

Agenda Item 3.05.A.2

Consideration of Year 7 (2002-03) Performance Funding Issues: Measure and Standard for Indicator 4 A/B, Cooperation and Collaboration, for Teaching Sector

Explanation: Below and on the following pages are the measure write-up and the report form for Indicator 4AB, Cooperation and Collaboration, for the Teaching Institutions Sector. The measure has been refined from that used in Performance Funding Year 6 (2001-02) to collect baseline data. The initial measure was approved on December 13, 2001, by the Committee for use in collecting baseline data during Year 6 (2001-02), and appears in the Year 6 Workbook Supplement as part of Addendum A on pages 93-95. Staff and representatives have worked to refine the measurement from that which was initially reviewed by the Committee by clarifying definitions for information stated in the measure. Staff and sector representatives have reviewed the measure as proposed here. The measure consists of 4 parts and focuses on the sector's collaboration with businesses and the community by focusing on academic program advisory boards through consideration of the activity of the board and their make-up in terms of community representation and by focusing on undergraduate program internships. For each of the four parts of the measure, institutions are scored as to whether or not they are in compliance with identified requirements. Those requirements are incorporated into the measure. The recommended standard for the measure proposed herein for the Teaching Sectors is 2 or 3 points earned for a score of "Achieves" or "2." Earning 4 points would merit a score of "Exceeds" or "3," whereas, earning 1 point would merit a score of "Does Not Achieve" or "1." The measure and reporting form for Year 7 are found on the following pages.

Recommendation: The Planning and Assessment Committee recommends the measure and standard for Indicator 4A/B, Cooperation and Collaboration, for the Teaching Institution Sector as presented herein for approval by the Commission.

A copy of the measure and standards follows.

COMBINED 4A/B:

(4A) SHARING AND USE OF TECHNOLOGY, PROGRAMS, EQUIPMENT, SUPPLIES, AND SOURCE MATTER EXPERTS WITHIN THE INSTITUTION, WITH OTHER INSTITUTIONS, AND WITH THE BUSINESS COMMUNITY

(4B) COOPERATION AND COLLABORATION WITH PRIVATE INDUSTRY

GENERAL MEASURE DEFINITION OF 4 A/B

Indicator 4A/B is defined tailored to each sector. 4A/B is intended to measure sector focused efforts of institutional cooperative and collaborative work with business, private industry and/or the community. Each sector, subject to approval of the Commission, will develop a common measure that will be the focus of the sector for a timeframe to be determined in excess of one year. Standards will be adopted for use in scoring individual institutional performance annually after the first year of implementation.

Standards Recommended for Indicator 2D for Year 7(2002-03.) These are the same level as those used in Year 6 (2001-02) with the exception of the "improvement factor." The improvement factor is changed from from 3% to 1%.

Standards for "Achieves" or score of 2		Improvement Factor (Legislated Pay Increase + 1%)
(if < value, score=1)	(if > value, score=3)	

Clemson University - Standards based on peer average from Clemson's Peers reporting data for 1999-00 with all peers reporting. (Clemson's Peers Incl: Auburn Univ; GA Tech Main Campus; Iowa State Univ; MI State Univ; MS State Univ; Univ of NE at Lincoln; NC State Univ at Raleigh; Texas A&M; VA Tech Univ; Purdue Univ Main Campus) National Average are from AAUP report using "Public Category I, Doctoral Level"

Assistant Professor	\$42,773	\$50,740	1.0%
Associate Professor	\$50,643	\$60,075	1.0%
Professor	\$69,559	\$82,514	1.0%

University of SC Columbia - Standards based on peer average from USC's Peers for those reporting data for 1999-00. Average may not include data from all peers. (USC's Peers Incl: Univ of IL Chicago; Univ of Iowa; Univ of KY; Univ of MO Columbia; Univ of NM Main Campus; SUNY at Buffalo; UNC Chapel Hill; Univ of Cincinnati Main Campus; Univ of Pittsburgh Main Campus; Univ of VA Main Campus) National Average are from AAUP report using "Public Category I, Doctoral Level"

