

## Accountability and Performance Funding

The Florida Board of Governors considered an initial draft of a report, "State University System of Florida Performance Funding" at its October 21, 2004 meeting, with the intent of further discussion at its November 18, 2004 meeting.

The action before the Board of Governors now is, per 1008.31 Florida Statutes, to transmit a report on performance funding to the Florida Legislature via the State Board of Education and Florida Department of Education. The report's transmission constitutes Board of Governors general endorsement of the concept of accountability and performance funding without necessarily approving the report's entire methodology.

Several questions and points of discussion were raised in the Board's initial review of the draft document. The following attempts to answer several of the Board's questions at the time of the October 21, 2004 presentation.

- Why is the performance funding based on 10%?
  - The number was arbitrarily chosen by the Legislature. It might have been more or less. Operationally, the number is difficult to envision working, because 10% represents the potential of directly effecting services provided by the institutions.
- The model provides a formula for 10% of SUS base funding, less certain dollars that arguably should be outside the scope of performance funding. Is this base funding model the only way to do performance funding?
  - No. This report simply puts forward a method, not *the* method that needs to be used. Further, the legislation does not prescribe that a base funding model be used. There are broadly at least four models that might be applied to performance funding.
    - The first is a relatively high-stakes model associated with base funding, the model associated with the dollar breakouts of this report.
    - The second is a model whereby dollars are not lost due to performance; however, restrictions and redirections may be placed on those dollars in order to address performance improvement, thereby costing institutional flexibility.
    - The third model associates only new dollars with performance funding.
    - The fourth model may be a combination of the above three models dependent on priorities, missions, and, most of all,

the inclinations of the Legislature to pursue performance funding further.

- The report does not go into detail regarding setting standards and goals, determining acceptable improvement on measures, etc. How would those things be established?
  - The Department of Education's office of Accountability, Research, and Measurement (ARM), working with sector representation, is the office responsible for actually taking accountability and performance funding from the conceptual to the operational level. The SUS institutions will be afforded an opportunity to engage in this process. Standards, goals, determining acceptable improvement, determining relevance and application of specific measures to specific institutions and the broadly-conceived nature of the performance funding model will be on the table.
- The report is due to the legislature December 1, 2004. Is it late at this stage to be working from concept to operational level?
  - No, because, it is preferable and even necessary to understand whether the legislature, which has simply asked for a model on 10%, intends to pursue performance funding at 10%, at a lesser percentage, in one of the models other than the base funding model, or not at all. While ARM is working on details associated with K-20 measures and with variations on the four models above, it is finally the legislature rather than either the State Board of Education or the Board of Governors that needs to move performance funding forward.
- Are the measures the State Board of Education is working with the same measures as those approved by the Board of Governors?
  - By and large the answer is "yes," with a few exceptions. The BOG has approved seven measures. ARM, which works for both SBE and BOG, is working with six of the seven to put in place a transparent, easily understood system for goals, standards, adequate performance indicators, rewards, sanctions, etc. associated with those six measures and dependent on the larger model that might be employed: base funding, redirection, new dollars, etc. This work constitutes treatment on the six BOG-approved measures. ARM is not doing any work regarding the Academic Learning Compact. Additionally, ARM is modeling two K-20 measures that deal with the goal areas of Student Achievement, and Relevant Workforce. At the postsecondary level, the former is associated with student attainment of course credit at meaningful progression points, for example, moving acceptable percentages of students from attaining between zero to fourteen credits to the fifteen-to-twenty-nine credit range. The latter

measure is associated with acceptable percentages of students with hourly earnings at an established minimum level. These two measures constitute different treatments of the goal areas addressed by other of the BOG measures, including the Academic Learning Compact which is not yet realized and will take time to implement.

