



# **Revised Performance Measures and a New Approach to Performance-Based Funding**

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## **Revised Performance Measures**

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## Performance Measures Timeline

**October 2010** - Performance Measures Committee launched and led by President Massey and President Parkhill

**April 2011** - A statewide survey assessing the seven drafted measures was sent to community college presidents, vice presidents/deans, student services staff, continuing education faculty and staff, curriculum faculty, and institutional researchers.

**June 2011** - Performance Measures Committee developed an eighth measure based on Dr. Ralls' request for an intermediate measure of first-year student progression

**August through October 2011** - Proposed measures were presented to various stakeholder associations across the state including the Faculty Association, Association of Instructional Administrators, NCACCP, CCPRO, and the State Board.

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## Performance Measures Timeline

**October 2011** - State Board formally approved the Performance Measures and their descriptions

**November 2011** - Institutional researchers from across the state, System Office staff, and some members of the Performance Measures Committee drafted methodologies associated with the measures

**March 2012** - NCCCS Submitted report on revised performance measures, as required by Section 8.14 of S.L. 2011-145.

**June 2012** - General Assembly adopted revised performance measures through Section 8.5 of S.L. 2012-142

**June 2012** – Last Critical Success Factors Report utilizing old performance measures released

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## Performance Measures

Measure	Purpose	Description
Developmental Student Success Rate in College-Level English Courses	To ensure remedial English and reading coursework prepares students to succeed in credit-bearing English courses	Percentage of previous developmental English and/or reading students who successfully complete a credit English course with a "C" or better upon the first attempt.
Developmental Student Success Rate in College-Level Math Courses	To ensure remedial math coursework prepares students to succeed in credit-bearing math courses	Percentage of previous developmental math students who successfully complete a credit math course with a "C" or better upon the first attempt.
First Year Progression	To ensure first-year students reach an academic momentum point that helps predict future credential completion	Percentage of first-time fall credential-seeking students attempting at least twelve hours within their first academic year who successfully complete ("C" or better) at least twelve of those hours.
Curriculum Completion	To ensure student completion and persistence toward a post-secondary credential	Percentage of first-time fall credential-seeking students who graduate, transfer, or are still enrolled with 36 hours after six years.

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## Performance Measures

Measure	Purpose	Description
Licensure and Certification Passing Rate	To ensure programmatic coursework prepares students to competently practice in their chosen profession	Aggregate institutional passing rate of first time test-takers on licensure and certification exams. Exams included in this measure are state mandated exams which candidates must pass before becoming active practitioners.
College Transfer Performance	To ensure the academic success of community college students at a four-year university or college	Among community college associate degree completers and those who have completed 30 or more credit hours who transfer to a four-year university or college, the percentage who earn a GPA of 2.00 or better after two consecutive semesters within the academic year at the transfer institution.
Basic Skills Student Progress	To ensure adults with low literacy skills are progressing academically toward basic skill attainment necessary for employment and self-sufficiency	Percentage of students who progress as defined by an educational functioning level. <b>Awaiting State Board Approval</b>
GED Diploma Passing Rate	To ensure quality GED preparation and high levels of GED attainment	Percentage of students taking at least one GED test during a program year who receive a GED diploma during the program year. <b>Awaiting State Board Approval</b>

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## Forthcoming Focus

- Quality improvement process for colleges not succeeding on the measures.
- Development of a measure tied to employment following graduation.
- Ongoing review of measures to ensure they are adequately assessing college performance. Potential changes will be implemented every three years.

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## New Approach to Performance-Based Funding

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## Performance Funding

**March 2012:** NCCCS submitted report on revised performance measures, as required by Section 8.14 of S.L. 2011-145.

**April 2012:** Performance Funding Committee is launched and led by Chairman Bailey and President Hinshaw

**June through October 2012:** Various performance funding models are presented and discussed in the Performance Funding Committee

**October 2012:** “Direction” of funding model approved by the Presidents

**January 2013:** NC Association of Community College Presidents votes to support proposed performance-based funding model

**February 2013:** State Board approves report to the General Assembly that includes “a plan to incorporate these revised accountability measures and performance standards **into regular formula funding.**”

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## Guiding Principles

**The performance-based funding system should:**

- Reward both student progress and completion.
- Incentivize colleges in a way that:
  - Is not exclusive and provides opportunities for all colleges to benefit.
  - Does not provide a “winner take all” system.
  - Accommodates the fact that colleges are different.
  - Values progress/improvement.
  - Rewards both quality and impact.
- Be implemented predictably, gradually, transparently, and as simplistically as possible.
- Be supported with new, recurring funds.