Assistant Professor	\$44,718	\$53,047	1.0%
Associate Professor	\$52,038	\$61,730	1.0%
Professor	\$71,798	\$85,171	1.0%

Medical University of SC - Standards based on peer average from MUSC's Peers for those reporting data for 1999-00 (All Peers incl: Univ of CO Health Sciences Center*; Medical Coll of GA; LA State Univ Med Center; Univ of MS Med Center*; Univ of NE Med Center; Univ of OK Health Sciences Center*; OR Health Sciences Center*; Univ of TN Memphis) *nonreporters for developing peer average for 1999-00. National Average are from AAUP report using "Public Category I, Doctoral Level"

Assistant Professor	\$54,028	\$64,091	1.0%
Associate Professor	\$62,855	\$74,562	1.0%
Professor	\$79,965	\$94,858	1.0%

Teaching Colleges and Universities - Standards based on 2000-01 National Average data from AAUP report using "Public, Category IIA - Comprehensive"

Assistant Professor	\$36,840	\$43,701	1.0%
Associate Professor	\$44,787	\$53,129	1.0%
Professor	\$56,164	\$66,624	1.0%

Regional Campuses - Standards based on data from 2000-01 National Average data from AAUP report using "Public, Category III - 2-yr Colleges with Ranks"

Average All	\$35,687	\$45,156	1.0%
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Technical Colleges - Standards based on 1999-00 National Average Data from AAUP report using average salary for "Public, Category IV - Institutions without Ranks"

Average All	\$34,188	\$43,260	1.0%
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SECTOR MEASURES AND DETAILS FOR 4A/B FOR EACH SECTOR FOLLOW:
(PRESENTED BELOW IS THE MEASURE APPLICABLE TO TEACHING SECTOR INSTITUTIONS)

INDICATOR 4A/B FOR TEACHING SECTOR

Explanation: The teaching sector proposes a measure focusing on its program advisory boards to assess and improve the cooperation and collaboration between the teaching institutions and the profit and non-profit sectors. The measure is structured as a four-part assessment. The level required for compliance will be determined for each part and the institution's performance will be scored relative to the number of parts for which the institution is in compliance.

4A/B, Sharing and use of technology, programs, equipment, supplies, and source matter experts within the institution, with other institutions, and with the business community; Cooperation and Collaboration with Private Industry.

Measure 4A/B for Teaching Sector Institutions:

Cooperation and Collaboration with Business and Industry and PreK-12 Education, Health and Welfare as assessed by using a four-part measure in which compliance on each part will be determined and institutions scored relative to the number of the parts for which they are in compliance. The measurement (indicator) assumptions and four-part measure follow:

Indicator Assumptions

- 1.) Cooperation and collaboration between the public and the private sector can bring about better understanding of the needs of South Carolina and the needs of its public institutions of higher education.
- 2) Institutional advisory boards with membership from non-education sectors can assist institutions in meeting the needs of current workplace environments as well as understanding emerging issues of global competition for South Carolina.
- 3) It is critical to have sufficient representation from the for-profit business and industry sector to understand the economics of many of these issues.
- 4) The not-for-profit sector must also be included as full and appropriate partners in the preparation of college students capable of meeting the social, moral and political needs of a global society.
- 5) The indicator must differentiate between and among institutions within the teaching sector yet allow institutions to meet internal mission and goals, particularly as they relate to academic degree programs.

To meet the above assumptions, the following four-part measure is proposed:

- 1) The institution's reporting of a list of all advisory boards appropriate to the structure, history, strategic vision, and programs of the institution, as justified by the institution and the Commission's endorsement of that list. *(NOTE: The measure necessitates a process whereby institutions develop a written description of their current or proposed board configuration, with supporting rationale. One university might describe advisory boards for each of its colleges or schools, for example, while another might describe a mix of advisory boards for each major academic unit with some program-specific boards. The Commission staff would evaluate the*

board descriptions and listings on the basis of the reasonableness as justified by the institution, and the Commission would endorse them for the purposes of this measure, thereby establishing the "denominator" for the measure.)

