

Information as approved by CHE on June 2, 2005, Agenda Item 4.04 A

NOTE: Copies of these materials as presented to the Commission are available through links on the Commission's homepage to Commission Meetings and Materials by selecting the June 2, 2005 meeting. The information for the 2004-05 ratings has been incorporated into the Performance Funding Home page and is accessible by selecting College and University Ratings, 2004-05 (Year 9).

Consideration of Performance Funding Ratings and Appeals for 2004-05 to impact Fiscal Year 2005-06 Allocations

Recommendations for ratings for the 2004-05 performance year are attached. Information provided includes a description of the process, a summary report of overall performance and institutional report cards. All scoring recommendations, except one, reflect the score indicated as a result of comparing performance against the approved standards. The one exception involves an appeal of Florence-Darlington Technical College for special scoring consideration on Indicator 3D, "Accreditation of Degree Granting Programs." The appealed case is denoted in Florence-Darlington's report by a footnote and with the letter "A" displayed next to the indicator score. An explanation of the institution's request and the Finance and Facilities recommendation are provided on the following pages.

The Finance and Facilities Committee considered these recommendations at its May 18th meeting. As has been the case in the past, the Committee considers recommendations for those indicators that have been appealed and those indicators for which scores have not been questioned or appealed by institutions. The Committee is forwarding its recommendations for consideration of the full Commission in June.

A NOTE ON THE PERFORMANCE RATING FORMAT

Each institution's report is 4 pages in length. The format used has been similar since 2000.

- Page 1 is a summary display of the institution's overall performance and contains data or "quick facts" about the institution generally.
- Pages 2-4 provide an indicator-by-indicator report of performance and scores and a summary of overall performance. Indicators are listed by "Critical Success Factor." Only indicators yielding numeric data and scores are displayed in detail, and the information displayed includes: the indicator reference number and title, the timeframe for the current year data, three years of historical data, current year performance data, the standard applied to derive the score, information regarding the improvement factor, and the staff recommended score for each subpart measure and for each indicator. Applicable notes regarding scored indicators and other indicators that are not scored numerically are provided for each "Critical Success Factor." A summary of the institution's overall performance is found on page 4.

RATINGS RECOMMENDATIONS: A REVIEW OF THE PROCESS AND SUMMARY

In the current year and for the past three, institutions' ratings have been based on 13 or 14 indicators that were identified as best reflective of sector missions from among the 37 indicators used in the past. A collaborative process between CHE and the institutions was instrumental in identifying the indicators that now contribute to institutional scores. The applied scored indicators vary across and within sectors, and definitions for a particular indicator may also vary across and within sectors. These differences are footnoted in the ratings reports. A few examples include: indicators (6AB, 7A, 9A) defined specifically for MUSC as a free-standing graduate health sciences institution; an indicator (4A/B) defined in consultation with each sector focusing on collaboration and cooperation; an indicator (7A) defined differently for two- and four-year institutions, and an indicator (1D/E) specific to each institution that is defined by the institution focusing on institutional and/or state-wide goals.

Data Collection and the Process for Developing Scoring Recommendations

During fall 2004 and early spring 2005, data for indicators are gathered from CHEMIS information or reports from institutions. Timeframes of performance data for indicators typically represent the most recent fall data for academic indicators (Fall 2004 for this year) or the most recent-ended Fiscal Year for financial indicators (2003-04 for this year). All performance data by indicator and institution that were used in determining this year's results are accessible at http://www.che.sc.gov/Finance/Perf_Fund/Yr9Data.htm. Guidance for the performance funding system and details related to measurement is accessible at http://www.che.sc.gov/Finance/Perf_Fund/Perform_F.htm.

Once the data are collected, performance on each indicator is determined by comparing the data to a standard that was approved and set in terms of a range for "Achieves." Institutions receive 2 points for being at or within the designated "Achieves" range, 1 for being out of range in the undesired direction, and 3 for being out of the range in the desired direction. Additionally, for some indicators, institutions scoring 1 or 2 points may be eligible for an additional 0.5 points if their performance is better than their past performance by a specified percentage of that performance.

An institution's overall performance is then determined by computing the average of the scores earned on each indicator. It is the average score that is used in placing an institution in one of five overall performance categories (*Substantially Exceeds*, *Exceeds*, *Achieves*, *Does Not Achieve*, and *Substantially Does Not Achieve*). The category is considered the institution's annual performance. Ranges used in determining the overall performance category have been in effect since 1998-99. Ultimately the overall performance category is used in funding determinations based on an allocation plan adopted by the Commission. The FY05-06 allocation plan, adopted in November 2004, requires institutions to be at the "Achieves" or higher level in order to participate in the "Parity Allocation Plan." The plan is contingent on state appropriations.

