

Agenda Item 3.05 A
CHE Meeting
May 3, 2001

Staff Recommendation: Percentage Scores for Performance Rating System

Background

At its meeting on March 1, 2001, the Commission on Higher Education approved an allocation plan recommended by the Finance Committee with the understanding that the Planning and Assessment Committee would recommend to the Commission the appropriate percentages to be used to represent scoring in each possible category of scoring. The following recommendation is presented for consideration:

Recommendation:

| <u>Category</u> | <u>Percentage</u> |
|--------------------------------|-------------------------|
| Substantially Exceeds | 100% |
| Exceeds | 94% |
| Achieves | 86% |
| Does Not Achieve | -3% prior yr. adjusted* |
| Substantially Does Not Achieve | -5% prior yr. adjusted* |

*The prior year is adjusted as directed by action of the General Assembly. Institutions performing in the Does Not Achieve and Substantially Does Not Achieve categories are eligible to apply for reimbursement of up to two-thirds of their disincentive amount to address performance weaknesses.

Discussion

Based on this recommendation and consistent with action taken by the Commission on March 1, 2001, institutions performing in the "Achieves" category or higher are guaranteed their previous year's allocation, adjusted for any budget reductions mandated by the General Assembly. They are also eligible for new dollars, based on the percentage score assigned to their category of performance applied to their share of new dollars as determined by the MRR. The percentages are based on highest percentage within the category. For example, the "Exceeds" category includes percentages from 87% through 94%. It is recommended that the figure of 94% be used to represent the scores of all institutions performing within that category.

Institutions that perform in the "Does Not Achieve" or the "Substantially Does Not Achieve" categories are not eligible for new dollars and are subject to disincentives of minus 3% and minus 5% of their prior year's allocation, adjusted for any budget reductions mandated by the General Assembly. They are also eligible for performance improvement funds drawn from the funds they would lose as a result of the disincentive. They could receive up to two-thirds of the amount they would lose as a disincentive in order to address specified performance weakness. Institutions would apply for these funds following application guidelines to be considered at the May 22, 2001, meeting of the Planning and Assessment Committee.

This recommendation applies incentives for institutions to perform at higher levels and applies disincentives to those performing at lower levels, while also providing some support for lower performing institutions to improve their performance. The portion of disincentive funds not allocated to lower performing institutions to improve their performance would be added to those dollars available for distribution to institutions scoring in the "Achieves" category or higher, as specified in action already taken by the Commission on Higher Education.