- 2) Adherence to all of the five following best practices elements by at least 90% of the boards or, for institutions with fewer than 10 boards, all but one of the boards:
- Designated committee chair;
 - Regular meetings (at least annually);
 - Minutes maintained of each meeting;
 - Evidence of consideration of issues that would relate to program quality such as, but not limited to: a) external reviews, b) self studies, c) proposals for curriculum change, d) performance of students/graduates, e) employer or prospective employer comments on programs or program graduates, and f) external funding or in-kind support; and
 - Record of results, recommendations, or other impact of the work of the board, as applicable.
- 3) Institutional performance
- A) Percent of advisory **boards** that include representation from business or industry (**profit only**)
- B) Percent of **members** from campus advisory boards who are from business and industry (**non-profit AND profit**) from preK-12 education, or from public health and/or social services entities.
- 4) Percent of undergraduate programs that have active, external student internships and co-ops related to the discipline (including but not limited to internships in business, preK-12 education, and public health and social services). "Active" will be defined as having at least 1 student enrolled per academic year.

To assess performance, compliance on each of the four parts would be determined. Institutional performance would be scored relative to the percentage of "Yes" responses to the four parts.

Determining Compliance:

Part 1: Compliance based on having boards identified and endorsed by the Commission.

Part 2: Compliance based on at least 90% of the boards (or all but one if fewer than 10 boards) demonstrating all of the five criteria listed.

Part 3: Compliance determined as meeting an identified level on each of the two parts of Part 3. For Part A, institutions must demonstrate **75%** for compliance. For Part B, institutions must demonstrate **75%** for compliance.

Part 4: Compliance determined as having **70%** of undergraduate programs with active, external student internships and co-ops related to the discipline.

Indicator Score: Institutions will earn 1 point for each part for which compliance is demonstrated. Overall performance is determined as the sum of the points earned out of the

four possible. The indicator score awarded for performance will be determined using a scale that relates the 4 possible points to a score of 1, 2, or 3.

Applicability

Teaching Sector Institutions

Measurement Information

General Data Source: Institutions will submit to CHE's Division of Planning and Assessment an annual report on the compliance level and supporting data for each of the four measurement parts.

Timeframe: Baseline data are to be inclusive of Academic Year 2000-01 (Fall 2000, Spring 2001 and Summer 2001).

In Year 7 (2002-03), the data will be reported relative to the Academic Year 2001-02 (Fall 2001, Spring 2002 and Summer 2002.) For the third year of the measure, Year 8, Academic Year 2002-03 (Fall 2002, Spring 2003 and Summer 2003) activities are reported. For the fourth year of the measure, Year 9 (2004-05), Academic Year 2003-04 will be reported on, and for the final year of the measure, Year 10 (2005-06), the report will focus on Academic Year 2004-05.

Cycle: Assessed on an annual cycle. During Year 6 (2001-2002), the indicator will be assessed as compliance with reported baseline data due upon request. After Year 6, the indicator will be scored with a performance report due each spring.

The indicator as presented here is expected to be maintained over a four-year period exclusive of the baseline year. The period encompasses Performance Funding Years 7 (Academic Year 2001-02 assessed), 8 (Academic Year 2002-03 assessed), 9 (Academic Year 2003-04 assessed) and 10 (Academic Year 2004-05 assessed.)

Display: Performance is the sum of the number of points earned across the four parts.

Rounding: Whole number

Expected Trend: Upward movement is considered to indicate improvement.

Type Standard: Annual performance compared to a defined scale.

CALCULATION, DEFINITIONS AND EXPLANATORY NOTES

Below is clarification related to each of the 4 parts as specified the preceding language for the measure. Data for each of the parts are to be reported in a format provided by CHE. A companion worksheet will be provided to aid institutions in the collection of data. These forms are found following the indicator description for the teaching sector.