This year represents the fourth year in which common standards for institutions within sectors based on national, state or peer data, as available, have been in effect. The standards in

effect this year were initially approved in 2001 and then reviewed and re-approved in 2003. In determining standards, data were reviewed and a rationale or methodology was determined for establishing a range. As a result, the standards used for a particular indicator vary across and within sectors. For example, in the research sector, peer data for a particular institution in the sector, when available, are used in considering standards for each individual research institution. Therefore, although a similar methodology may have been used to determine standards for an indicator (e.g., being within a certain percentage of a salary average for indicator 2D), each research institution may have different standards on the same indicator because of differences in peer data considered for each. In other sectors, peer data, when available, are aggregated and considered in establishing ranges for the sector institutions as a whole.

The process for developing the performance rating recommendations has been consistent for the past seven years. Preliminary information is distributed to each institution for review. Data concerns or questions are resolved, and institutions are provided the opportunity to appeal in writing any special considerations they wish the Commission to consider.

This year, each institution received a preliminary report of its ratings recommendations on April 1, 2005. As indicated previously, these recommendations were developed by comparing performance against the pre-determined standards. Institutions were asked to respond in writing, with adequate supporting documentation, by April 15, if they wished to appeal a score for special consideration. Only one institution, Florence Darlington Technical College, submitted written concerns regarding its score on indicator 3D, "Accreditation of Degree Granting Programs." In comparison to past years, there was 1 appeal last year, 2 in 2002-03, and 7 in 2001-02. Details regarding this year's appealed case are provided below. Staff also responded to issues raised either internally or externally from institutions as scores and data are reviewed. Staff reviewed such concerns across 5 institutions and 3 indicators and made corrections to 5 data points. Only two of the corrections resulted in revised indicator scores and none led to an increased overall score.

Summary of Overall Scores for 2004-05

The attached recommendations, which include staff's recommendations for the appealed indicator, reflect an average score for all institutions of 88% or 2.63. Again this year, institutional performance fell into one of the top three of the five performance categories. Across the 33 institutions, 5 scored "Substantially Exceeds" (1 research, 1 teaching, 3 technical college); 14 scored "Exceeds" (2 research, 1 teaching, 2 regional and 9 technical); and 14 "Achieves" (8 teaching, 2 regional, and 4 technical). In comparison with last year, the average score for all institutions was 87% or 2.60 with 3 scoring "Substantially Exceeds" (1 research, 1 teaching, 1 technical college); 15 "Exceeds" (2 research, 2 teaching, 2 regional and 9 technical); and 15 "Achieves" (7 teaching, 2 regional, and 6 technical). The scale for each overall performance range is presented in the summary chart and on the first page of each institution's report.

Appealed Case

Florence-Darlington Technical College requested consideration for a change in score from 2 to 3 in recognition of progress made toward accreditation of its cosmetology program and

pending consideration of accreditation by the National Accrediting Commission of Cosmetology Arts and Sciences in June. Staff has confirmed that the accrediting body has completed its reviews, that Florence-Darlington has submitted information as requested, and that the decision will be considered at a meeting of the accrediting body in June.

Florence-Darlington's performance on this indicator is 92% (or 11 of 12 programs accredited), which is scored "2" per the standards. Florence-Darlington's overall performance is 2.71 or "Exceeds." If the appeal is supported and the score on 3D is reflected as "3," the overall performance will be 2.83 which is still in the "Exceeds" category.

Staff recommended and the Finance & Facilities Committee supported the recommendation to make an exception and approve a score of 3 for the 2004-05 rating on indicator 3D with the qualification that should the cosmetology program not receive accreditation as expected, the 2004-05 rating for this indicator will revert to a score of 2 and the overall score will be recalculated. It is noted that the change in score on this indicator from a "2" to "3" does not result in a change in the overall performance category. Additionally, this recommendation is consistent with at least 2 past similar appeals that were supported.

Recommendations:

The Finance and Facilities Committee recommends that the Commission on Higher Education approve the indicator and overall performance ratings as indicated in the attached materials including the Committee's recommended treatment of the appealed case.

Attachments:

1. Summary of Overall Institutional Performance for 2004-05
2. Institutional Performance Reports for 2004-05
3. Summary Overview of Performance Funding Ratings, 2004-05 impacting 2005-06 (PowerPoint)