Agenda Item: I.A.3.

DATE: July 29, 2010

SUBJECT: 2010-15 Performance Funding Program: Quality Assurance

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION: The Tennessee Higher Education Commission's Performance Funding Program has been in operation for over thirty years. It is nationally recognized as a successful statewide supplemental funding incentive to encourage continuous improvement of programs and services. All public universities and community colleges have been able to "earn" additional funds (up to 5.45 percent of the institution's state funding) on the basis of quality improvement as measured by a common set of indicators.

The incentive has encouraged institutions to build comprehensive evaluation systems whereby they can reliably measure student learning. Over the years, Tennessee institutions have developed a culture of continuous improvement and comfort with assessment that serves them in good stead with their institutional accreditor, the Commission on Colleges of the Southern Association of Colleges and Schools, and with specialized accreditors, such as those in engineering, business, law, medicine, nursing, and teacher preparation.

The 2010-15 Performance Funding standards reflect the professional judgment of the Advisory Committee with representation from institutions and University of Tennessee and Tennessee Board of Regents system staff.   The Scoring Sub-Committee has been responsible for developing metrics and scoring mechanisms and providing operational strategies in the development of the 2010-15 standards.   The Commission staff expresses appreciation for the contributions of both committees.

2010-15 Performance Funding Program: Quality Assurance

Accountability Instrument for the Master Plan.   The Performance Funding Incentive Program serves an accountability instrument for each five-year Master Plan and tracks measures THEC is statutorily required to report annually to the Tennessee General Assembly.

Quality Assurance Companion to the Funding Formula. For the 2010-15 cycle, the Performance Funding Program will also serve as the quality assurance component of the new productivity-focused higher education Funding Formula.   In previous Performance Funding five-year cycles, some 60 percent of Performance Funding dollars available were awarded on the basis of productivity (student retention and graduation rates). For 2010-15, these productivity measures have been ceded to the productivity-based Funding Formula, and 100 percent of Performance Funding points are now dedicated to quality assurance.   Thus, the 2010-15 Performance Funding Program reinforces the Funding Formula but does not duplicate its purpose.

Quality of Student Learning. The Performance Funding standards measure student learning and quality of programs and services against annual improvement targets. For example, institutions strive to improve student learning as evidenced in scores on national tests of general education, major fields, and licensure administered to graduating students. Institutional score averages are measured against national score averages for same-type institutions and points are awarded accordingly.

Quality of Student Support and Success. The Standards also measure quality through accreditation of programs eligible for accreditation, results of academic program reviews by teams of peer evaluators, survey evidence of student and alumni satisfaction with the quality of the institution, and employer satisfaction with the work-readiness of graduates.

Diversity and Opportunity. The 2010-15 Standards also measure institutional quality through the success of targeted subpopulations each institution seeks to attract and graduate in accord with its particular mission goals. These subpopulations expand the college-going pool and include students who are adults, low income, African-American, Hispanic, first-generation college-goers, students from underserved counties, and those entering high need fields (such as health care, science, technology, engineering, and math).

2005-10 Performance Funding Cycle	2010-15 Performance Funding Cycle
Defining Features	**Defining Features**
• Served as Master Plan assessment mechanism	• Serves as Master Plan assessment mechanism
• Capitalized on availability of national benchmarking tools (NSSE, IPEDS, CSRDE, Delaware/Kansas Cost Study)	• Serve as funding formula quality assurance piece
• Recognized SACS process for Quality Enhancement Plan (QEP)	• Retains traditional quality assurance measures to document sustained quality
• Used new institutional formula peer set	• Keeps emphasis on national benchmarking
• Integrated campus strategic planning, system planning and Master Plan	• Keeps QEP as peer review and qualitative measure
• Stressed transfer success	• Places greater emphasis on student learning and evaluation of academic programs
• Emphasized employer feedback	• Continues to use faculty peer teams for assessment evaluation
• Placed greater emphasis on student persistence	• Simplifies standards and makes institutional reporting easier and transparent (no pilot assessments or planning initiatives)
	• Relies on existing data collection systems for degree productivity

Standard One
Student Learning & Outcomes (35% - 40%)
A. General Education (15)
B. Major Field Assessment (10)
C. Accreditation and Program Review (10-15)