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## Two-Pronged Approach

Over a multi-year period, goal is to have \$30 million\* in recurring funds to allocate based on:

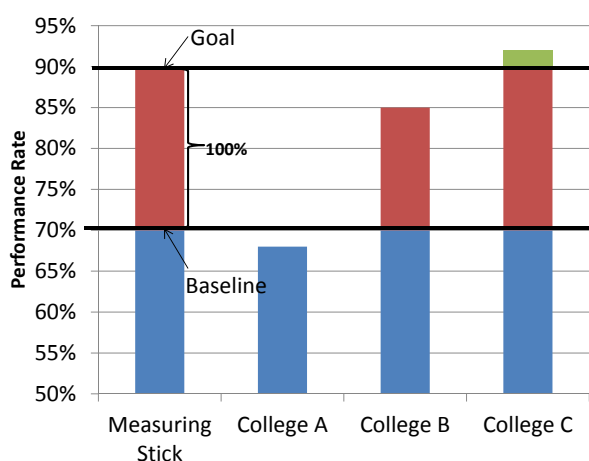
- Rewarding Quality
  - Allocate funds based on **percentage** of students who succeed on each measure
- Rewarding Impact
  - Allocate funds based on the **number** of students who succeed on each measure

\*Funds are already available for performance-based allocations for Basic Skills. Currently these funds are allocated based on number of GEDs/Adult High School Diplomas awarded. The State Board recommends using these existing funds to support the implementation of this PBF model for the basic skills measures once the methodologies have been finalized and data validated.

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## Rewarding Quality: In Concept



For each measure, colleges would earn PBF based on how they compared to both a baseline and a goal:

- If a college did not meet the baseline, it would receive \$0 in PBF for that measure.
- If a college exceeded the baseline, but did not meet the goal, it would receive a portion of its potential PBF for that measure.
- If a college met the goal, it would receive 100% of potential PBF for that measure.
- If a college exceeded the goal, it would receive more than 100% of potential PBF for that measure.

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## Rewarding Quality: Baseline and Goals

Based on up to 3 years (if available) of historical data:

- Baseline = 2 standard deviations below system mean
- Goal = 1 standard deviation above system mean

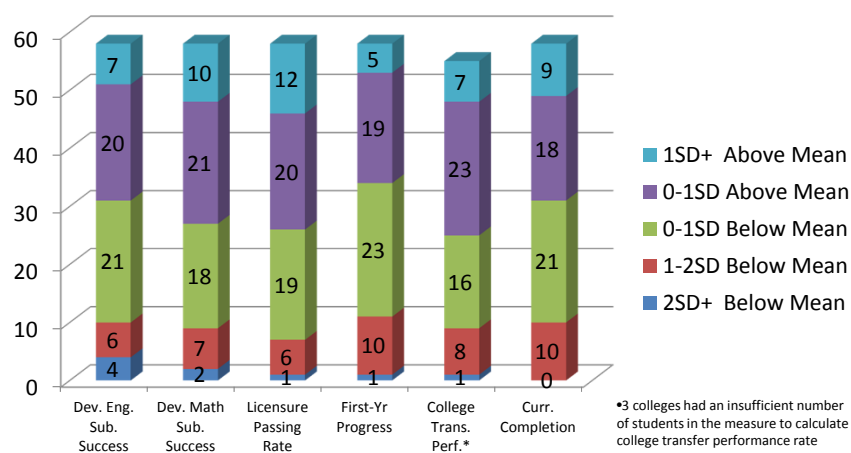
	Dev. English Subsequent Success Rate	Dev. Math Subsequent Success Rate	First-Time Licensure Passing Rate	First-Year Progression	College Transfer Performance	Curriculum Completion
Mean	64.8%	65.0%	85.0%	68.2%	86.5%	42.4%
Stan. Dev	9.1%	9.5%	7.1%	6.4%	7.2%	5.9%
Baseline	46.6%	45.9%	70.8%	55.4%	72.2%	30.5%
Goal	73.9%	74.5%	92.1%	74.6%	93.6%	48.3%

Baseline and goal would remain the same for three years and then reset.

