COLORADO COMMISSION ON HIGHER EDUCATION

ACCESS TO HIGH-QUALITY, AFFORDABLE EDUCATION FOR ALL COLORADANS

THE 2007 STATUS OF PERFORMANCE CONTRACTS:

REPORT TO THE GOVERNOR AND COLORADO GENERAL ASSEMBLY IN RESPONSE TO SB 04-189

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1380 Lawrence Street, Suite 1200 • Denver, Colorado 80204 • (303) 866-2723
DAVID SKAGGS, EXECUTIVE DIRECTOR

This paper reports on Colorado's public institutions' compliance with specific requirements in their respective performance contracts and describes the institutions' current and future performance contract requirements and is providedpursuant to SB 04-189.

Prepared by:

Division of Academic Affairs
Colorado Department of Higher Education
1380 Lawrence Street
Suite 1200
Denver, CO 80204
(303) 866-2723

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OVERVIEW

The Department of Higher Education (DHE) is charged, in section 23-5-129(2) C.R.S., to annually report to the Governor and General Assembly on the progress made towards the goals in each institution's performance contract.
To assist governing boards and institutions in reporting data about compliance with performance measures, the DHE staff prepared reporting guidelines with templates for written reports and reporting calendars. A web collection system is under development to make data submission and reporting easier and more efficient.

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,*
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> *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 by 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 (COF) legislation (SB 04-189), Colorado created an alternative to traditional state regulation of higher education institutions. Previously, Colorado institutions had a system of accountability that employed the Quality Indicator System (QIS). With the implementation of COF, colleges and universities were given the choice to remain under the old, more intensely regulated program of accountability, or to enter a performance contract prescribing institutional goals in exchange for a waiver of most state regulatory oversight. Every public institution 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 2004-05, resulted in four-year performance contracts. Requirements of the performance contracts include goals related to:

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

Under the performance contracts, the DHE waived specific statutory requirement es and regulatory policies, in particular, its 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.

Under the COF legislation Colorado In addition to providing a different mechanism for oversight, the performance contracts also entailed a new approach to general education, employing a peer review system for the placement of courses into a statewide, general education curriculum and then providing guaranteed transfer of credits for students successfully completing courses in the state's gtPathways curriculum. The performance contracts require 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, afterreview by content discipline/academic professionals to determine compliance with pre-determined course content and competency criteria and transferability. General education curriculum courses which meet these state standards are identified as such in each institution's course catalog.

The performance contracts also establish goals for increased graduation and retention of students and also require reports to the state regarding how institutions are addressing recruitment, retention and graduation of underserved students, especially low-income, racial minorities and first generation students.

The performance contracts also: create a plan for a variable compensation for faculty; limit base tuition increases to levels necessary only to cover inflation and increases in mandatory costs (energy, insurance, salaries); and allow tuition increases above mandatory costs only when specifically justified, itemized, and tied to access, quality or capital improvement efforts.

<u>Reforms under Performance Contracts</u>

- **Tuition Increases Limited to Inflation**. This created a presumption that tuition rates should *not* outpace inflation and should be kept reasonable and affordable. Colleges and universities were required to identify mandatory costs and to limit tuition and fee increases to no more than the inflationary amount by which those costs increase. The state would only consider tuition increases above this amount if a school specifically identified how the increase will be used to improve quality and access for students.

- **Rigorous, Streamlined Core Curriculum**. The performance contracts require that institutions implement a statewide, general education curriculum with guaranteed transfer among institutionals and designed to ensure that students can graduate in six years and thatstudents to complete a rigorous general education curriculum inclusive of arts and humanities, math, communication (writing), natural and physical science, history, and social and behavioral sciences.

- **Faculty Pay-for-Performance**. Colleges and universities are required to establish a pay plan for faculty that emphasizes teaching and (when appropriate) research performance. Institutions are required to provide reports (available to the public) clearly stating how performance is measured and the type of differential pay awarded based on performance.

- **Combating Grade Inflation**. The performance contracts 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.

