ARKANSAS HIGHER EDUCATION COORDINATING BOARD

SPECIAL MEETING

University of Arkansas Community College at Batesville
Independence Hall
Thursday, October 27, 2011
4:00 p.m.

AGENDA

1. Performance Funding Presentation, Shane Broadway

ARKANSAS DEPARTMENT OF HIGHER EDUCATION

Performance Funding System

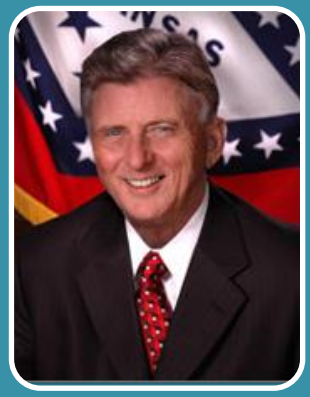
Arkansas 2025

Background and Purpose

- From the early 1990s to the present, Arkansas has experienced a more positive pattern of economic growth than the nation as a whole
  - Unfortunately, the state still lags significantly behind most SREB states and the nation in degree-holders
- Jobs in the United States are projected to increase by 19 percent (1.1 million) by 2016 for people with associate degrees and by 17 percent for those with bachelor's degrees.
  - In Arkansas, many first-generation students struggle to be successful.
  - While improving retention and graduation has always been a priority for Arkansas's institutions of higher education, now is the time for state policy to zero in on degree completion.

Background and Purpose

- For more than two decades, Arkansas policymakers have focused on increasing access to college and improving the state's college-going rate
  - Formation of community college system in 1991
  - Implemented Academic Challenge in 1991
  - Governor's Distinguished Scholarship in 1997
- Governor Beebe issued a challenge Jan. 11



"We can and must double the number of college graduates in Arkansas by 2025 if we are to stay competitive.

This is a lofty goal aimed at the future, but we must begin implementing it today."

~ Governor Mike Beebe

Legislative Action

- Senators Gilbert Baker and Johnny Key, and Representative Johnnie Roebuck sponsored Act 1203 of 2011
  - An Act to Promote Accountability and Efficiency at State-Supported Institutions of Higher Education; To Clarify Funding Formula Calculations for State-Supported Institutions of Higher Education
- Act 1203 was enacted by the Arkansas General Assembly by 100 percent of the voting members and signed into law by Gov. Beebe April 5

Access to Success

- *Access to Success*, an initiative of Sen. Baker and Rep. Roebuck, laid out several challenges for the state's institutions of higher education.
- The *Access to Success* task force recognized the need to go beyond the traditional definition of "student" must be broader than "first-time, full-time."
  - National rankings for retention, graduation only account for a small percentage of students enrolled in Arkansas institutions
  - Does not take into account part-time students and/or those who transfer to a four-year institution or those who enter in the spring for the first time

Current Status Assessments

- From 2007-08 to 2008-09, Arkansas universities' degrees and certificates conferred grew by 7.5% while the SREB average was 3.4%
  - From 2006-07 to 2008-09, Arkansas universities experienced a 10.5% increase in bachelor's degrees conferred while the SREB states averaged 6.5%
- Two-year colleges increased total degrees and certificates by 18.4% while the SREB average grew by only 3.9%

Current Status Assessments

- Without this sound foundation and commitment to growth, the goal of doubling the number of degrees which requires universities to increase the number of graduates each year by 4.7 percent might not be attainable.

"The challenge before us when it comes to higher education is increasing productivity – graduating more students with the skills our states need with the resources we have."

~ Governor Chris Gregoire of Washington, Chair of the National Governors Association

Challenges

- **Strengthening the Arkansas Education Pipeline –** The number of Arkansas residents who hold certificate, associate or bachelors' degrees is below the national average, and an insufficient number of students attending two-year colleges pursue a bachelors' degree
- **Increasing Retention, Graduation Rates –** While the state's college-going rate is at the national average, retention and graduation rates are below the national average

Work Group – Universities

- Each meeting of the four-year performance work group was attended by approximately 40 or more individuals – presidents, chancellors, academic officers, fiscal officers, institutional research, and government relations personnel – representing all of the universities
- Several of the meetings were attended by various staff members from ADHE, Governor's Office, Bureau of Legislative Research, Dr. Olin Cook from the AHECB, Senator Sue Madison, and Representatives Jim Nickels and Tiffany Rogers

Guiding Principles for Funding

- **Increasing Credentials without Comprising Academic Rigor**
  - While technical certificates and associate degrees are included, significant weighting is placed on increasing the number of bachelor's degrees awarded.
  - The performance funding measures require all institutions be measured each year on total credentials awarded, bachelor credentials awarded, STEM production and student progression.
  - Forty percent of all performance funding will be allocated to these four measures, with the remainder on optional measures selected by each institution.

