

Colorado Executive Advisory Group: Performance Funding

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Iris Palmer & Kelle Parsons



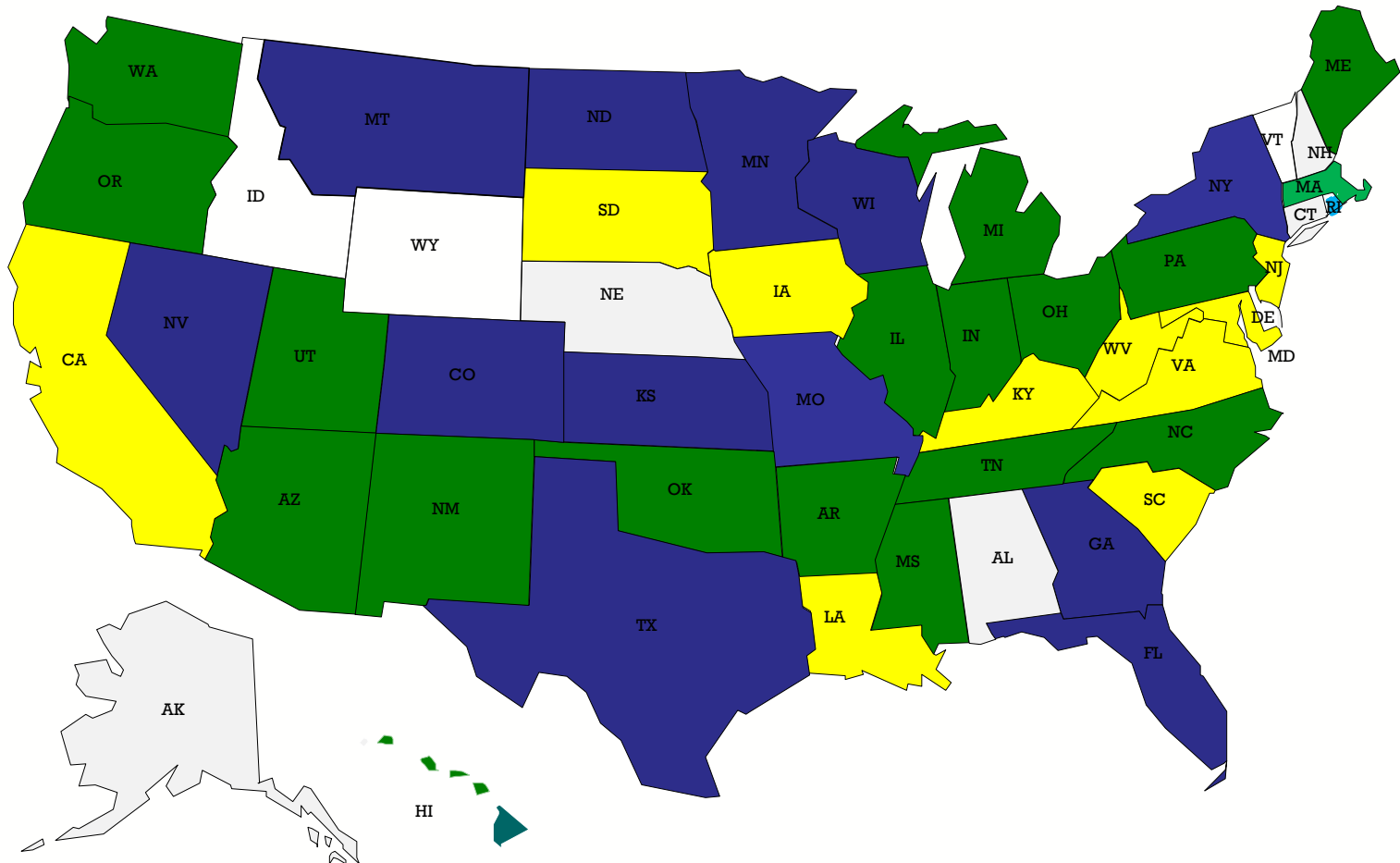
Key Points: What to listen for

- Tools at your disposal to address institutional concerns
- How to recognize a strong funding formula through:
 - Principles
 - Technical design

Current Status of Performance Funding in States

(as of 3/24/14, HCM Strategists)

- Implementing (as of FY 2014)
- Developed, not implemented
- Interest



Flaws in Performance Funding 1.0

Multiple,
unaligned
priorities

Complicated
&
Burdensome

Funding
challenges

Competed
w/Access
Agenda

One-size-fits-
all

Lack of
institutional
consultation

Design Principles for Performance Funding 2.0

Begin with a state goal/clear policy priorities

Use a simple approach

Include only measurable metrics

Incent success of typically underrepresented students

Account for institution differences

Seek Stakeholder Input

Make the money meaningful

Phase-in
(≠ Hold Harmless)

Plan to evaluate

Common Metrics: How does Colorado compare?

