STATE OF COLORADO

DEPARTMENT OF HIGHER EDUCATION
Colorado Commission on Higher Education

Bill Ritter, Jr.
Governor

D. Rico Munn
Executive Director

James T. Polsfut, Chair
Hereford Percy, Vice-Chair
Larry B. Beckner
Jill L. Brake
David Edwards
Allegra Haynes
Patricia L. Pacey
Michael Plachy
Regina Rodriguez
B J Scott
Greg C. Stevinson

To: CCHE

Fr: Rico Munn, Executive Director

Re: Workplan proposal #2 - Review of Performance Contracts

Date: December 3, 2009

The Colorado Commission on Higher Education ("CCHE") has a variety of duties and powers set forth throughout Article 23, Part 1 of the Colorado Revised Statutes. In 2005, pursuant to C.R.S. 23-5-129, the CCHE entered into performance contracts with the various institutions as a mechanism to provide accountability in exchange for flexibility. As a result, these performance contracts have become one of the main instruments for accountability for systemwide policy and goals.

The performance contracts were all termed to expire in 2009. In recognition of the impending strategic planning process, the CCHE and the institutions entered into agreements to extend the contracts for an additional 16 months, expiring in 2011.

While the contracts provide for reporting requirements by the institutions to the Department of Higher Education ("DHE") and by DHE to the General Assembly; there is no established mechanism for the CCHE to evaluate contract effectiveness. In other words, even if the performance goals are being met, are the institutions accomplishing the broader goals the CCHE has for the system?

In anticipation of the expiration of the contracts and the possibility of changes related to the strategic plan, a process for contract review may be merited. The specific purposes of a contract review process include, without limitation:

1. Establish a baseline of knowledge for Commissioners on statewide and specific institution compliance;
2. Review effectiveness and propriety of delineated goals and performance contract process;
3. Develop working list of goals to be considered for contract renewal; and,
4. Provide staff and institutions with appropriate timeframe to prepare for any contemplated changes.

1560 Broadway, Suite 1600, Denver, Colorado 80202 • (303) 866-2723 • fax (303) 866-4266
http://highered.colorado.gov

It is worth noting that, except for the pro forma extension process, no one has experience in how to renegotiate the performance contracts. Accordingly, a thoughtful process leading up to that time period can be beneficial to all concerned. Of course, it is also possible that the strategic planning process may alter the context for the performance contracts. That fact does not however argue against doing a contract review for at least two reasons. First, the strategic planning process is not likely to engage in an in depth review of each institution's performance. Second, the information gathered from a contract review should only serve to better inform any system of accountability, even a newly created system.

To proceed, the CCHE should consider a structured format for doing a contract review. DHE can make a more detailed proposal but the likely elements of such a review would include:

- A DHE written report addressing basic contract compliance, significant changes in circumstances since contract execution, trend data and recommendations for future goals.
- A DHE presentation to the CCHE on its written report.
- An opportunity and invitation for the subject institution to comment on the DHE report and presentation before the CCHE.
- An opportunity for public comment limited to the report and presentation.

In addition to a format, the CCHE would need to draft a timetable and schedule for review. Ideally, the schedule would provide for one presentation every other month, culminating ahead of the contract termination dates.