- What is the source of contention with the Academic Learning Compact?
  - A specific example may help. Currently, universities are working with SACS to identify student outcomes with a focus on continuous program improvement. For example, a bachelor's program in mass communication may have an outcome expectation on which all students are assessed whereby 80% of its graduates are expected to be able to write a publishable paper per the standard format of a specified publication. The goal, working with the SACS accreditation process is, over time, to improve on the 80% figure. The universities argue that they have made tremendous investments in and want to continue to work within this program-focused paradigm in which, in effect, the program is the point of accountability. An ALC model focused on student certification presumes 100% achievement of outcomes by all graduates, raising potential negative relationships between the ALC and the diploma: graduates without ALCs and vice versa.
  
- Is the much discussed use of the word "certification" the issue, and is there a "right solution" to this contention?
  - The problem manifests with the use of this word, but any model that insists on 100% achievement of outcomes runs up against the SACS continuous program model. There is less a "right solution" than a trade-off. While the SACS model is program- rather than student-focused, ALCs that insist on 100% achievement are likely to be designed as much less robust. Using the mass communication example above, if 100% rather than 80% student achievement is required, it is likely that this outcome will not be included as part of the ALC.

## DRAFT

### State University System of Florida: Performance Funding

#### **Introduction and Guiding Principles**

The 2003 Legislature amended provisions of the Florida “K-20 Accountability Statute” when it enacted HB 915 (Chap. 2003-80, Laws of Florida). Among its components, this legislation required that, by December 1, 2004, the State Board of Education (SBE) make recommendations to the Legislature regarding performance-based funding that apply accountability standards to the four public education delivery sectors: K-12, workforce education, community colleges, and four-year public postsecondary institutions. The SBE’s recommendations must address how at least 10 percent of the state funds appropriated to the K-20 education system could be conditional upon meeting or exceeding established performance standards.

Although House Bill 915 refers to the SBE, it does not reference the responsibility and authority of the newly created Florida Board of Governors (BOG), a constitutional entity with governance responsibility for the eleven institutions comprising the State University System (SUS). This report, with its attendant accountability measures was reviewed and approved by the BOG and reflects many of the conversations by that body as it met and deliberated on these issues in the context of its Performance and Accountability Committee. As such, this report is intended as a response to the requirements of HB 915 with respect to recommendations for accountability and performance funding for the SUS, enjoining the larger report for those educational sectors for which the SBE has responsibility.

This report, then, takes into account the work of both the SBE K-20 Accountability Task Force, with a multi-sector focus, and the Board of Governors, which focused on the State University System. Despite the two boards’ different areas of responsibility, these recommendations are intended to be consistent with the idea of a K-20 system of accountability.

In recommending an accountability system that might be used to effect performance-based funding, both the SBE and the BOG adhered to the same priorities and guiding principles with respect to legislative intent. The goals articulated by the Florida Legislature were:

- (1) highest student achievement;
- (2) seamless articulation;
- (3) an educated, relevant workforce; and
- (4) quality, efficient services.

Both the State Board of Education and the Board of Governors focused on a small set of meaningful, actionable measures to which could be ascribed reliable data, rather than attempting to use the universe of potential measures, some of which might not be actionable, reliable, or relevant to key stakeholders. In fact, having finalized a total of seven accountability measures, the BOG was further advised by its staff that even further simplification would be imperative in attaching funding to performance.

**Dollars Associated with Performance Funding**

The total ten percent of state dollars appropriated to the State University System constitutes \$2,182,485,347. However, for purposes of performance funding, the BOG recommends that the dollars associated with administered funds for health insurance, non-recurring funds, major gifts, risk management insurance, the Minority Participation in Legal Education program, financial aid, the Phosphate Research Trust Fund, and the Moffitt Cancer Center be subtracted from that total, leaving \$1,919,823,758. By institution, these dollars and the corresponding 10% associated with performance funding are:

<b><u>Institution</u></b>	<b><u>2004-05 E&amp;G Appropriation</u></b>	<b><u>10% Portion</u></b>
University of Florida	\$543,075,771	\$54,307,577
Florida State University	\$286,204,603	\$28,620,460
Florida A&M University	\$98,747,489	\$9,874,749
University of South Florida	\$283,884,624	\$28,388,462
Florida Atlantic University	\$138,034,671	\$13,803,467
University of West Florida	\$58,215,645	\$5,821,565
University of Central Florida	\$224,246,474	\$22,424,647
Florida International University	\$171,782,849	\$17,178,285
University of North Florida	\$68,480,823	\$6,848,082
Florida Gulf Coast University	\$36,004,909	\$3,600,491
New College of Florida	\$11,145,900	\$1,114,590
	<b>\$1,919,823,758</b>	<b>\$191,982,375</b>

**Board of Governors Measures**

The Board of Governors approved seven accountability measures. Besides their accordance with the SBE’s measures, the virtue of these seven measures is that they very closely track the goals articulated in the BOG’s Strategic Plan. The measures are:

**Measure One:** Increase access to and production of bachelor’s, master’s, doctoral, and professional degrees

This measure will focus on tracking the increased degree-granting productivity of the SUS, particularly at the baccalaureate-level where Florida ranks low nationally, but with attention to all degree levels. Doctoral and professional-level degree productivity will also be tracked in Measure Seven, intended to capture advances in world-class research and academic programs. Measure One is characterized as having reliable data collected over a long period of time. Further, it is key in that it represents the prime mission of the SUS irrespective of institution, and it is a measure whose improvement is difficult without attention to, excess credit hours, retention, and facility usage. The measure is relevant to two legislative goals—"highest student achievement" by virtue of the argument that to attain a degree is to achieve at a high level; and "quality, efficient services" because more degrees produced, if quality-controlled, will equate to greater efficiency.

**Measure Two:** Proportion of test takers who pass required licensure/certification exams within a timeframe appropriate to the discipline

This measure of "highest student achievement" will be simplified to focus on (a) key disciplines (b) for which there are good data, as opposed to the universe of applicable disciplines for which data may be either unreliable or irrelevant. As one example of irrelevance, State-approved initial educator preparation programs are required by statute to have 100% pass-rates for program completers on the certification exams. In other cases, data have been historically difficult to obtain. There are, however, key disciplines for which passage is critical, and comparative data are available and reliable.

**Measure Three:** "Academic Learning Compacts" for every graduate from the SUS, certifying that they possess core content knowledge, communication skills, and critical thinking skills

No discussion consumed more of the BOG's time than how to ensure student learning at the postsecondary level. The university experience is by definition variable even across similar disciplines at different institutions, tailored to the interests of individual clients, complex as to the parts constituting its whole, and potentially utilizing a great variety of assessment methods. Those considerations noted, the BOG attacked the problem of how Florida's citizenry could be assured that its sons and daughters were mastering a clearly identified body of knowledge, as well as requisite skills in communication and critical thinking. Its answer was the creation of Academic Learning Compacts (ALCs), a product unattempted at any state level and one which received the endorsement of some of the Nation's most prominent experts on postsecondary student learning outcomes assessment, including participants on the National Commission on Accountability in Higher Education.

Academic Learning Compacts identify, at a minimum, (1) the expected core student learning outcomes for baccalaureate graduates in the areas of content/discipline knowledge and skills, communication skills, and critical thinking skills; and (2) corresponding assessments used to determine how well student learning matches those articulated expectations, i.e., how those components will be assessed, above and beyond the traditional reliance on individual course grades alone, and (3) how those assessments will be validated.

The advantages of the ALCs are several. First, they will provide for a clear set of expectations to students at the beginning of their academic careers. Second, they will necessitate that faculty across the SUS inspect their programs to ensure that curricula become transparent and thoughtful as to student learning outcomes, and that students have sufficient opportunities to achieve those expectations. The same is true of the dialogues that must take place, either by an entire institution or by the disciplines within it, relative to what will constitute mastery of core communication and critical thinking skills. Third, ALCs will maximize use of best-practice assessment tools (e.g., standardized examinations, portfolios, internship evaluations, oral defenses, juried performances, etc.). Fourth, ALCs will serve as a quality control balance to other of the measures. For example, an unintended negative consequence of increasing degree productivity could be to decrease the rigor of the degree, a consequence that the ALCs may counterbalance.