Common Metrics	Colorado
<p>Completion: # of certificates or degrees awarded</p> <ul style="list-style-type: none"> • Weight for Pell & minority students • Priority for high-demand fields 	<p>Completion: # of certificates or degrees awarded</p> <ul style="list-style-type: none"> • Weight for Pell students (possible for first-generation and “underserved”)
For CCs: Transfer to 4-year institutions	For CCs: Transfer to 4-year after “certain number of credit hours” <ul style="list-style-type: none"> • (same weights as completion)
<p>Retention: Completed credit hours</p> <ul style="list-style-type: none"> • Often weight for Pell or minority students 	<p>Retention (progress): 30, 60, 90 credit hours</p> <ul style="list-style-type: none"> • Bonus weight for institutional retention rate
<p>Successful remediation: # of students who took any remedial course and subsequently enroll in a college level course in that subject</p>	<p><i>“Successful remediation” included in the base role & mission section</i></p>
Graduation rates at 100% and 150% of time	
Credentials per students enrolled	
External research funding per FT faculty	

State Efforts: TENNESSEE

- Complete College Tennessee Act (2009)
- Applies to all state funding
- 2-and 4- year metrics, common categories:
 - Progression
 - Completion
 - Efficiency
- At-risk priority
 - 40% premium for adult and low-income students



State Efforts: PENNSYLVANIA

- Implemented by the system, 8% of state allocation
- Tracks progress toward goals for 10 metrics
- Initiations choose half based on mission with approval
- Metrics:
 - Number of degrees conferred
 - Closing achievement gaps
 - Faculty diversity
 - Private support



State Efforts: INDIANA

- Commission-led; implemented since 2007
- 5% of state allocation, 6.5% in FY 2015
- Measures improvement using rolling data averages
- Common and differing metrics like
 - Completion
 - Remedial education
 - Institution-specific metric
 - STEM



Models In-depth: Massachusetts

Stage One: Set Funding Allocations			
Allocate new money directly to Performance?	No		
Total State and Local Appropriations	\$208,154,311		
Base Funding Allocation	50%	Amount Allocated:	\$70,327,156
Performance Funding Allocation	50%	Amount Allocated:	\$70,327,156

Models In-depth: Massachusetts

Stage 2: Define Weight and Multiplier Values for Performance Allocations

College Enrollment Variables	
Liberal Arts	1.0
Physical, Bio, Social Science	1.5
Math and Computer Science	2.0
Visual & Performing Arts	1.5
Pre-Education	1.5
Engineering / Architecture	2.0
Developmental Education	1.5
Trades	2.5
Technologies	2.0
Health/Allied Health	2.0
Business	1.0
Services	1.5
Non-Credit Workforce Development	1.0

College Completion Variables	
Certificate Completion Weight	10%
Associate Completion Weight	15%
Transfers Above 24 SCH Weight	5%
30 Credits Hours Weight	5%
Completions: English Weight	7%
Completions: Math Weight	8%
Awards per 100 FTE	5%
Graduation Rate (3Y Avg.)	45%
All weight percentages must equal 100%	100%

Alignment Variables	
At-Risk Multiplier: Race	1.50
At-Risk Multiplier: Pell	1.50
Priority Certificate Multiplier	1.30
Priority Associate Multiplier	1.30