Guiding Principles for Funding

- **Missions, Role and Scope**
  - The performance funding measures recognize the diversity of Arkansas's universities, varying demographics, economic realities of their locale, as well as the academic unpreparedness of many of the students they serve.
  - Many of the optional measures are derived from Act 1203 and include underrepresented minorities, non-traditional, transfer and low-income graduates, as well as graduates with remedial needs and those in a high demand field or a critical need of a particular region of the state.

Guiding Principles for Funding

- **Improvement Begins at Home**
  - The combination of mandatory and optional measures holds all institutions accountable for the major state goals outlined in Act 1203.
  - The measures also allow each institution to select optional goals based on mission, role and scope.
  - Each institution will be measured against its own progress and not against an arbitrary standard.

Guiding Principles for Funding

- **Need for Flexibility**
  - Since the performance funding system will be implemented over an almost 15-year period, it must be organic and adaptable to changing national, state, regional and institutional needs.
  - Measures recognize that the performance record in the early years will almost certainly change over time and that it must be reviewed on an annual basis to assure the overall goal of doubling the number of graduates by 2025 is attainable.

Guiding Principles for Funding

- **Keeping it Simple**
  - The measures must be simple, clear and understandable – mandatory and optional measures, with an adjustment for the percentage of undergraduate students receiving a Pell award.

- **Data-Driven Decision-making**
  - Consistent with our two-year counterparts, the success of the performance funding measures will depend upon accurate and reliable data.

Development Process

- In developing the model, the working group studied in great detail historical patterns of successful performance funding systems
- In addition, the working group studied, in more detail, states where current systems are being developed
  - Tennessee
  - Pennsylvania
  - Ohio
  - Washington
  - Louisiana

Timeline, Brief Summary of Work Group Meetings – **Universities**

- **April 15** – AHECB meeting (presentation and discussion of Act 1203)
- **April 25** – ADHE meeting with all institutions (presentation and discussion of Act 1203)
- **May-June** – Individual campus, system meetings to discuss implementation of Act 1203
- **June 27** – Preliminary discussion of performance models
- **July 8** – Initial meeting of the four-year work group
- **July 20** – Discussion of performance funding models from PA, LA, WA, and TN based upon contact with representatives from those states
- **July 22** – Discussion of performance measures, as well as *Compete to Complete* from the National Governors Association and *The Politics of Performance Funding in Eight States – Origins, Demise and Change* from the Lumina Foundation
- **July 26** – Discussion of performance measures, in particular, how to address the progression of students (retention) which led to the appointment of Institutional Research personnel to create a model addressing the need to account for all students; discussion of rolling and baseline averages
- **July 29** – Discussion of performance measures recommended by institutions

Timeline, Brief Summary of Work Group Meetings – **Universities**

- **August 3** – Discussion of performance measures, in particular, which credentials and degrees to count, defining and determining progression, STEM, low-income, transfer and course completion
- **August 9** – Discussion of definitions ADHE prepared for each performance measure, in particular, how to define low-income and non-traditional students, appropriate STEM CIP codes, and three regional critical needs for each institution
- **August 23 & 30** – Continued discussion of the issues noted above and data analysis
- **September 7, 14, & 21** – Continued discussion of the issues noted above and data analysis
- **September 26** – Discussion and compilation of performance funding report
- **September 28** – Discussion of external grants and awards received measure, baseline year for credentials (2009-10), calculation of progression and STEM measures, and the importance of building upon the recent success in degree production of Arkansas' colleges and universities (SREB)
- **October 4** – Presidents and chancellors approve the performance funding measures recommended by the work group for consideration by the AHECB
- **October 12 & 19** – Discussion and compilation of performance funding report

Mandatory Performance Measures

Measure	Definition
Bachelor Graduates	Number of all bachelor degrees earned by a student for an academic year regardless of enrollment status.
Total Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status.
STEM Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status in the STEM
CIP Codes	The source identifying STEM CIP Codes is the 2011 version published by US Immigration and Customs Enforcement (ICE). The list may be found at the following website (www.ice.gov/sevis/stemlist.htm).
Progression: University Version (New Arkansas Measure)	This measure utilizes a cohort of credential–seeking students enrolling in 6 or more hours during the fall semester. The cohort is then tracked through the next academic year to identify how many students in the cohort earned a total 18 or more credit hours through the two academic years (including remedial/developmental courses). The Progression Rate is expressed as a percentage and changes over time are expressed as a difference in percentage points.