**Measure Four:** Number and percent of students from underserved populations who enroll in and complete a baccalaureate degree program

Increasing admittance to, progression through, and graduation from state universities by Florida's underserved populations continues as a top priority for the SUS. This measure also serves as a balance to the measure of degree productivity generally. This is also a measure with a history of reliable data with which to work. Measure Four responds to the legislative goal of "maximum access".

**Measure Five:** Graduation rates for first-time-In-college students and community college transfers

The rate of graduation is a traditional measure that has been associated with accountability reporting for well over a decade. At the same time, it is probably the most contentious measure from the institutional point of view. Some institutions worry that standard graduation rates do not adequately relate to the clientele they serve and that standard four-year rates attempt to measure a behavior, in large part, no longer in existence. Graduation rates also sometimes divert attention from the stronger Measure One—degrees granted—which is less subject to being gamed and represents real human beings walking across stages

with diplomas in hand. A high graduation rate for very few students would not necessarily be desirable. The actual means of calculation is still under discussion. Options include reporting on both four- and six-year rates for FTICs, and two- and four-year rates for community college transfers. Another option is to capture “successful persistence and progression,” that is, the number of students who move through Florida postsecondary education in good standing, even though many transfer in and out of different institutions. The latter calculation is probably possible in Florida owing to its data capabilities, but it would probably not allow for meaningful comparisons regionally or nationally.

**Measure Six:** Meet statewide professional and workforce needs in teacher preparation, the health professions, economic development, emerging technologies, and high-wage/high-demand jobs

This measure will track degree productivity in specific disciplines such as teacher preparation, engineering, nursing, information technology, and emerging technologies. Although the SBE may wish to focus on earnings of graduates, the BOG will use this measure to balance and control for potential unintended negative consequences of increasing degree productivity in general, and to bring pressure to bear on institutions to produce graduates in the most needed disciplines in Florida. Measure Six responds to the legislative goal of producing “an educated, relevant workforce.”

**Measure Seven:** Building world-class, academic research capacity and nationally recognized programs

This measure will utilize five subcomponents, four of which were recommended by the State University Presidents Association to capture world-class research capacity: (1) total research expenditures, (2) federal research expenditures, (3) doctoral degrees awarded, and (4) patents awarded. The fifth subcomponent is intended to identify and track other goals associated with specific academic program or research excellence, for example, working toward national ranking of specific academic disciplines, creation of a Center of Excellence, “Best Buys in America,” or other forms of national recognition.

**State Board of Education Measures**

There are other measures at the disposal of the Florida Legislature that may be considered for continued accountability reporting and/or for purposes of performance funding. These include measures adopted by the SBE, as well as 29 measures that have been reported on for the last few years as specified by the General Appropriations Act.



In the context of K-20 Accountability mandated by HB 915 in 2003, the SBE adopted a series of measures that, should the Florida Legislature choose, are available to consider. As stated previously, every effort was made by the BOG to accord with the SBE measures. In some cases the measures are exactly the same. In others, they address the same areas of concern but with different treatments. The SBE approved measures at the university sector level, with comments per BOG treatment, are as follows:

1. Number and percent of first-time-in-college students who make learning gains as measured by an external assessment aligned with a previous assessment, or an exit test. *(Comment: This measure is substantially different from the Academic Learning Compacts approved by the BOG.)*

2. Number and percent of students from underserved populations who enroll in and who complete a baccalaureate degree program. *(Comment: This measure is exactly the same as the BOG's measure.)*

3. Graduation rates for all entering students based on a 2-year and 4-year expectation; include provision for students who transfer in and out and for students who persist. *(Comment: This measure specifies 2- and 4-year rates, to which the BOG added 4- and 6-year rates and is considering other more comprehensive measures of successful persistence and progression.)*