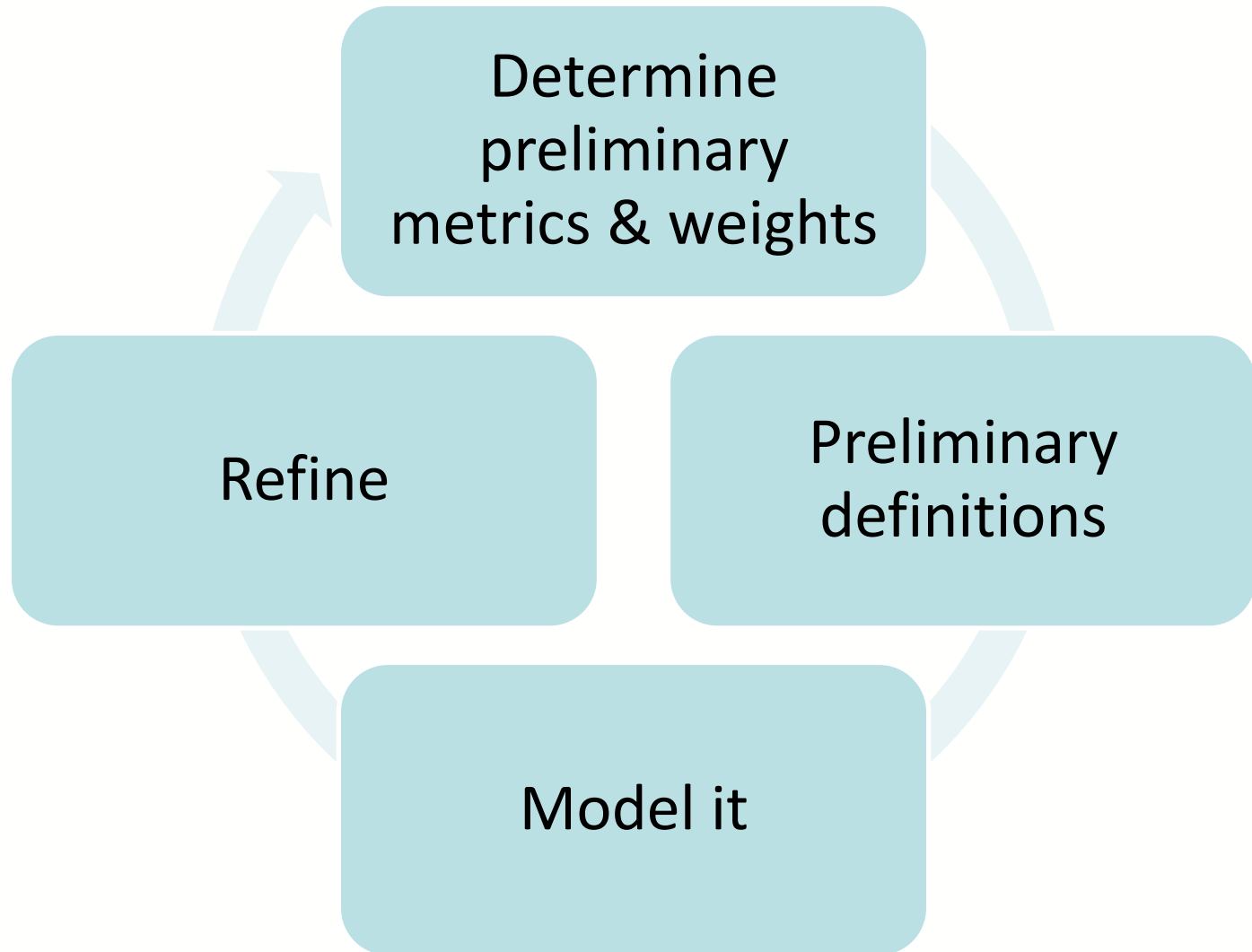
Models In-depth: Massachusetts

Massachusetts Public Community Colleges	Past Amounts	New Funding Level - No Stop Loss				
	FY13 Funding Amount	Base Allocation (\$)	Performance Allocation (\$)	Cost of Operation Subsidy (\$)	Total Allocation	% Difference in Funding From 2013
Berkshire Community College	\$7,988,207	\$ 1,849,354	\$ 2,664,846	\$ 4,500,000	\$ 9,014,200	12.8%
Bristol Community College	\$13,885,391	\$ 5,971,516	\$ 4,748,353	\$ 4,500,000	\$ 15,219,870	9.6%
Bunker Hill Community College	\$17,496,631	\$ 7,803,205	\$ 7,230,731	\$ 4,500,000	\$ 19,533,936	11.6%
Cape Cod Community College	\$9,823,796	\$ 2,823,037	\$ 2,161,156	\$ 4,500,000	\$ 9,484,193	-3.5%
Greenfield Community College	\$7,805,889	\$ 1,883,263	\$ 2,370,213	\$ 4,500,000	\$ 8,753,476	12.1%
Holyoke Community College	\$16,074,594	\$ 5,226,188	\$ 5,507,068	\$ 4,500,000	\$ 15,233,256	-5.2%
Massachusetts Bay Community College	\$11,859,106	\$ 3,914,111	\$ 6,001,336	\$ 4,500,000	\$ 14,415,447	21.6%
Massasoit Community College	\$17,376,154	\$ 5,867,757	\$ 4,404,678	\$ 4,500,000	\$ 14,772,435	-15.0%
Middlesex Community College	\$17,121,183	\$ 7,191,094	\$ 6,126,711	\$ 4,500,000	\$ 17,817,805	4.1%
Mount Wachusett Community College	\$11,007,508	\$ 4,152,964	\$ 3,125,861	\$ 4,500,000	\$ 11,778,825	7.0%
North Shore Community College	\$17,629,906	\$ 5,576,888	\$ 5,397,477	\$ 4,500,000	\$ 15,474,365	-12.2%
Northern Essex Community College	\$16,305,635	\$ 4,710,247	\$ 5,762,878	\$ 4,500,000	\$ 14,973,125	-8.2%
Quinsigamond Community College	\$12,980,557	\$ 6,418,834	\$ 5,990,485	\$ 4,500,000	\$ 16,909,319	30.3%
Roxbury Community College	\$9,729,356	\$ 1,907,086	\$ 2,054,542	\$ 4,500,000	\$ 8,461,628	-13.0%
Springfield Community College	\$21,070,398	\$ 5,031,611	\$ 6,780,819	\$ 4,500,000	\$ 16,312,430	-22.6%
SYSTEM TOTAL	\$208,154,311	\$ 70,327,156	\$ 70,327,156	\$ 67,500,000	\$ 208,154,311	0.0%