Standard Two
Student Satisfaction – 10%

Standard Three
Student Persistence – 15%
(retention and graduation rates)

Standard Four
State Master Plan Priorities (20% - 25%)
A. Institutional Strategic Planning Goals (5)
B. State Strategic Planning Goals (10)
C. Transfer and Articulation (5 – universities only)
D. Job Placement (10 – community colleges only)

Standard Five
Assessment Outcomes (15%)
A. Assessment Pilot (5)
B. Assessment Implementation (10)

Standard One – Quality of Student Learning and Engagement (75%)
A. General Education (15 points)
B. Major Field Assessment (15 points)
C. Academic Programs: Accreditation and Evaluation [1]
(15 points community colleges and 25 points universities)
D. Satisfaction Surveys – NSSE and CCSSE, Alumni and Employer[2]
(10 points)
E. Job Placement (10 points community colleges only)
F. Assessment Implementation – QEP and SLI (10 points)

[1] Institutions will have the flexibility to review programs on a five to seven-year cycle in accord with specialized accrediting agencies' length of award.
[2] Alumni and Employer Satisfaction Projects will focus on surveying and/or interviewing the specified group. In the fifth year a summary report for all surveys and projects is required.

Standard Two – Quality of Student Access and Student Success (25%)
Subpopulations: [1]Adult, [2] Low-income, [3] African American, [4] Hispanic, [5] Males, [6] High Need Geographical Area, [7] STEM, [8] Health, [9] High Need [10] Institutional Selection [11]CC Transfers with24 SCH to Universities [12] AA/AS/AST Transfers and [13] TN Community College Graduates who Complete Bachelor's degrees

* Institutions will select 5 subpopulations that are important to their mission and service area.

2010-15 Performance Funding Cycle		
Standard Two – Quality of Student Access and Student Success (25%)		
Student success is defined as credential completion (*certificates, Associate and Bachelor's degrees*) which is the unifying goal of the Public Agenda, the Outcomes-based formula and the Performance Funding incentive program.		
Institutions will select 6 of the 13 student sub-populations to focus on student success.	Evaluation: Rolling average (rates of previous 3 years) compared with current year	Each sub-population valued at 5 points each for a total of 25 maximum points.
Sub-population	**Definition**	**Data Source**
1. Adult	Year of Birth Field: Age 25 and over at time degree was earned	Annual Report of Graduates
2. Low Income	Pell Eligible	Annual Report of Graduates linked with TSAC FAFSA data
3. African American	Ethnicity field: African American	Annual Report of Graduates
4. Hispanic	Ethnicity field: Hispanic	Annual Report of Graduates
5. Males	Gender field: Male	Annual Report of Graduates
6. High Need Geographical Area	County of Permanent Residence Field	Annual Report of Graduates and Educational Needs Index http://educationalneedsindex.com/ to support geographical focus
7. Science, Technology, Engineering and Mathematics (STEM)	Student Major Field -- STEM Disciplines	Annual Report of Graduates
	-- CIP Code 01 Agriculture	
	-- CIP Code 03 Natural Resources	
	-- CIP Code 11 Computer and Information Sciences	
	-- CIP Code 14 Engineering	
	-- CIP Code15 Engineering Technologies	
	-- CIP Code 26 Biological and Biomedical Sciences	
	-- CIP Code 27 Mathematics and Statistics	
	-- CIP Code 40 Physical Sciences	
8. Health	Student Major Field -- Health Discipline	Annual Report of Graduates
	-- CIP Code 32 Health Professions	
9. High-Need Fields	Programs identified as high need from the Supply/Demand Study	Annual Report of Graduates
10. Institutional Selection	Sub-population to be defined by institution but no duplication of other sub-populations	Annual Report of Graduates and Institutional Data
11. CC Transfers with 24 SCH to Universities *	Student transfers with 24+ SCH	Enrollment Report
12. AA/AS/AST Transfers *	Community college graduates (AA/AS/AST) who enroll at a university the following fall term	Match Report of Graduates for Community Colleges with University Enrollment Report
13. TN Community Graduates who complete Bachelor's Degree **	Bachelor's graduates who previously earned associate degree	Match Report of Graduates for Universities with previous Graduate Reports for Community Colleges
* Community college subpopulation only		
** University sub-population only		