4. Number and percent of former students whose earnings are within ranges established as appropriate for baccalaureate degree; categories and ranges identified by decisions of Workforce Estimating Conference. *(Comment: The BOG determined, rather, to focus on degree productivity in specific high-skill, high-wage, and critical need areas.)*

5. Show university return on investment as a ratio of the educational outcome represented by earning a degree divided by the money used to achieve the learning outcome. *(Comment: The BOG's treatment of the Legislature's goal of "quality, efficient services" focuses on building world-class academic and research capability.)*

### **Weighting of Measures and Attachment of Dollars**

Whereas the Legislature's four key goals are an excellent means of formulating accountability measures, the BOG determined to also weight measures, because doing so is an indication of priorities. Accordingly, each member of the BOG was surveyed as to whether to weight measures and, if so, how much for each measure. BOG members were also queried as to whether they wanted to give universities the opportunity to weight measures according to institutional priority

and mission, and, if so, whether institutional weighting should carry as much weight as BOG determinations of weighting. Both the BOG and universities were asked to weigh measures using a scale of 1 to 3, the higher number indicating the higher priority.

The survey results were very clear. The BOG weighted measures and, in so doing, identified priorities with measures One (degree production), Six (degree production in specific workforce areas), and Seven (building world-class academic and research capacity) receiving the highest priority. Additionally, the BOG supported individual university weighting according to institutional priorities and mission, provided that BOG weighting was given more preference. This was accomplished by doubling each measure’s BOG average weight:

<b>Measure</b>	<b>Weighted (X2)</b>
Measure One – Degree Productivity	5.0
Measure Two – Licensure Pass Rates	4.0
Measure Three – Academic Learning Compacts	4.4
Measure Four – Underserved Populations	4.0
Measure Five – Graduation Rates	3.6
Measure Six – Skilled Workforce	5.0
Measure Seven – World-Class Programs	4.8

The tables below associate a dollar figure with each accountability measure for each institution. The BOG’s priorities are doubled in weight and remain constant for all institutions. To these are added institutional priorities at face value, from which is determined the percentage of the whole each measure represents. From that calculation, dollars are attached to each measure for each institution equating to that portion of each institution’s performance funding dollars as previously defined.

**University of Florida**

<b>Measure</b>	<b>BOG Priority - Weighted</b>	<b>University Priority - Weighted</b>	<b>Total - Weighting</b>	<b>% of total</b>	<b>Performance Budget Allocation</b>
1. Degree Productivity	5	3	8	16.06%	\$ 8,724,109
2. Licensure Pass Rates	4	3	7	14.06%	\$ 7,633,595
3. Academic Learning Compacts	4.4	1	5.4	10.84%	\$ 5,888,773
4. Underserved Populations	4	3	7	14.06%	\$ 7,633,595
5. Graduation Rates	3.6	3	6.6	13.25%	\$ 7,197,390
6. Skilled Workforce	5	3	8	16.06%	\$ 8,724,109
7. World-Class Programs	4.8	3	7.8	15.66%	\$ 8,506,006

Total	49.8	100.00%	\$	54,307,577
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**Florida State University**

Measure	BOG Priority - Weighted	University Priority - Weighted	Total - Weighting	% of total	Performance Budget Allocation
1. Degree Productivity	5	3	8	16.39%	\$ 4,691,879
2. Licensure Pass Rates	4	3	7	14.34%	\$ 4,105,394
3. Academic Learning Compacts	4.4	2	6.4	13.11%	\$ 3,753,503
4. Underserved Populations	4	2	6	12.30%	\$ 3,518,909
5. Graduation Rates	3.6	3	6.6	13.52%	\$ 3,870,800
6. Skilled Workforce	5	2	7	14.34%	\$ 4,105,394
7. World-Class Programs	4.8	3	7.8	15.98%	\$ 4,574,581

Total	48.8	100.00%	\$	28,620,460
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**Florida A&M University**