Part 1: Advisory Boards to consider include those that function under the university's control in a direct advisory capacity to one or more academic programs. Such advisory boards that are wholly student boards should not be considered. For academic program advisory boards that have student representatives, the student representatives should NOT be counted in determining the total number of individuals on the board. *(Note: Student Program Advisory Boards and student members on Program Advisory Boards will not be included in the denominator, as applicable. This is to encourage student involvement as desired by institutions.)*

Part 2: For newly formed boards (i.e., those boards active for one year or less) a "record of results, recommendations, or other impact of the work of the board" may be demonstrated by evidence of a process for such considerations.

Part 3: The following provides clarification as to how particular types of board members should be considered in counts related to classification:

Representation from business or industry includes at least 1 member on the board.

Board Membership: In considering the membership of the boards, only voting members will be included in determining the percentage of boards which have representation from business or industry (for profit) and in determining the percentage of members who are from business and industry (for profit and not-for-profit), from preK-12 education, or from public health and/or social service entities.

Student representatives on advisory boards should not be counted toward the total membership. Such representatives are not being counted here for measurement purposes only to avoid a situation that would encourage reduced student involvement on program advisory boards. See also additional clarification for Part 1 above.

Classifying medical doctors or healthcare personnel: Medical doctors and other such health professionals should be reported based on their particular employment situation. If health professionals who are members of boards are in private practice or are otherwise working for "for profit" enterprises, they should be reported as such. If they are working for a "not-for-profit" enterprise, such as a hospital, they should be reported as members of non-profit business/industry." Health professionals would generally fall into the "public health and social services" designation provided they are employed in other arrangements, which, most typically, would include employment with federal, state, or local government agencies or departments.

Part 4: The following clarification is provided for the "counting" of internships/co-ops and for determining student participation:

External student internships and co-ops related to the discipline include those internships/co-ops outside of the institution related to a student's academic program.

Student internships should be counted for the student's department if that department had significant input into designing the parameters of the internship to meet the student's needs.

Programs considered for the measure for Academic Years 2001-02 through 2004-05 (i.e., as assessed in Years 7-10 of performance funding) are those from the academic

inventory as of February 2002 with the exclusion of programs that were new in Academic Year 2001-02. A program is considered as an area of study at the 2-digit CIP code level.

Counting of internship/co-ops: Internships/co-ops should be counted if there is a formal, institutionally documented enrollment of students in the associated internships/co-ops. These likely are "for credit" arrangements but could also possibly be "not for credit" depending on the program or institution.

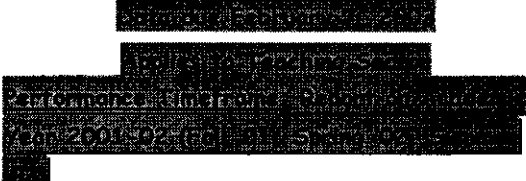
Additional clarification for teacher education program internships: For teacher education programs, practice teaching internships and other internships of similar magnitude should be considered. Practica and clinicals in which students may be enrolled as part of their regular program of study should not be included for purposes of this measure when considering internships.

Counting of students involved in more than one internship/co-op experience during the academic year for a given program area: If a student is involved in different internships under the same program throughout the year, the student should be counted more than once if the institution counts the internships/co-ops as different and distinct within the program. A possible "check" for this is that documentation is on file (e.g., pamphlets, brochures, public information, etc...) that can substantiate the different internship opportunities within the same program.

STANDARDS USED TO ASSESS PERFORMANCE

STANDARDS ADOPTED IN 2002 TO BE IN EFFECT FOR PERFORMANCE YEARS 6 (2001-02), 7 (2002-03), 8 (2003-04), 9 (2004-05) AND 10 (2005-06)		
Sector	Level Required to Achieve a Score of 2	Reference Notes
Teaching Sector	Compliance Indicator in Year 6 as measure is defined and baseline data collected.	Compliance in Year 6
	2 or 3 points earned of a total of 4.	To be applied in Years 7-10.