- **Increased Student Access & Success**. Colleges and universities are required to focus available resources to increase recruitment, retention and graduation rates for students, especially under-represented low-income, minority and first generation students, with specific numerical targets.
- **Better-Prepared Teachers for K-12 Schools**. The performance contracts require that all teacher candidates be taught how to understand and use the Colorado Student Assessment Program (CSAP) assessment data, to undertake student teaching in lower achieving schools to ensure new teachers understand the issues that affect children in poverty, and to study the differences in how boys and girls learn and behave. The performance contracts require that all 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 the state regulations waived once a college/university is operating under a performance contract are:

- **Tax Payer Bill of Rights (TABOR) restrictions**. An institution is eligible to receive COF stipends and qualify for TABOR enterprise status, freeing the institutions from many TABOR requirements..

- **Academic programs**. Once a performance contract is in place, an institution is freed from the DHE regulatory process in the creation, modification or elimination of academic programs. This allows institutions to respond more quickly to workforce and other needs. The DHE's only review is to ensure that a new program is congruent with an institution's role, mission and function within the state.

- **Quality Indicator System**. Performance contracts provide institutions with a more flexible form of accountability, tailored to the unique needs of each institution, emphasizing statewide goals while acknowledging each institution's role, mission and function.

Performance contracts were negotiated and finalized with the governing boards of public 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 four overarching goals.

Goal #1: Access and Success

Colleges will be measured on retention and graduation rates among first-time, full-time freshmen with the following performance targets. Institutions will 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				2.1 Graduation Rates by 12/31/2008 *	
	From Original Institution		Including Transfer Institution			
	From	To	From	To	From	To
ASC	57.4	60.9	n/a		27.8	30.4
CCCS	52.4	54.4	61.3	63.3	20.1	21.2
CSU-FC	83.1	85.1	89.3	91.3	62.9	63.6
CSU-P	64.4	67.0	76.2	79.0	29.8	31.8
FLC	52.9	57.5	67.0	72.5	29.7	32.0
MSC	n/a		70.0	72.0	30.0	34.0
MSCD	60.8	62.8	71.1	73.1	20.8	21.8
UC System	By June 30, 2009 Increase by 1 %				Maintain Current Graduation Rates	

UNC	68.2	71.0	82.9	85.0	47.1	49.0
WSC	58.2	60.0	72.5	74.7	30.4	31.8
					* ASC by 6/30/2009	

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. 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 and/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 efficient and effective stewardship of all financial resources . 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 on mandatory costs. Governing boards are required to strive to control costs so that mandatory cost increases do not exceed the latest published cost adjustment index under the Higher Education Cost Adjustment model. Performance contracts contain measures related todeferred maintenance, with some required to use a percentage of any new tuition revenue exceeding inflation and mandated costs; others have a measure involving student fees targeted for capital and maintenance. Many performance contracts require include measures of operational efficiencies of auxiliary facilities, including evaluation of efficiency available through private operation of facilities where appropriate.

Goal #4: Other State Needs

This goal targets 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).
Some examples of specific performance measures in teacher education include: basic standards; instruction on teaching diverse student populations; effective use of student assessment data; a minimum of one semester student teaching;a requirement that all content courses needed to meetendorsement area requirements for secondary education licensure be taught by faculty members from or approved by the appropriate departments.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; e.g. nursing and other allied health fields.

Summary

All public and participating private institutions participating in COF are required to enter into a performance contract with the DHE. For the public colleges and universities, the contracts are meant to “provide for greater [institutional] flexibility and a more focused accountability for institutions to students and the people of Colorado” and to allow the DHE to employ more flexibility in quality control and oversight, while also implementing accountability measures that focus on each institution’s academic programming and internal objectives. Legislative provisions within the COF program established essential goals that are included in each institution’s contract: improving student access and success, advancing institutional quality and operation, developing the state’s workforce, and increasing timely graduation.

All data that is collected through the performance contracts provides necessary information on these provisions and focuses 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.

Performance contracts with participating private institutions differs from those with the state’s public institutions; compliance information for the private, participating institutions *is not contained in this report.* Quality assurance reporting developed with these institutions focuses on the graduation, retention, and success rates of participating Pell-eligible students.

Status of Performance Contracts, 2007

This report includes a summary of compliance with performance contract requirements, organized by institution, for the calendar years 2006-2010 (Appendix A). Included in Appendix A are status update reports of institutional compliance for 2006 and 2007; and a summary of deadlines for 2008-2010.

All information on each public institution’s compliance with its performance contract is maintained in hard copy and electronic form in the Academic and Student Affairs Office of the DHE.