Measure	BOG Priority - Weighted	University Priority - Weighted	Total - Weighting	% of total	Performance Budget Allocation
1. Degree Productivity	5	3	8	17.86%	\$ 1,763,348
2. Licensure Pass Rates	4	2	6	13.39%	\$ 1,322,511
3. Academic Learning Compacts	4.4	1	5.4	12.05%	\$ 1,190,260
4. Underserved Populations	4	3	7	15.63%	\$ 1,542,930
5. Graduation Rates	3.6	1	4.6	10.27%	\$ 1,013,925
6. Skilled Workforce	5	2	7	15.63%	\$ 1,542,930
7. World-Class Programs	4.8	2	6.8	15.18%	\$ 1,498,845

Total	44.8	100.00%	\$	9,874,749
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**University of South Florida**

Measure	BOG Priority - Weighted	University Priority - Weighted	Total - Weighting	% of total	Performance Budget Allocation
1. Degree Productivity	5	3	8	17.09%	\$ 4,852,729
2. Licensure Pass Rates	4	1	5	10.68%	\$ 3,032,955

3. Academic Learning Compacts	4.4	1	5.4	11.54%	\$	3,275,592
4. Underserved Populations	4	3	7	14.96%	\$	4,246,137
5. Graduation Rates	3.6	2	5.6	11.97%	\$	3,396,910
6. Skilled Workforce	5	3	8	17.09%	\$	4,852,729
7. World-Class Programs	4.8	3	7.8	16.67%	\$	4,731,410
<b>Total</b>						<b>46.8 100.00% \$ 28,388,462</b>

**Florida Atlantic University**

<b>Measure</b>	<b>BOG Priority - Weighted</b>	<b>University Priority - Weighted</b>	<b>Total - Weighting</b>	<b>% of total</b>		<b>Performance Budget Allocation</b>
1. Degree Productivity	5	3	8	17.09%	\$	2,359,567
2. Licensure Pass Rates	4	3	7	14.96%	\$	2,064,621
3. Academic Learning Compacts	4.4	2	6.4	13.68%	\$	1,887,654
4. Underserved Populations	4	3	7	14.96%	\$	2,064,621
5. Graduation Rates	3.6	1	4.6	9.83%	\$	1,356,751
6. Skilled Workforce	5	2	7	14.96%	\$	2,064,621
7. World-Class Programs	4.8	2	6.8	14.53%	\$	2,005,632
<b>Total</b>						<b>46.8 100.00% \$ 13,803,467</b>

**University of West Florida**

<b>Measure</b>	<b>BOG Priority - Weighted</b>	<b>University Priority - Weighted</b>	<b>Total - Weighting</b>	<b>% of total</b>		<b>Performance Budget Allocation</b>
1. Degree Productivity	5	3	8	17.86%	\$	1,039,565
2. Licensure Pass Rates	4	3	7	15.63%	\$	909,620
3. Academic Learning Compacts	4.4	1	5.4	12.05%	\$	701,706
4. Underserved Populations	4	2	6	13.39%	\$	779,674
5. Graduation Rates	3.6	1	4.6	10.27%	\$	597,750
6. Skilled Workforce	5	3	8	17.86%	\$	1,039,565
7. World-Class Programs	4.8	1	5.8	12.95%	\$	753,685
<b>Total</b>						<b>44.8 100.00% \$ 5,821,565</b>

**University of Central Florida**

<b>Measure</b>	<b>BOG Priority - Weighted</b>	<b>University Priority - Weighted</b>	<b>Total - Weighting</b>	<b>% of total</b>	<b>Performance Budget Allocation</b>
1. Degree Productivity	5	3	8	17.09%	\$ 3,833,273
2. Licensure Pass Rates	4	3	7	14.96%	\$ 3,354,114
3. Academic Learning Compacts	4.4	2	6.4	13.68%	\$ 3,066,618
4. Underserved Populations	4	2	6	12.82%	\$ 2,874,955
5. Graduation Rates	3.6	2	5.6	11.97%	\$ 2,683,291
6. Skilled Workforce	5	2	7	14.96%	\$ 3,354,114
7. World-Class Programs	4.8	2	6.8	14.53%	\$ 3,258,282
<b>Total</b>			<b>46.8</b>	<b>100.00%</b>	<b>\$ 22,424,647</b>

