

CHE Agenda Item 4.04 B

Consideration of Performance Funding for the Upcoming Year (2005-06 or Year 10)

Explanation:

Performance Funding has been in effect since 1996-97. Each year, performance reports based on indicators and standards that have been adopted are approved by the Commission and used in carrying out the adopted allocation plan for the year. However, for the past several years, it is recognized that there have been no funds allocated for such purposes. Instead, institutions have experienced budget cuts or received limited funding, including education and general funds and special project funding, per the direction of the General Assembly. This year, the Commission adopted an allocation plan whereby institutions performing at the "Achieves" level and higher would participate in a plan adopted to begin addressing parity if funds are appropriated to do so. There are no such funds in the current FY 05-06 state budget.

It is further recognized that the Commission staff have been working in cooperation with institution presidents to develop a revised accountability plan more directly responsive to the needs of the state from higher education and the role and mission of the state's 33 higher education institutions. The initiative underway is building upon the work completed and reported on in the "Foundations for the Future" study that was conducted for the Commission and completed in December 2003. In light of this on-going initiative, the adjustments to the current performance funding system have not been made in order that limited agency and institutional resources can be focused on the development of a revised accountability plan for higher education.

In measuring institutional performance for the past nine years, all institutions have maintained at least an "Achieves" level of performance. Five years ago, the Commission adopted changes to the performance system to enable institutional performance to be judged against standards based on national and peer data where possible. The standards were set such that the "Achieves" recognizes average performance in light of trends nationally, regionally or peer-based. In addition, measurement for the majority of indicators is restrained to definitions that rely on data reported for purposes independent of performance funding such as national data reporting requirements.

Given the recent initiatives focused on revising and improving the accountability system for higher education and the lack of funding appropriated to conduct performance funding in recent years, it is recommended that the scores adopted in June 2005 be carried forward for use in the upcoming year for purposes of determining funding allocations per any allocation plan adopted by the Commission and dependent on appropriated funding. This recommendation does not reflect in anyway an intent or desire of the Commission or higher educational institutions to not be accountable or responsive to the state needs. Data collected on an on-going basis can and will be used in monitoring institutional performance.

In making this recommendation, it is further noted that data/information collected from institutions per CHEMIS, IPEDS, Institutional Effectiveness or otherwise required for ongoing initiatives will be continued. Institutional performance can still be monitored in the upcoming year as a result. Only data for the following listed performance funding indicators would not be required in FY05-06.

- Indicator 1D/E, Attainment of strategic institutional goal
- Indicator 3E 3a and 3b*, Percentage of teacher education graduates in critical shortage areas (**refers only to the separate performance funding form that is submitted*)
- Indicator 4A/B, Institutional Cooperation and Collaboration as defined by Sector
- Indicator 9A, Focused on grants and awards expended in support of teacher preparation and training or, for MUSC, K-12 health education
- Indicators 6A/B and 7A as defined for MUSC focusing on entering student credentials and graduate student graduation rates.

Recommendation:

The Finance and Facilities Committee recommends for approval of the Commission a recommendation that institutional performance scores adopted by the Commission in June 2005 be carried forward in the upcoming year and that institutional data reporting be continued as outlined above.