



STATUS OF PERFORMANCE CONTRACTS 2008

REPORT TO THE EDUCATION COMMITTEES OF THE SENATE AND HOUSE OF
REPRESENTATIVES AND THE JOINT BUDGET COMMITTEE OF THE COLORADO
GENERAL ASSEMBLY IN RESPONSE TO SB 04-189

JANUARY 2009

This report covers the status of Colorado's public institutions' compliance with requirements stated in their respective performance contracts and describes the institutions' contract requirements. Information in this report was provided to the Colorado Department of Higher Education under requirements of the College Opportunity Fund legislation, SB 04-189.

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Overview

Section 23-5-129(2) C.R.S. requires the Department of Higher Education (DHE) to report annually to the Education Committees of the Senate and House of Representatives and the Joint Budget Committee of the Colorado General Assembly on the progress made towards the goals set forth in each public or private institution's performance contract. To accomplish this, performance contracts contain reporting requirements specific to each governing board.

To assist governing boards and institutions in reporting, DHE staff prepared guidelines with templates for written reports and reporting calendars. Hard-copies of the guidelines were provided to governing board chairs, presidents and vice-presidents of academic affairs. The performance contract guidelines and the corresponding data and reports do not replace or revise any existing data or reports currently collected by the DHE except as provided for in the performance contracts.

CCHE Statutory and Contract Authorities

Title 23, Article 5, Section 129(2), Colorado Revised Statutes states,

(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 three 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.

Data reporting requirements are further defined in the Performance Contracts:

7) Data Reporting Requirements - The Governing Board shall transmit to the Department all annual reports and data required in this Performance Contract including that specified in Addendum A, attached hereto, in the form and manner prescribed herein or as required by Department Policy. The institution shall continue to provide all data required by the Student Unit Record Data System (SURDS) and the United States Department of Education through the Department. When possible, the Department shall provide notice and consult with the institutions before requiring any additional or new SURDS data. The Governing Board shall submit to the Department an annual certification as to the overall material accuracy and completeness of the data submitted in accordance with the terms set forth herein. All data must be handled by the Commission and Department consistent with the statutory requirements set forth in Title 23, Article 1, Section 108(9), Colorado Revised Statutes which states,

(9) The state-supported institutions of higher education shall provide the commission with such data as the commission deems necessary upon its formal request. Data for individual students or personnel shall not be divulged or made known in any way by the executive director of the

Department or by any commission employee, except in accordance with judicial order or as otherwise provided by law. Any person who violates this subsection (9) commits a class 1 misdemeanor and shall be punished as provided in section 18-1.3-501, C.R.S. Such person shall, in addition hereto, be subject to removal or dismissal from public service on grounds of malfeasance in office.

Introduction

In 2004, as part of the College Opportunity Fund or COF program, (SB 04-189, tuition stipend program), Colorado created an alternative to traditional state regulation of higher education institutions. Previously, Colorado institutions operated under a system of accountability that employed the Quality Indicator System. In 2004-2005, with COF and its implementation, colleges and universities could choose to remain under the old, more intensely regulated program of accountability, or to sign a performance contract that would set out how the institution would meet its state goals in return for the state easing much of its regulatory oversight. Every public institution in the state opted for the new performance contract.

Elements of Performance Contracts

Performance contracts were negotiated between each institution's governing board and the Colorado Commission on Higher Education. The first round of negotiations, conducted in 2004-2005, resulted in four-year performance contracts. Requirements contained in the performance contracts address the following issues:

- Access
- Quality
- Efficiency
- Reductions in regulations/increased flexibility

In return for the adoption of specified reforms, the performance contracts were designed and implemented in order to afford institutions a greater degree of flexibility and freedom from state oversight. Through performance contracts, the DHE waives specific statutes and regulatory policies. In particular, the state agreed to waive its regulatory role in the approval of academic programs, many of the requirements of the Quality Indicator System (QIS), and much of the capital construction approval process.

During the fall of 2004, the DHE released draft contracts that spelled out new performance and accountability standards for every public college and university in the state. Earlier in 2004, Colorado established a stipend plan for higher education. The new law required that colleges and universities sign performance contracts with the state in order to continue to receive state funding. In addition a different approach to oversight, the performance contracts encouraged a different approach to general education and required institutions to make most of their general education *core* courses guaranteed for transfer to all other public two- and four-year colleges or universities in the state. General education curriculum courses which meet the state standards for

the content and competency criteria and transferability are identified as such in each institution's course catalog.

The performance contracts also: established percentage goals for increased graduation and retention of students; required institutions to report how they are addressing the issue of recruitment, retention and graduation of underserved students, especially low-income, racial minorities and first generation students; created a plan for a variable pay method for faculty; and limited tuition increases to inflation and increases in mandatory costs (energy, insurance, salaries). The performance contracts allow tuition increases above mandatory costs only when specifically justified, itemized, and tied to access, quality or capital improvement efforts.

Other Aspects of Performance Contracts

Performance contracts were intended to focus an institution on a specific set of statewide priorities, while providing increased flexibility for achieving results. In addition to addressing tuition increases, core curriculum, and faculty compensation, the performance contracts also require each school: to put in place measures to address grade inflation and to publicly report data on the distribution of grades in each department; to expand programs to increase recruitment, retention and graduation rates for students, especially under-represented low-income, (racial) minority and first generation students; to require that all teacher candidates be understand the Colorado Student Assessment Program (CSAP), undertake student teaching in lower achieving schools, and to study gender learning and behavior differences; and to require all education faculty who teach courses in content areas, such as math and science, be fully qualified professors in the school or department offering the courses.