Optional Performance Measures

Measure	Definition
Course Completion	This is a Successful Course Completion Rate calculation which compares number of successful SSCH to all SSCH in all non-remedial courses. The Successful Course Completion Rate is expressed as a percentage and changes over time are expressed as a difference in percentage points.
High Demand Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status in the HIGH DEMAND CIP Codes. The 2011 version of the HIGH DEMAND CIP Codes were obtained from ADWS (Arkansas Department of Workforce Services).
Minority Student Credentials	Number of all credentials (technical certificates and above) earned to persons identified as Asian only, Black only, Hispanic any, American Indian/Alaska Native only, Hawaiian/Pacific Islander only or Two or More Races. (Unknowns, Non-Resident Aliens, White and Other graduates are not included.)
Non-Traditional Student Credentials	Number of all credentials (technical certificates and above) earned by a non-traditional student in an academic year. Non-traditional students are defined as age 25 or older at the time of graduation.
Remedial Student Credentials	Number of all credentials (technical certificates and above) earned by a remedial student in an academic year. Remedial students are defined as students who were required to take at least one remedial course for completion.

Optional Performance Measures

Measure	Definition
Regional Economic Credentials	Number of all credentials (technical certificates and above) earned by a student for an academic year regardless of enrollment status in programs identified by the institution and approved by the Arkansas Higher Education Coordinating Board.
Transfer Student Credentials	Number of all credentials (technical certificates and above) earned by a student transferring from another Arkansas public institution of higher education.
Expenditure of Federal Awards	Increase in restricted federal expenditures excluding transfers and scholarships by fiscal year.
Patents	The number of U.S. patents (utility, plant or design) issued or reissued to an institution within the year. Certificates of plant variety protection issued by the USDA should be included.
New Company Startups	The number of new companies started during the years that were dependent on licensing an institution's technology for their formation.

Compensatory Performance Measure

Measure	Definition
Percentage of Pell Receiving Undergraduate Population	Percentage of all undergraduate students receiving Pell grants (http://nces.ed.gov/collegenavigator/)

10 Point Scale – Universities

Points	Measure
4	Mandatory
6	Optional
Partial/ Percentage of Point	Compensatory – based on number of Pell Grant recipients

Work Group – Two-Year Colleges

- Considering unique characteristics of the community college mission and each individual institution, work group came to conclusions:
  - All serve academically under-prepared students who require remediation, additional student services support
  - All have a significant number of part-time and non-traditional students
  - All share goal of increasing course, credential completion
  - All have a significant population of low-income students

Guiding Principles for Funding

Two-year colleges are open-door institutions that serve four major educational purposes:

1) Technical skills education
2) Preparation for transfer to a four-year university
3) Remedial education
4) Workforce training for business/industry

A two-year college performance funding model must incorporate all four purposes

Guiding Principles for Funding

- Emphasis on workforce training needs, transfer rates vary by region and must be taken into account
- Enrollment changes attributed to re-training can impact data
- Each institution must be able to calculate data and arrive at same numbers as ADHE

Timeline, Brief Summary of Work Group Meetings – **Two-Year Colleges**

May 2011

- Presidents and Chancellors (Ps/Cs) have a conference call with Ron Abrams regarding Ohio's performance funding model.

July 2011

- Ps/Cs nominate personnel for a performance funding work group. The group includes a diverse skill-set including finance, research, student affairs, academic affairs and faculty.
- An initial planning meeting is held to discuss strategy. The group identifies performance funding models from other states to research in-depth. States included Washington, Ohio, Tennessee, Pennsylvania, Indiana and Louisiana. Work group members volunteer to call representatives from each state. A conference call is held for members to report findings back to the group.
- Tennessee and Ohio emerge as potential models for Arkansas and conference calls are arranged to have representatives from those states speak to the entire work group.
- The work group meets with ADHE to discuss timeline and potential measures.
- Work group members report regularly to Ps/Cs regarding progress.