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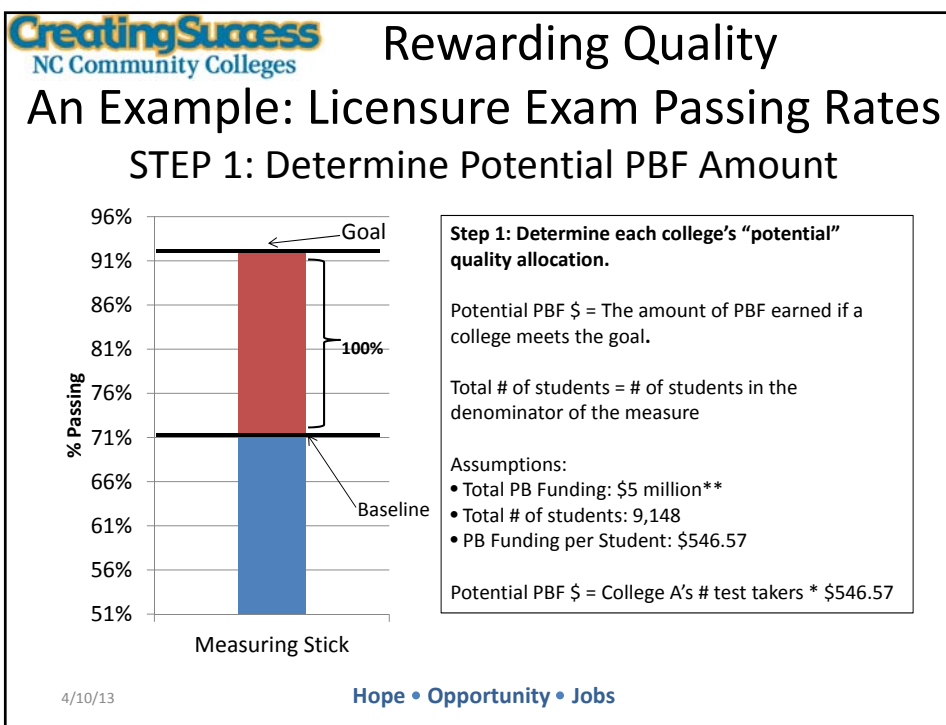
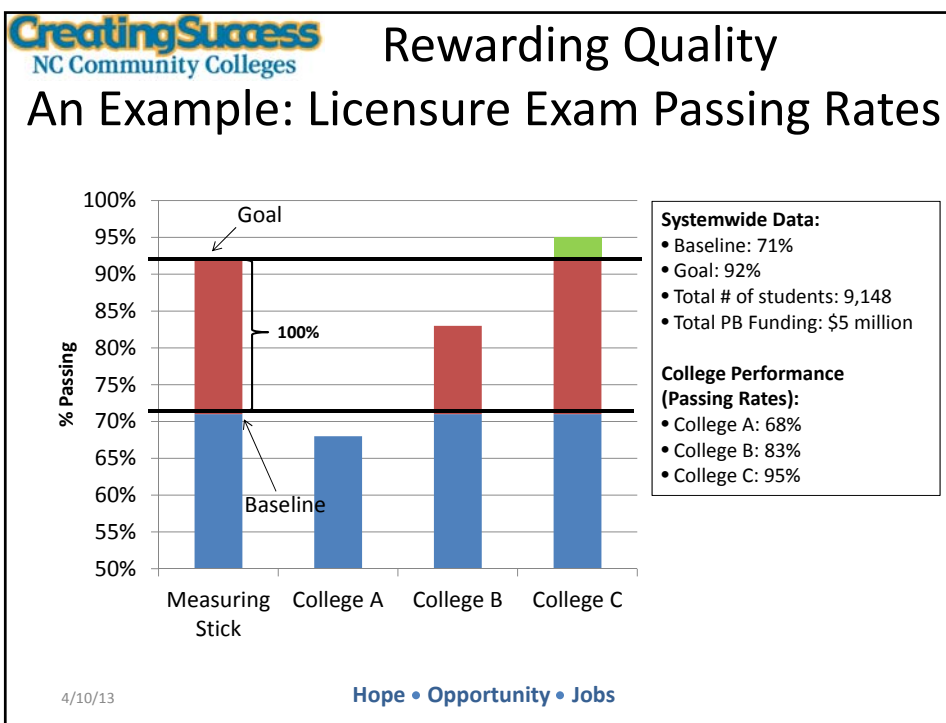
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## Rewarding Quality Distribution of Colleges: 6 Measures



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## Rewarding Quality

### An Example: Licensure Exam Passing Rates

#### STEP 1: Determine Potential PBF Amount

##### Assumptions:

- Total # of test takers = 9,148 students
- Total PBF = \$5 million
- Potential PBF per student = \$546.57

1	2	3	4
		Total PBF \$/Total Students	Col. 2*Col. 3
	# of Test Takers	Potential PBF \$/Student	Potential PBF
College A	175	\$546.57	\$ 95,649
College B	231	\$546.57	\$126,257
College C	347	\$546.57	\$189,659