IMPROVEMENT FACTOR: None, as this indicator is designed to encourage within a limited timeframe increased performance of the each sector's cooperative and collaborative efforts as desired by the sector

YEAR 7 PERFORMANCE DATA REPORT INDICATOR 4A/B: Cooperation and Collaboration, Teaching Sector	Institution:
	Contact Name & Phone:
	Authorizing Signature:
	Date Submitted:

EXPLANATION AND INSTRUCTIONS

Indicator 4A/B is defined unique to each sector. The teaching sector measure focuses on program advisory boards. The measure and standards for 4A/B were finalized by the Commission on November 7, 2002. The sector reported baseline data in Year 6 (2001-02) that served as part of compliance recommendations for the indicator in that year. For Year 7 institutions are reporting on data for Academic Year 2001-02.

Below are listed each of the 4 measurement items for which compliance is to be determined for 4A/B for Teaching Sector Institutions. An overall score is based on consideration of compliance on each of the 4 parts. Data that must be used in assessing compliance are identified for each of the 4 items. To aid in completing the information and ensuring comparability in reporting across the institutions, Excel worksheets will be provided to institutions that upon completion will provide the necessary summary data requested for items 1-4. For complete measurement information, please refer to the measurement write-up approved by the Commission and included in the workbook for Year 7.

Reporting instructions:

Please complete the excel data charts. You may then complete the summary data for 1-4 making sure to include for Item 1 of this form any change in your boards from that reported as part of the baseline data. Submit this form and worksheets electronically no later than February 7, 2002, to the attention of Julie Wahl, (803) 737-2292, jwahl@che400.state.sc.us

DATA SOURCE FOR 4A/B:

1.) The institution's reporting of a list of all advisory boards appropriate to the structure, history, strategic vision, and programs of the institution, as justified by the institution and the Commission's endorsement of that list. (*Note: The measure necessitates a process whereby institutions develop a written description of their current or proposed board configuration, with supporting rationale. One university might describe advisory boards for each of its colleges or schools, for example, while another might describe a mix of advisory boards for each major academic unit with some program-specific boards. The Commission staff would evaluate the board descriptions and listings on the basis of the reasonableness as justified by the institution, and the Commission would endorse them for the purposes of this measure, thereby establishing the boards considered or "denominator" for the measure.*)

ADVISORY BOARDS: INCLUDE ONLY INSTITUTIONAL ADVISORY BOARDS TO ACADEMIC PROGRAMS. SEE MEASUREMENT WRITE-UP FOR ADDITIONAL DEFINITION.

✓ Provide a brief description of and rationale for any changes to the institution's board structure from that submitted as part of the baseline data submitted for Academic Year 2000-01.

(Insert description here or attach file/information as appropriate)

✓ _____ Total Number of Advisory Boards Identified during Academic Year 2001-02 (Insert Total from Excel Chart "Total Boards = #" which is found in the second column following your listing of programs)

2.) Adherence to all of the five following best practices elements by at least 90% of the boards or, for institutions with fewer than 10 boards, all but one of the boards:

- Designated Committee Chair
- Regular meetings (at least annually)
- Minutes of each meeting held
- Evidence of the consideration of issues that would relate to program quality such as, but not limited to: a) external reviews, b) self-studies, c) proposals for curriculum change, d) performance of students/graduates, e) employer or prospective employer comments on programs or program graduates, and f) external funding or in-kind support; and
- has a record of results, recommendations, or other impact of the work of the board, as applicable

For the boards identified in item 1 above, please tally the number of boards that met each item listed above during Academic Year 2001-02 (See excel chart Attached):

- ✓ _____ Number of Advisory Boards Meeting All Requirements Listed (See Excel Chart column labeled "(f) Summary: . . ." for Item 2, "# meet all")
- ✓ _____ Total Number of Advisory Boards (from item 1 above)
- ✓ _____ % of boards that meet all best practices (See Excel Chart, % displayed below the total number of advisory boards meeting all the criteria)

3.) Institutional performance (Note: Compliance determined as meeting an identified level on each of the two parts. For Part A, institutions must demonstrate 75% and for Part B, 75%.)