Timeline, Brief Summary of Work Group Meetings – **Two-Year Colleges**

August 2011

- Conference calls are held with the work group and representatives from Tennessee and Ohio. Based on discussions with Tennessee and Ohio, AATYC drafts measures and definitions for the work group to consider.
- The work group meets in person one time and by conference call three times.
- The work group meets with ADHE two times to discuss definitions and methodology.
- Work group members report regularly to Ps/Cs regarding progress.
- AATYC reports on progress of the work group to Ps/Cs and receive feedback.

September 2011

- The work group meets independently and with ADHE to finalize recommendations.
- AATYC holds a webinar for Ps/Cs to explain in detail the recommendations of the work group. Ps/Cs are asked to review the recommendations and to be prepared to make decisions and vote in two weeks.
- Ps/Cs meet Sept. 22 to review and vote on recommendations. Ps/Cs break into four groups by region. Information is presented in stages and is discussed first in small groups. Small groups report out to entire group. Ps/Cs vote individually on each issue.
- AATYC makes revisions and distributes the final performance funding model to Ps/Cs, the work group and ADHE.

Mandatory Measures

Measure	Definition
Remedial Course Success	The rate of remedial courses completed relative to remedial courses attempted.
Non-remedial Course Success	The rate of non-remedial courses completed relative to non-remedial courses attempted.
Progression	The rate of students that complete either 18 hours or a credential.
Certificates of Proficiency	The number of certificates of proficiency awarded.
Technical Certificates	The number of technical certificates awarded.
Associate Degrees	The number of associate degrees awarded.
Total Credentials	The rate of credentials awarded relative to enrollment.

Mandatory Compensatory Measures

Measure	Definition
Low Income	The number of low-income students relative to enrollment.
Under-prepared	The number of underprepared students relative to enrollment.

Optional Measures

Measure	Definition
Stem Credentials	The number of STEM credentials awarded.
High Demand Credentials	The number of high demand credentials awarded.
Workforce Training	The number of workforce training contact hours reported.
Transfer	The number of students that transfer after completing a minimum of 12 hours.
Adult Credentials	The number of credentials awarded to adults.
Minority Credentials	The number of credentials awarded to minorities.
Employment	The number of credential completers that obtain employment.

Points Scale – Two-Year Colleges

- Under development

Sustainability and Maintenance

- The system is designed to assist Arkansans to success in higher education goals and reach the goal of doubling the number of degree-holders by 2025
  - Future employment opportunities and needs will continue to grow, change and develop
- It's not a "one and done" model, as it must be continually monitored to assure its effectively serving students
  - Will help more students prepare for increasingly sophisticated, technologically-demanding jobs
  - Designed to encourage campuses to continually improve academic, support programs

Sustainability and Maintenance

- A standing committee will report annually and make recommendations for modifications for next year's funding.
  - Each year's evaluation will focus on the previous year's results in each of the measures and in the overall growth of graduates.
  - Changes may be needed in the scales attached to each measure, weighting of various measures, funding distribution and even the measures themselves.
- Careful monitoring, updating and improvement will ensure each institution receives appropriate, adequate funding to fulfill its mission.

Sustainability and Maintenance

- Standing committee will review, analyze data to set performance targets for institutions which would serve as the benchmark for an institution's continued performance.
  - An institution that attains or maintains the target on any measure will receive points comparable to those allocated for improvement.
- Ongoing evaluation will be empirically-based and assure that timely modifications are made.

Preserving Academic Integrity

- Doubling number of degrees can not come at expense of academic standards, quality
- Role of faculty will be essential to success and fostering high-quality learning environments
  - Mentoring, advising, rigor
- Student development support, retention initiatives outside the classroom

Measures of Quality

- Maintenance of regional accreditation by each institution.
- Maintenance of regionally and nationally accredited academic programs.
- Monitoring the percentage of students who graduate from accredited programs.
- Monitoring the number of students who transfer from two-year to four-year institutions
- Monitoring student performance on professional licensure exams.
- Monitoring the percentage of students who matriculate into graduate programs after receiving their baccalaureate degree.

Measures of Quality

- Reviewing institutional reporting of data detailing its assessment of student learning outcomes.
- Compiling and publishing the results of state-mandated program reviews by ADHE on an annual basis.
- Analyzing and reviewing the placement rates of graduates in the marketplace.
- Enhancing the presence of quality academic support programs designed to develop students academically and subsequently to enhance their performance in the classroom.
- Monitoring the increases in the number of degrees awarded to ensure growth is occurring over a range of CIP codes unless such growth is focused on CIP codes in the STEM or High Demand areas.

ARKANSAS DEPARTMENT OF HIGHER EDUCATION

Performance Funding System

Next Steps