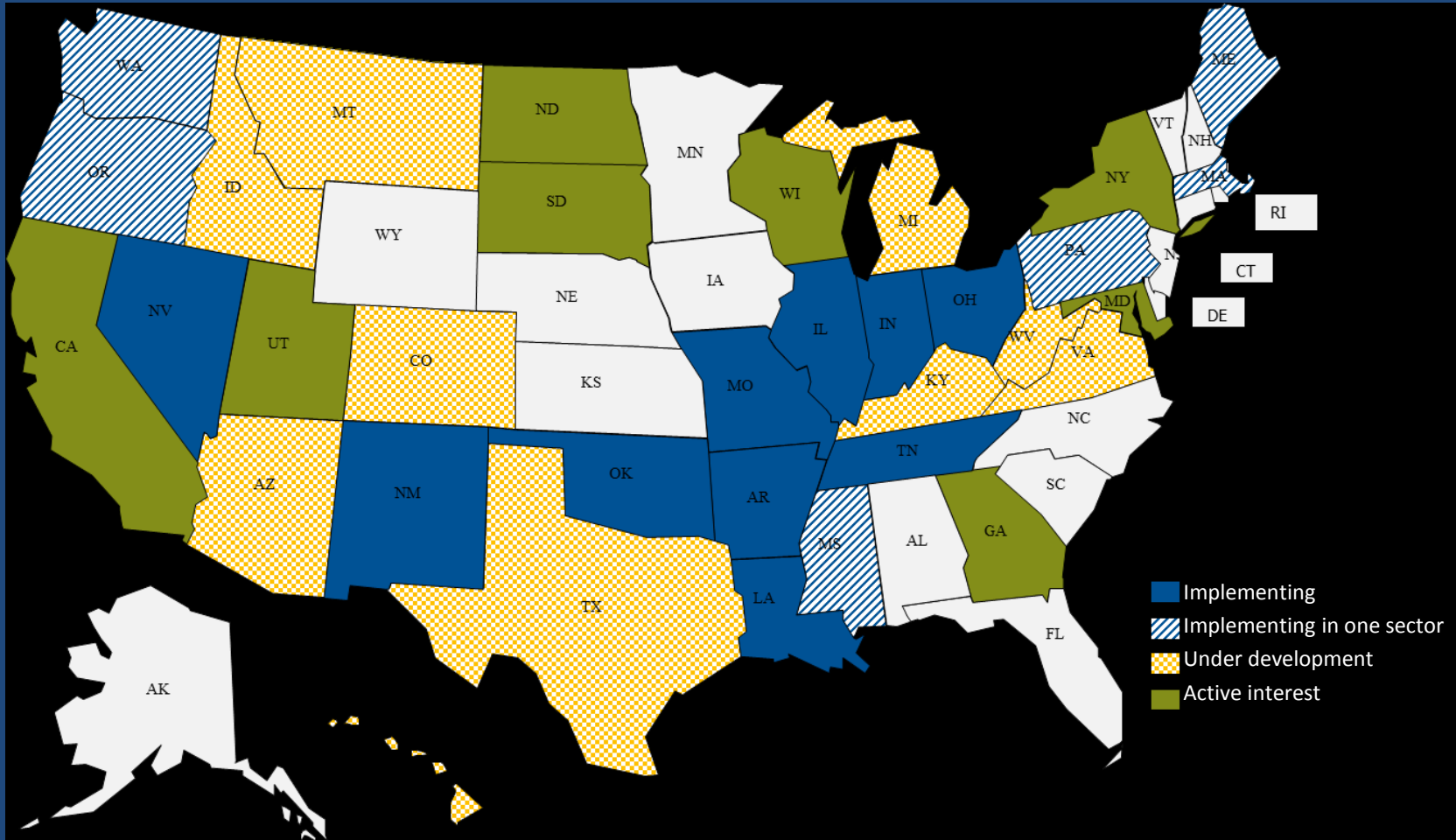
No formal activity found
12 states

Formal discussions of PBF
10 states

Transitioning to PBF
7 states

PBF in place
22 states

Performance-Based Funding Implementation (October 2013)



Source: Jones, Dennis P. , October 2013, Outcomes-Based Funding: The Wave of Implementation. NCHEMS prepared for Complete College America

Some PF 2.0 Issues

Does it work?