Waived Regulations of Performance Contracts

Among state regulations that are waived once a college/university is operating under a performance contract are the following:

- *Taxpayer's Bill of Rights (TABOR) restrictions.* Once a performance contract is signed, an institution is allowed to accept stipends. By participating in the stipend program, institutions qualify for enterprise status, thereby freeing the institutions from many of the requirements of TABOR.
- *Academic programs.* Absent a performance contract, the DHE regulates the creation, modification or elimination of academic programs. Once a performance contracts is signed, institutions are freed from the regulatory approval process. This allows institutions to respond more quickly to workforce and other needs. The DHE's only review occurs after an institution has developed a program to ensure that the new program is congruent with an institution's role, mission and function within the state.
- *Quality Indicator System.* Signed performance contracts provide institutions with a more flexible accountability than otherwise provided under the QIS approach. Each performance contract is tailored to the institution, emphasizing state goals while acknowledging the institution's unique role, mission and function within the state.

Performance contracts have been negotiated and finalized with the governing boards of state institutions of higher education as well as with Regis University and the University of Denver. Each governing board's contract contains performance measures to assess institutional performance with respect to the following four overarching goals.

Goal #1: Access and Success

Colleges are measured on retention and graduation rates among first-time, full-time freshmen with the following performance targets. Institutions also provide annual reports addressing current and new efforts to increase these rates, particularly as they apply to underserved students.

	Section 1: Retention Rates		Section 2: Graduation Rates	
	1.1 Retention Rates by 12/31/2008 <i>*Denotes actual increase/2008.</i>		2.1 Graduation Rates by 12/31/2008* <i>*Denotes actual increase/2002 co-hort.</i>	
	From	To	From	To
*ASC	57.4	60.9	27.8	30.4
CCCS	52.4	54.4/ 55.1	20.1	21.2/ 21.4
CSU-FC	83.1	85.1/ 82.0	62.9	63.6/ 64.7
CSU-P	64.4	67.0/ 64.0	29.8	31.8/ 35.6
FLC	52.9	57.5/ 58.5	29.7	32.0/ 29.7
MSC	n/a	72.0/ 72.7	30.0	34.0/ 34.8
MSCD	60.8	62.8/ 67.9	20.8	**21.8
UC System	By June 30, 2009 Increase by 1 %		Maintain Current Graduation Rates	
UNC	68.2	71.0/ 66.2	47.1	49.0/ 49.7
WSC	58.2	60.0/no data	30.4	31.8/no data

* ASC by 6/30/2009

**Available March 2009

Goal #2: Quality in Undergraduate Education

This goal requires institutions to be in compliance with the statewide guaranteed transfer program for general education core courses that guarantees to students that such courses will be accepted in transfer among Colorado's public post-secondary institutions. Performance measures relating to high academic standards and the evaluation and assessment of student learning are also included in the performance contracts. In addition, most contracts require assurances that general education core courses are taught by the highest quality or most qualified faculty equivalent to that in undergraduate non-core courses. Faculty compensation practices, including merit compensation provisions, are also included in *most* performance contracts.

Goal #3: Efficiency of Operations

These performance measures are designed to provide for the efficient and effective stewardship of resources including tuition dollars, state and federal tax dollars, or other sources of funding. Specific measures vary among the institutions but generally contain sections on costs, capital assets, maintenance, and facilities. Cost measures are reported to the DHE via the Budget Data

Book and include information that identifies mandatory cost increases or decreases. Governing boards are required to strive to keep costs from exceeding the latest published cost adjustment figures from the State Higher Education Executive Officers Higher Education Cost Adjustment model, excluding controlled maintenance and capital needs.

Performance contracts also contain performance measures on funding deferred maintenance and many require governing boards to assess operational efficiencies of their auxiliary facilities.

Goal #4: Other State Needs

This goal addresses teacher education, workforce and economic development. Specific measures were developed for institutions based upon their role and mission and the needs of local communities served (geographical service regions [C.R.S. 23-1-109 (2)]). In general, performance measures related to workforce and economic development are designed to increase the number of students earning degrees in high-demand program areas associated with worker shortages. Examples include nursing and other allied health fields, construction technology, and tourism.

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Data collected through the performance contracts provides necessary information on these goals and measures, with specific focus on: student enrollment, transfer, and graduation rates; student satisfaction and performance; institutional cost and productivity; quality academic programming; and increased financial support that sustains and enhances essential functions, such as financial aid.

The Colorado School of Mines is not covered in this report, as they operate under a different statute (23.41.104.6, C.R.S.) as an *exemplary institution*. Performance contracts with participating private institutions differ from those signed with the public institutions and compliance information for those institutions is not contained in this report. The quality assurance reporting that is developed with select, private institutions in Colorado will focus specifically on the graduation, retention, and success rates of participating Pell-eligible students.

Status of Performance Contracts, 2008

This report includes a summary of compliance with performance contract requirements, organized by institution, for the calendar years 2006-2009 (Excel Spreadsheet). Included in the Excel worksheet are status update reports of institutional compliance for 2006, 2007 and 2008; and a summary of alphabetically arranged, chronologically ordered requirements detailing institutional deadlines for 2009.

All information on the status of each public institution's compliance with their respective performance contract is maintained, in both hard copy and electronic form, in the Academic and Student Affairs Office of the DHE.