**Florida International University**

<b>Measure</b>	<b>BOG Priority - Weighted</b>	<b>University Priority - Weighted</b>	<b>Total - Weighting</b>	<b>% of total</b>	<b>Performance Budget Allocation</b>
1. Degree Productivity	5	3	8	17.47%	\$ 3,000,574
2. Licensure Pass Rates	4	2	6	13.10%	\$ 2,250,430
3. Academic Learning Compacts	4.4	2	6.4	13.97%	\$ 2,400,459
4. Underserved Populations	4	3	7	15.28%	\$ 2,625,502
5. Graduation Rates	3.6	1	4.6	10.04%	\$ 1,725,330
6. Skilled Workforce	5	2	7	15.28%	\$ 2,625,502
7. World-Class Programs	4.8	2	6.8	14.85%	\$ 2,550,488
<b>Total</b>			<b>45.8</b>	<b>100.00%</b>	<b>\$ 17,178,285</b>

**University of North Florida**

<b>Measure</b>	<b>BOG Priority - Weighted</b>	<b>University Priority - Weighted</b>	<b>Total - Weighting</b>	<b>% of total</b>	<b>Performance Budget Allocation</b>
1. Degree Productivity	5	3	8	18.69%	\$ 1,280,015
2. Licensure Pass Rates	4	2	6	14.02%	\$ 960,012

3. Academic Learning Compacts	4.4	1	5.4	12.62%	\$	864,010
4. Underserved Populations	4	1	5	11.68%	\$	800,010
5. Graduation Rates	3.6	2	5.6	13.08%	\$	896,011
6. Skilled Workforce	5	1	6	14.02%	\$	960,012
7. World-Class Programs	4.8	2	6.8	15.89%	\$	1,088,012
Total			42.8	100.00%	\$	6,848,082

**Florida Gulf Coast University**

Measure	BOG Priority - Weighted	University Priority - Weighted	Total - Weighting	% of total		Performance Budget Allocation
1. Degree Productivity	5	3	8	18.69%	\$	672,989
2. Licensure Pass Rates	4	2	6	14.02%	\$	504,742
3. Academic Learning Compacts	4.4	2	6.4	14.95%	\$	538,391
4. Underserved Populations	4	1	5	11.68%	\$	420,618
5. Graduation Rates	3.6	1	4.6	10.75%	\$	386,969
6. Skilled Workforce	5	2	7	16.36%	\$	588,865
7. World-Class Programs	4.8	1	5.8	13.55%	\$	487,917
Total			42.8	100.00%	\$	3,600,491

**New College of Florida**

Measure	BOG Priority - Weighted	University Priority - Weighted	Total - Weighting	% of total		Performance Budget Allocation
1. Degree Productivity	5	1	6	14.02%	\$	156,251
2. Licensure Pass Rates	4	1	5	11.68%	\$	130,209
3. Academic Learning Compacts	4.4	3	7.4	17.29%	\$	192,709
4. Underserved Populations	4	1	5	11.68%	\$	130,209
5. Graduation Rates	3.6	2	5.6	13.08%	\$	145,834
6. Skilled Workforce	5	1	6	14.02%	\$	156,251
7. World-Class Programs	4.8	3	7.8	18.22%	\$	203,127
Total			42.8	100.00%	\$	1,114,590

## **Setting Standards and Goals**

Standard and goal setting is necessarily complex for a university system with very different institutions. In an attempt to address that challenge, this report considers two relatively simple methods of standard and/or goal setting: using peer comparisons, and using comparisons against one's own past performance.

