Setting the Stage for MSU’s Future

Montana’s Uniqueness

And, Not So Much
Differences in College Attainment (Associate & Higher) Between Younger & Older Adults—U.S. & OECD Countries, 2009

Source: Organisation for Economic Co-operation and Development (OECD), Education at a Glance 2011
Differences in College Attainment (Associate & Higher) Between Younger & Older Adults - U.S., 2009

Source: U.S. Census Bureau, 2009 American Community Survey (ACS)
High School Graduation Rates (2009)
NCES via NCHEMS
Difference in College Attainment Between Whites and Minorities (Blacks, Hispanics, Native Americans) (2009)

Source: U.S. Census Bureau, 2009 American Community Survey
Projected State and Local Budget Surplus (Gap) as a Percent of Revenues, 2016

Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2009 Via NCHEMS
Montana is exceptionally productive

Credentials and Degrees Awarded per $100,000 of State, Local, & Tuition & Fee Revenues: Public Bachelor’s and Master’s Universities – 2010 (IPEDS via NCHEMS)

High Three:
- Florida: 3.03
- Colorado: 2.92
- Utah: 2.35

U.S. Average: 1.89

Low Three:
- Alaska: 0.89
- Connecticut: 1.26
- Wyoming: 1.32

Montana: 2.26 (7th highest nationally)
College Going Rates of Recent High School Graduates (2008)
Relationship Between Educational Attainment, Personal Income, and Economic Strength

State New Economy Index (2002)
- Top Tier
- Middle Tier
- Low Tier

Personal Income Per Capita, 2000

Percent of Adults Age 25-64 with a Bachelor’s Degree or Higher

- High Income, Low Educational Attainment
- High Income, High Educational Attainment
- Low Income, Low Educational Attainment
- Low Income, High Educational Attainment
Seven Keys to Designing Performance Funding Models

1. Identify key stakeholders
2. Establish broad consensus on a public agenda
3. Identify appropriate measures
4. Define adequate institutional progress
5. Allocate sufficient funds
6. Foster favorable conditions for compliance
7. Evaluate and adjust
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1. **Identify key stakeholders**

Know who will be anxious about Performance (outcomes) funding

- **Postsecondary institutions**
  - Especially important for institutional leaders to be involved in design of performance funding model

- **Equity-oriented non-profit organizations**
  - Address concern that performance funding results in more selective admissions
1. Identify key stakeholders

Best In The West

Arizona: Imbedded in Lumina “Making Opportunity Affordable (MOA)” efforts; significant Governor involvement

New Mexico: Created a broad based group to develop and accept concept – higher ed, state gov, business, community; significant Governor involvement

Nevada: very significant buy in at all stages by education leadership; significant Governor involvement
A public agenda should drive postsecondary reform efforts

- Desired Outcomes (Goals) must precede processes
- Often Outcomes and Processes Get Confused
- Metrics need **EXPLICIT** targets
2. Establish broad consensus on a public agenda

- Best In The West
  - All pretty good
  - New Mexico – neat and clean
    - Graduates for Economy of the Future
    - More
    - More strategic – Economic Development
  - Greater equity in student outcomes
  - Research for Economy of the Future

- Colorado
  - Completion agenda
  - Reduce equity gaps

- Not so good
  - Oregon – all about process; goals to follow
2. Establish broad consensus on a public agenda

- Montana -- MUS Strategic Plan
  - Reasonably Strong on Goals
    - Access & Affordability
    - Workforce & Economic Development
    - Efficiency & Effectiveness
    - (Though Affordability & Efficiency are as much processes as outcome goals)
  - Strong on Measurement -- reporting
  - Not so strong on Metrics – accountability
  - And, not yet tied to performance
3. Identify appropriate measures

- Less Is More: Promote institutional focus on state priorities by identifying only 4-5 outcomes aligned with the public agenda (Jones, 2012)

- Consider both intermediate and ultimate outcomes (e.g., course completions, first-year retention, degree completions) (Jones, 2012)

- Preserve mission differentiation
  - Different measures for different types of institutions (Jones, 2012)
    - E.g., Community colleges: completion of 12/30 credits; completion of developmental education coursework; transfer-ready or work-ready status
3. Identify appropriate measures

- Maintain focus on the success of underserved students
  - Sole specification of broad outcome measures (e.g., “graduation rate”) can inadvertently incentivize selective admissions policies
  - Ohio model: assigns greater weight to at-risk student completions
  - Tennessee model: 40 percent bonus for low-income student completions
3. Identify appropriate measures

Best in the West

South Dakota – Keep It Simple
- Credit Hours Completed, Degrees Awarded (Number, not Rate), Sponsored Research
- Weighted by level and cost
- Similar to Nevada, Tennessee, and Arizona

New Mexico
- Tiered: Research, Baccalaureate, and Associate
- Valid and Reliable measure of educational attainment and workforce development
3. Identify appropriate measures

Best in the West

- Washington
  - Momentum points for Community Colleges

- Oregon, New Mexico, Nevada, South Dakota
  - Completed Courses as an interim measure

Not so good:

- South Carolina, Nevada (1.0)
  - Measuring everything = Measuring nothing
4. Define adequate institutional progress

- Ideal performance levels should balance aspiration and viability

- Continuous progress should be the name of the game
  - Allow currently high-performing institutions to compete (ceiling effect)
4. Define adequate institutional progress

Best in the West

- South Dakota 2.0
  - Focus on Increase in Numbers of Graduates, not just Number of Graduates

Not so good

- Oregon: Aspirational target – 40/40/20– is unachievable
5. Allocate sufficient funds

- 5 percent or less of state funding appears to be ineffective in increasing graduation rates (Sanford & Hunter, 2011)
- Must work with more than “new money”
5. Allocate sufficient funds

Best in the West
- New Mexico
  - Base funding; but Base redefined
  - Modest start, but building to much more

South Dakota
- Shared sacrifice
  - Institutions in base reallocation
  - State in increased appropriation

Tennessee – 100% (phased in)

Indiana --- Works with increases and cuts
5. Allocate sufficient funds

Not So Great

- Colorado
  - 25% sounds great
  - But delayed implementation,
  - And only on increased appropriations

- Arizona
  - Only on new money
6. Foster favorable conditions for compliance

- Ensure adequate institutional resources (A governance responsibility)
  - Institutional research staff
  - Retention and graduation programs, student affairs staff
  - Technical assistance for identifying and adopting best practices

- Remove state regulations that may thwart institutional autonomy needed to adapt (A legislative/gubernatorial responsibility)
7. **Evaluate and Adjust**

- Assure that data capacity for evaluation exists
  - State Longitudinal Data System
  - value-added assessment tests of learning

- Assess regularly whether it is working

- Modify to improve performance
  - Increasing size of incentive
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