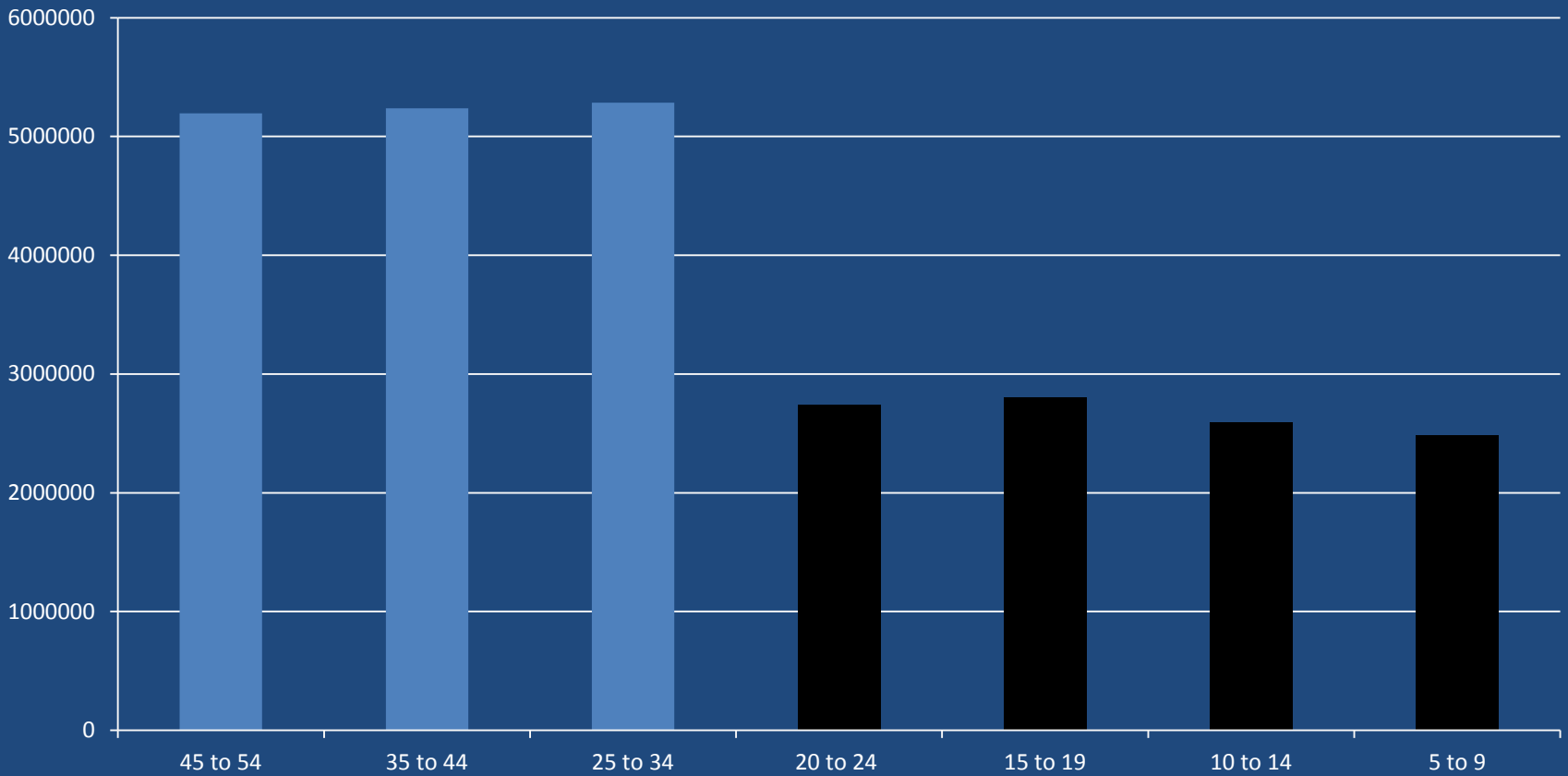
- Too early to tell?
- Metrics vary by state
- Metrics have often changed over time within states

