

**TOPIC: FINAL PERFORMANCE CONTRACT REVIEW REPORT PER
CCHE WORKPLAN**

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I. SUMMARY

On March 5, 2010 the Colorado Commission on Higher Education (CCHE) adopted a Commission Workplan that directed staff to prepare a review of the Performance Contracts that were established per SB04-189 and which subsequently modified C.R.S. 23-5-129. From April 2010 to October 2010, Department staff reviewed each of the ten performance contract and presented findings to CCHE for discussion with institutional leaders. This agenda item presents a final report describing what the review was about, how it occurred, and what was learned from the review process.

II. BACKGROUND

C.R.S. 23-5-129 (2) (a) requires that the Commission negotiate performance contracts and that each institutions is to provide the required data to reflect its progress on stated goals. The contracts were signed in 2005 and were to cover a five year period until June 30, 2009. In the spring of 2009, the performance contracts were extended until June 30, 2011 to allow for the completion of the statewide strategic planning process. During the contract period, each governing board/institution has provided data and summary reports on at least an annual basis to demonstrate their progress on stated goals. No annual review of those reports was conducted nor was their feedback provided to the institutions about their progress on performance contract goals during the contract period. Since the contracts are about to expire, the CCHE determined it would be useful to review the performance contract process before new contracts are negotiated.

III. STAFF ANALYSIS

Please refer to the attached report, "Final Report Summary: Review of Performance Contracts, 2005-2010" for a full analysis of the review conducted. Twelve key points are highlighted in the report (pages 9 – 14) relating to:

- Contracts lacked a collaborative negotiation process
- Goals Were Achieved
- Duplicative Data Reporting
- Overlap with other accountability activities
- Uncertain on what "activity" or effort influenced results
- Lack of Consequences
- Verifiable, Consistent Data
- Utilize Peer Comparisons
- Right Metrics?

- Which Goals?
- Referring to and Utilizing Outcomes Could lead to Performance Funding
- Performance Contract as a Useful Accountability Tool

The report concludes with potential next steps that include the Master Planning Process that CCHE adopted December 2, 2010 and utilizing state goals that will be developed through that process. Finally, the report discusses the need to integrate data reporting and measuring to a streamlined accountability system.

IV. STAFF RECOMMENDATIONS

This report is a discussion item only; no formal action is required by the Commission.

STATUTORY AUTHORITY

C.R.S. §23-5-129 (2) (a)

(2) (a) Beginning July 1, 2004, each governing board of a state institution of higher education shall negotiate a performance contract with the department of higher education that shall specify the performance goals the institution shall achieve during the period that it operates under the performance contract. A state institution of higher education's compliance with the goals specified in the performance contract may be in lieu of the requirements of article 1 of this title and the "Higher Education Quality Assurance Act", article 13 of this title, for the period of the performance contract.

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(c) The specified procedures and goals set forth in the performance contract shall be measurable and tailored to the role and mission of each institution that is under the direction and control of the governing board, and may include, but shall not be limited to:

- (I) Improving Colorado residents' access to higher education;
- (II) Improving quality and success in higher education;
- (III) Improving the efficiency of operations; and
- (IV) Addressing the needs of the state.