A) Percent of advisory boards that include representation from business or industry (profit only)

B) Percent of members from campus advisory boards who are from business and industry (non-profit AND profit) from preK-12 education, or from public health and/or social services entities.

REPRESENTATION: AT LEAST ONE MEMBER

Please complete the chart below for items 1, 2 & 3 and provide the following tallies using the boards identified in item 1 as the basis:

- ✓ A) _____ % of advisory boards that include representation from business and industry (profit only). (See Excel chart from total row for column labeled "(o)"
- ✓ B) _____ % of members from campus advisory boards who are from business and industry (non-profit AND profit) from preK-12 education, or from public health and/or social services entities. (See Excel chart from total row for column labeled "(p)")

4.) Percent of undergraduate programs that have active, external student internships and co-ops related to the discipline (including but not limited to internships in business, preK-12 education, and public health and social services). "Active" is defined as having at least 1 student enrolled per academic year.

EXTERNAL: THOSE INTERNSHIPS/CO-OPS OUTSIDE OF THE INSTITUTION RELATED TO A STUDENT'S ACADEMIC PROGRAM.

Please complete the chart for item 4 (see Excel chart attached) that has been formatted specifically for your institution and then complete the requested tallies below. (Compliance is demonstrated by reaching 70%)

_____ Undergraduate Programs of _____ Total Undergraduate Programs or _____ % have active, external internships and co-ops related to the discipline. (see Excel chart for your institution, summary row for undergraduates.)

Performance Scoring Note: To assess performance, compliance as indicated by 0 or 1 on each of the four parts is determined. Institutional performance is to be scored relative to the number of total points earned across the four parts. The data on Academic Year 2001-02 provided in this report will be used in determining Year 7 (2002-03) performance on this indicator. For additional measurement information and definitions related to each of the parts, see the measure as approved November 7, 2002, and included in the workbook for Year 7 (2002-03).

Determining the Overall Score: Indicate the level of compliance on each part (circle indicated compliance level below for each part). The overall score is based on the number of parts for which compliance is achieved.

Part 1: 1 (in compliance) or 0 (not in compliance)

Part 2: 1 (in compliance) or 0 (not in compliance)

Part 3: 1 (in compliance) or 0 (not in compliance)

(To be in full compliance on Part 3, the required levels must be met on each of the 2 parts.)

Part 4: 1 (in compliance) or 0 (not in compliance)

Sum of the points earned of 4 possible: _____

(Standard for "2" is 2 or 3 points. Institutions earning 1 point will receive a score of "1" and institutions earning 4 points will receive a score of "3." There is no improvement factor associated with this measure.)

TO BE COMPLETED AT CHE: Date Received _____ Revisions received after this date? Yes or No

Agenda Item 3.05.A.3

Consideration of Year 7 (2002-03) Performance Funding Issues: Status of Indicator 5A, Percentage of Administrative Costs as Compared to Academic Costs, in Year 7

Explanation: Indicator 5A, Percentage of Administrative Costs as Compared to Academic Costs, is an indicator that applies to each of the 33 public colleges and universities. The measure that has been used for 5A is calculated as the ratio of administrative costs to the amount of academic costs expressed as a percentage. Administrative costs have been defined as expenditures reported for the IPEDS Finance Survey as institutional support. Academic costs have been defined as expenditures reported for the IPEDS Finance Survey as instruction, research, academic support and scholarships/fellowships. Expenditures include restricted and unrestricted funds for research sector institutions and only unrestricted funds for the teaching, regional campuses and technical colleges sectors. Performance on the indicator is determined by comparing the percentage to standards for "achieves" that were approved for each sector based on peer IPEDS Finance Survey financial data. The status of 5A as a performance indicator this year is under consideration as a result of federal changes in required financial reporting that impact the data used to calculate performance.