Rewards degree completion in 2 or 4 years

- Favors full-time and/or summer attendance
- Will current part-time students respond?
- Impact on traditionally under-represented and at-risk students? Institutions that serve them?

Demographic Challenge to PF 2.0

California Age Groups, 2011



Metrics Challenge – Devil in the Details

- Four-year graduation rates
- Two-year graduation rates for CCC transfers
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Timing Challenges for PF 2.0

Number of completions rewarded with funding depends on number of new or transfer students admitted 2 or 4 or more years ago as well as progress getting those students through.

Three-year rolling averages may go back even farther.

California metrics do not have good progress measures. (N of students reaching 30, 60 units toward a bachelor's degree).

Stakeholder and Political Realities

Institutions need time to adjust to latest metrics and mount appropriate new programs. Indiana metrics changed 3 times since 2007.

Impatient politicians. Evaluation of PF metric impacts takes time, changing policies takes time, students take two to four years at best to graduate.

At AIR 2013 PF discussion – institutional stakeholders were consulted for 2 years, some politicians tried to add pet metrics in legislature.

Evolution of CHE Performance Formula Metrics

2001	2003	2005	2007	2009	2011	2013
Enrollment Change (credit hours enrolled)	Enrollment Change (credit hours enrolled)	Enrollment Change (credit hours enrolled)	Enrollment Change (credit hours enrolled)	Enrollment Change (successfully completed credit hours)	Enrollment Change (successfully completed credit hours)	
Inflation Adjustments	Inflation Adjustments	Inflation Adjustments	Inflation Adjustments		Enrollment Change Dual Credit (successfully completed credit hours)	
						Student Persistence Incentive
						Remediation Success Incentive
Equity Adjustment	Equity Adjustment	Equity Adjustment	Equity Adjustment			
Plant Expansion/leases	Plant Expansion/leases					
Program Adjustment						
	Research Support Incentive	Research Support Incentive	Research Support Incentive	Research Support Incentive	Research Support Incentive	
			Change in number of degrees	Change in number of degrees	Change in number of degrees	Change in number of degrees
				Low Income Degree Completion Incentive	Low Income Degree Completion	At-Risk Student Degree Completion
						High Impact Degree Completion
			Change in On-Time graduation Rate	Change in On-Time graduation Rate	Change in On-Time graduation rate	Change in On-Time graduation rate
						Institution Defined Productivity Metric
			Two Year Transfer Incentive	Two Year Transfer Incentive		
				Workforce Development Incentive (funding non-credit coursework)		
						Updated 12-9-11

Red text indicates new performance metrics

Institutional Economics and PF Base Funding Uncertainties

As % of base funding governed by performance funding increases, institutional funding uncertainty increases.

For some initiatives institutions need to make long-term contractual commitments with increasingly uncertain funding futures.

What level of PF % and total dollars is effective in encouraging change? Application to decreasing state base funds?

Will PF % applied to the base encourage public institutions to become even less dependent on state funds as much as they can -- without pricing tuition out of market?

Some Possible Institutional Research Roles

At the CCC, CSU, and UC system levels

- Enter the design discussion (if/when it happens).
- Coordinate across systems (without CPEC)?
- Collaborate even more with data sharing?

At the campus and District levels

- Educate yourself on these national and state trends
- Research and report out real impacts?
- Evaluate campus level programs responding to PF for effectiveness and impact?

Thank you

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