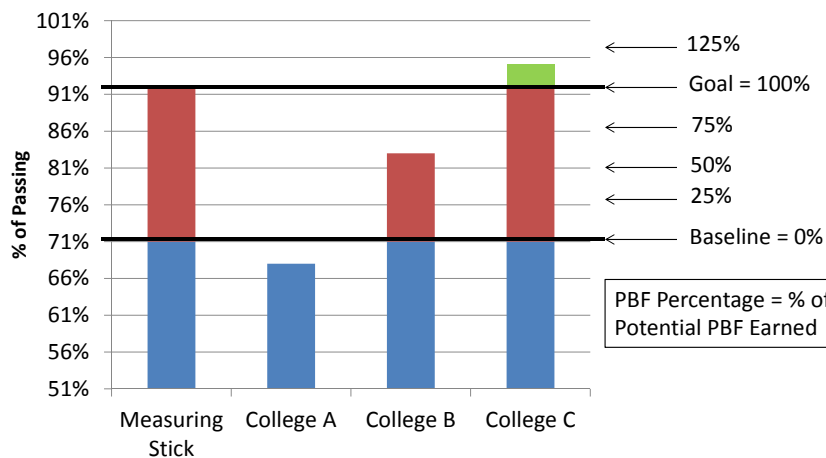
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## Rewarding Quality

### An Example: Licensure Exam Passing Rates

#### Step 2: Determine PBF Percentage



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## Rewarding Quality

### An Example: Licensure Exam Passing Rates

#### Step 2: Determine PBF Percentage

##### Assumptions:

- Baseline: 71%
- Goal: 92%
- 100% PBF =  $(92\% - 71\%) = 21$  percentage points

1	2	3	4	5	6	7
			Col. 3/Col. 2	Col. 4 - 71%	92%-71%	Col 5 /Col 6
	# Test Takers	# Passing	Passing Rate	Performance - Baseline	Goal - Baseline	PBF %
College A	175	131	68%	-5% pts	21% pts	0%
College B	231	191	83%	12% pts	21% pts	54%
College C	347	329	95%	24% pts	21% pts	114%

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## Rewarding Quality

### An Example: Licensure Exam Passing Rates

#### Step 3: Determine Quality Allocation

1	2	2	4
College	Potential PBF (Step 1)	PBF Percentage (Step 2)	Quality Allocation (Step 3)
College A	\$ 95,649	0%	\$ 0
College B	\$126,257	54%	\$ 68,179
College C	\$189,659	114%	\$ 216,211

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## Key Guiding Principles Review

- Guiding Principle: The performance-based funding (PBF) system should incentivize colleges in a way that:
  - ✓ Is not exclusive and provides opportunities for all colleges to benefit.
  - ✓ Does not provide a “winner take all” system.
  - ✓ Accommodates the fact that colleges are different.
  - ✓ Values progress/improvement.
  - ✓ Rewards both quality and impact.

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## Rewarding Impact: In Concept

- Funds not allocated through the Quality component would be allocated among colleges through the Impact component.
- Impact = the number of students that succeed on the measure
  - Step 1: Determine Impact Funding  
= Total PBF Funding – Quality Allocation
  - Step 2: Determine Impact Funding per Student  
= Impact Funding / Total # of Successful Students
  - Step 3: Determine College’s Impact Allocation  
= Impact Funding per Student \* College A’s # of successful students

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## Rewarding Impact

### An Example: Licensure Exam Passing Rates

Systemwide Data :

- Impact Funding:  $\$5,000,000 - \$3,788,280 = \$1,211,720$
- Total # of students passing licensure/certification exam: 7,952
- Impact Funding per student = \$152.38

1	2	3	4
	# Students Passing Lic. Exam	Impact \$ per Student	Col. 2 * Col. 3 Impact Allocation
College A	131	\$152.38	\$19,962
College B	191	\$152.38	\$29,105
College C	329	\$152.38	\$50,133

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## Putting the Pieces Together

### An Example: Licensure Exam Passing Rates

	College A	College B	College C	Systemwide
<b>Rewarding Quality</b>				
Potential PBF	\$ 95,649	\$126,257	\$189,659	\$5,000,000
% of Pot. PBF Earned	0%	54%	114%	76%
<b>Quality Allocation</b>	<b>\$0</b>	<b>\$68,179</b>	<b>\$216,211</b>	<b>\$3,788,280</b>
# of Colleges Earning \$0	1	0	0	1
<b>Rewarding Impact</b>				
# of students passing exam	131	191	329	7,952
\$ per Passing Student	\$152.38	\$152.38	\$152.38	\$152.38
<b>Impact Allocation</b>	<b>\$19,962</b>	<b>\$29,105</b>	<b>\$50,133</b>	<b>\$1,211,720</b>
# of Colleges Earning \$0	0	0	0	0
<b>Quality + Impact PBF \$</b>	<b>\$19,962</b>	<b>\$97,284</b>	<b>\$266,344</b>	<b>\$5,000,000</b>

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## Estimated Range of PBF Allocations

- If model was funded at \$30 million level, college allocations (based on 2010-11 performance data) would range from:
  - Absolute dollars: \$61,799 - \$2,466,331
  - % of formula budget: 0.6% - 3.9%

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## Key Guiding Principles Review

- Guiding Principle: The performance-based funding (PBF) system should incentivize colleges in a way that:
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