Models In-depth: Massachusetts

Massachusetts Public Community Colleges	New Funding Level - With Stop Loss		
	Total Allocation After Stop Loss Adjustment	Difference \$ (+/-) between Stop Loss and FY13 GAA	Percentage Difference in Funding from FY13
Berkshire Community College	\$ 8,393,168	\$ 404,961	5.1%
Bristol Community College	\$ 14,412,112	\$ 526,721	3.8%
Bunker Hill Community College	\$ 18,300,759	\$ 804,128	4.6%
Cape Cod Community College	\$ 9,484,193	\$ (339,603)	-3.5%
Greenfield Community College	\$ 8,179,904	\$ 374,015	4.8%
Holyoke Community College	\$ 15,270,864	\$ (803,730)	-5.0%
Massachusetts Bay Community College	\$ 12,868,098	\$ 1,008,992	8.5%
Massasoit Community College	\$ 16,507,346	\$ (868,808)	-5.0%
Middlesex Community College	\$ 17,396,141	\$ 274,958	1.6%
Mount Wachusett Community College	\$ 11,311,948	\$ 304,440	2.8%
North Shore Community College	\$ 16,748,411	\$ (881,495)	-5.0%
Northern Essex Community College	\$ 15,490,353	\$ (815,282)	-5.0%
Quinsigamond Community College	\$ 14,531,246	\$ 1,550,689	11.9%
Roxbury Community College	\$ 9,242,888	\$ (486,468)	-5.0%
Springfield Community College	\$ 20,016,878	\$ (1,053,520)	-5.0%
SYSTEM TOTAL	\$ 208,154,311	\$ 0	0.0%

Tricky Definitions: Role & Mission



Tricky Definitions: Performance

Certificates

	Short term certificates			Long term certificates			Associate Degrees		
WA (2002-03 cohort thru 2008-09)	Wages	Quarterly Earnings	Prob. of employment	Wages	Quarterly earnings	Prob. of employment	Wages	Quarterly earnings	Prob. of employment
women	-2.9%	-\$142	+2	+14.4%	+\$1319	+9 pts	+8.3%	+\$784	+11 pts
men	-.2%	-\$26	-7%	+3.6%	+\$162	+11 pts	+3.6%	+\$381	+8 pts
NC (2002-03 cohort thru 2007-08)	Quarterly Earnings			Quarterly Earnings			Quarterly Earnings		
women		-\$35		+\$1,215			+\$1,362		
men		-\$286		-\$436			+\$486		

Tricky Definitions: Performance

Certificates that Count: What other states are doing

- **Tennessee:** A year or more
- **Nevada:** Any certificate with labor market value as defined by the institution with a particular focus on industry recognized credentials
- **Michigan:** The formula weights each completion:
 - Bachelor's degree: 1.0
 - Associate's degree: 0.50
 - Certificates of more than 1 but less than 2 academic years: 0.375
 - Certificates of less than 1 academic year: 0.125

Going Forward: What to Consider

- Addressing institutional concerns
 - Tools: weights, additional metrics, phase-in, plans to evaluate the formula, alignment with institutional mission
- Considerations for building a strong formula
 - Simple, understandable metrics aligned to state goals
 - Clear, agreed-upon definitions
 - Model various definitions and weights