Staff has reviewed the indicator and concerns related to the impact of the new financial reporting requirements with CAPA (Committee to Advise on Performance Funding and Assessment) at its meeting in September. Prior to that CAPA meeting, staff circulated for consideration three options related to the treatment Indicator 5A for Year 7. The options included deferring the indicator from scoring in Year 7, using financial data reported in the notes section of institutional financial statements to calculate and score 5A as in past years, or carrying forward the score earned on Indicator 5A in Year 6 as the Year 7 score.

At the CAPA meeting, Mr. John Campbell, Controller at USC and Chair of the NACUBO Finance Officers Study Group, explained the new reporting requirements and stated that the reporting under the GASB 34 & 35 requirements is not comparable to past financial reporting. The requirement affects FY02 and forward financial reporting of all South Carolina public institutions of higher education. He explained that the "notes" reported as part of financial statements serve to further explain the "new" financial data rather than act as a "crosswalk" to the financial data reported in past years under different accounting standards. Additionally, it was discussed that NCES has stated that data to be reported on the new IPEDS Finance Survey that is being developed to handle the GASB 34 & 35 reporting requirements for public institutions will not be comparable to data reported on Finance Surveys used in past years for public institutions.

In light of Mr. Campbell's comments that comparable financial data are unavailable and concerns expressed related to carrying forward scores for Indicator 5A, staff advocates deferring the indicator as the most practical solution for Year 7. CHE staff will work with institutional representatives and finance officers to develop an indicator for use in performance funding that relies on the new financial data reporting requirements.

Recommendation: The Planning and Assessment Committee recommends for approval of the Commission deferring Indicator 5A from scoring in Performance Year 7 due to the lack of data created by changes in federal financial reporting requirements for public higher education institutions affecting FY02 and forward.

Agenda Item 3.05.A.4

Consideration of Year 7 (2002-03) Performance Funding Issues: Status of Indicator 9B, Amount of Public and Private Sector Grants, in Year 7

Explanation: Indicator 9B, Amount of Public and Private Sector Grants, applies only to the research institutions. The measure has been calculated using restricted research expenditures taken from IPEDS Finance Survey institutional data to determine the percentage of the most recent-ended fiscal year's restricted research expenditures as compared to the average of restricted research expenditures from the past three years. The score is then determined by comparing the percentage to the standard for an "achieves" that was approved for each institution based on the individual institution's peer data. For the past three years each research institution has scored as "exceeds" on this indicator. The status of 9B as a performance indicator this year is under consideration as a result of federal changes in required financial reporting that impact the data used to calculate this indicator.

In discussions with the research institutions, several options were considered. These options were initially linked to the options for indicator 5A, which is affected by the same federal financial reporting changes. At the September 20th CAPA meeting, the representatives and CHE staff determined that 9B would be considered separately from 5A, since the uniqueness of this indicator to the three research institutions makes this possible.

Several factors were considered in discussions on this indicator:

- The research institutions' scores on this measure have been consistently high
- The research sector's performance on this measure has been well above that of their national peer institutions
- This measure directly reflects the mission of the research institutions
- The research institutions would lose two indicators this year due to changes in federal accounting requirements if this measure were deferred.

Due to the above, staff and institutional representatives agree that indicator 9B should be included rather than deferred for Performance Year 7, and that it should be measured this year only by taking the average of the institutional scores for the preceding three years (PF Years 4, 5, and 6) and using that average as the institution's score for Year 7. A measure incorporating the new federal accounting methods for scoring will be determined for Year 8 and beyond.

Recommendation: The Planning and Assessment Committee recommends for approval of the Commission that the research institutions shall be scored on indicator 9B in Performance Year 7 and the score will consist of the average of the preceding three year's scores on indicator 9B.