The first method involves identifying meaningful sets of peer institutions and setting individual institutional standards based on those peers. Although peer comparisons cannot be utilized for each and every SUS accountability measure, it is possible with most.

The second method, comparing an institution's progress against its own past performance, is an absolute key to a meaningful accountability system and the foundation on which goal setting should be constructed. Many of the seven BOG accountability measures allow for historical tracking (and all will over time), and by utilizing past performance a simple methodology can be created for goal setting. Thereafter, performance can be readily monitored and, accordingly, rewarded or sanctioned.

A methodology for simple and reasonable goal setting based on past performance is to create a target that moves toward a standard over time. When the standard is reached, the strategy becomes maintaining the standard. This is effected by (1) capturing a series of performances, for example, ten years (or twenty) of good data, (2) accounting for spikes in performance by discounting a proportion of high and low years, (3) averaging the remaining years, (4) using that average as a target of acceptable performance, with the assumption that (5) the number and the target changes yearly with slow and steady progress until such time as a performance standard is reached. This is an acceptable method of performance and goal setting assuming that an institution's performance is in the general area of acceptability in the first place. It does not work in setting targets and goals for graduation rates, as an example, if the institution's past performance is nowhere near a level of acceptability. This is where it becomes useful to set standards by making comparisons between institutions and their peers.

It will also be imperative to take into account the Board of Governors' target goals as articulated in its Strategic Plan. If the calculations and target setting accomplished via national comparisons and past performance data substantially under- or over-shoot BOG goals, reconciliation will be necessary.

## Application to Funding

The primary purpose of the proposed accountability and performance funding system is to ensure that a percentage of university budgets are tied to progress toward institutional and strategic plans and that, accordingly, institutions may be rewarded for high performance by (1) receiving additional funds, or (2) having the greatest flexibility possible with respect to how funds are used; or sanctioned for low performance by (1) being restricted as to how funds may be expended, or (2) seeing their funds reallocated to a high performing institution. Notwithstanding details, definitions, etc to be worked out, this report recommends that the following core steps form a methodology for the application of performance funding to SUS accountability measures:

1. Using the system and institutional strategic plans as the starting point, set standards and goals for each measure for each institution.
2. Set time periods, consistent with data availability and the calendar for developing the annual budget request, for reporting on institutional performance to the Board of Governors Performance and Accountability Committee.
3. When data are available, determine performance against goals and, accordingly, apply sanctions or rewards:
  - a. If goals are unmet, a university must provide the Board of Governors Performance and Accountability Committee with an improvement plan that includes a delineation of how the performance dollars associated with the measure will be used to achieve that improvement. Technical assistance may be provided, and lower goals may be negotiated with the consent of the Board of Governors.
  - b. If goals continue to be unmet for a second year, the Board of Governors may pull dollars associated with the measure and reallocate that money within the SUS to achieve goals identified in its Strategic Plan. Decision regarding the reallocation of these funds will be based primarily on the performance of individual institutions on the accountability measures and proposals to better meet the BOG strategic goals.
  - c. If goals are exceeded in any given year, universities should be allowed to request associated new dollars in the subsequent Legislative Budget Request through an "Accountability Categorical." Additionally, these universities may submit proposals for the reallocation of any funds collected through accountability sanctions.
4. A Majority vote of the Board of Governors is needed to approve a performance reallocation from one institution to another, a restriction on an institution's use of dollars associated with performance funding, or an institution's



improvement plan. In reallocating or restricting dollars, or approving an improvement plan, the Committee will consider

- the seriousness of an institution's shortfall from goal;
- the number of years an institution has fallen short of a goal;
- the potential benefits of reallocation to an institution with higher performance;
- the potential benefits of restricting the dollars associated with an institution's performance funding;
- the quality of a higher performing institution's proposal for additional funds to meet BOG strategic goals;
- the cost-effectiveness of the tradeoff given the proposal from the higher performing institution;
- the possible negative consequences of a reallocation;
- the resources that have been available to the system and the individual institution.