

STATE BOARD OF COMMUNITY COLLEGE AND THE NC COMMUNITY  
COLLEGE SYSTEM

# Measuring Student Progress and Success

---

Recommendations for New Performance  
Standards and Revisions to Performance Funding

**Dr. Scott Ralls**, System President

**Mr. Kennon Briggs**, Executive Vice President and Chief of Staff

**Ms. Jennifer Haygood**, Vice President for Business and Finance

**Mr. Bill Schneider**, Associate Vice President for Research and Performance Management

**Presented to the Joint Legislative Education Oversight  
Committee**

3/1/2012

## Table of Contents

<b>Executive Summary .....</b>	<b>3</b>
<b>Introduction .....</b>	<b>4</b>
<b>A History of Performance Funding and Measurement .....</b>	<b>5</b>
<b>The Process of Developing New Performance Measures .....</b>	<b>10</b>
<b>Proposed Revision to Current Performance Funding Model.....</b>	<b>17</b>
<b>Recommendations for Future Performance Funding .....</b>	<b>19</b>
<b>Attachment A: Report from the 2000 Performance Funding Implementation Task Force .....</b>	<b>22</b>
<b>Attachment B: Performance Funding Measures and Standards Changes for 2007-08.....</b>	<b>33</b>
<b>Attachment C: 2012 Proposed Performance Measures for NC Community Colleges .....</b>	<b>36</b>

## ***Executive Summary***

This report, as directed by the 2011 Session of the General Assembly<sup>1</sup>, captures the history of performance measurement and funding in the NC Community College System. In addition, the report:

- Defines the process of developing new performance measures;
- Identifies for legislative consideration eight well-defined measures;
- Outlines the current performance funding model;
- Recommends legislation to both implement the new measures and revise the current funding model; and,
- Establishes a plan of action for developing a new performance funding model for presentation to the 2013 Session of the General Assembly.

Dating back to the late 1980s, the NC Community College System (“System”) was one of the first institutions in higher education to establish, collect data, report and publish a “Critical Success Factors Report (CSF).”<sup>2</sup> This report was the forerunner of what would evolve into a performance-based system of accountability. The System, as evidenced by the section, “*A History of Performance Funding and Measurement*,” has captured and reported on as many as 12 and as few as eight performance measures for over a decade. This accountability system authorizes the carry forward of certain funds from the prior fiscal year and the allocation of those funds to colleges based on performance. Since 2001, over \$60 million has been approved for carry forward and allocated to colleges through this performance funding model.

Cognizant of the need to revisit its system of performance measures and funding, with a goal of establishing accountability metrics reflective of student success, a representative committee of academic, finance, research and student service expertise in the System, was appointed in 2010 to develop new measures. This “Performance Measures Committee,” chaired by two community college presidents, worked for approximately one year, examining multiple national initiatives focused on developing credible measures of student performance and accountability. The committee brought forward eight new performance measures for consideration. If acted upon favorably by the General Assembly in the 2012 legislative session, these measures can be implemented in fiscal year 2012-13, thereby replacing the eight current measures. The development and capture of new measures is more fully explained and defined in the section, “*The Process of Developing New Performance Measures*.”

As noted, millions of dollars of funding have been approved for carry forward and allocated to community colleges over the past decade under the original performance

---

<sup>1</sup> Section 8.14 of Session Law 2011-145

<sup>2</sup> Section 80 of Session Law 1989-752

funding formula. As discussed in the section *“Proposed Revision to the Current Performance Funding Model,”* there are revisions that need to be made if the new performance measures are enacted by the General Assembly. This section also includes draft legislation that can be used to accomplish this purpose.

Finally, while the majority of work over the past year has been focused upon the development of recommended replacement performance measures and language to implement the new measures and rework the current funding model, ultimately, a new, reliable performance funding model is needed. As discussed in the section *“Recommendations for Future Performance Funding,”* additional work is needed to devise such a model. To accomplish that work, a Performance Funding Committee is being established. It is anticipated that the work of that committee can be completed by 2013 for consideration by the General Assembly during the 2013-15 biennial session.

This report seeks to provide historical context, recommend new measures and associated legislation, and direct further work toward and establish a timeline for developing a new funding model. It accomplishes the work set forth by the 2011 legislative directive and is commended for further consideration.

## ***Introduction***

The 2011 Session of the General Assembly directed the State Board of Community Colleges to report on a revised set of accountability measures and performance standards. The legislative language further directed the State Board to develop such measures and standards “...by which to evaluate and measure student progress and student success, including measures or graduation rates and course completions.”<sup>3</sup> The General Assembly also directed that the report include a plan to merge revised accountability measures and performance standards into the regular “State Aid Allocation Formula.” Finally, the revised measures are to serve as the basis for allocating performance funding in the future.

Realizing the need to revisit and revise a performance measurement system that had been developed in the late 1990s and put into place since early last decade, the State Board and System President began conversations at the State Board’s fall 2009 planning meeting at Fayetteville Technical Community College. The discussions included representatives from the North Carolina Association of Community College Trustees (NCACCT) and the North Carolina Association of Community College Presidents (NCACCP).

Collectively, the State Board, System President, trustees and presidents endorsed a significant planning initiative to foster guiding goals that would positively impact student success, an initiative that has been branded “SuccessNC.” Two critically important features of SuccessNC are to increase both student access and program quality (excellence),

---

<sup>3</sup> Ibid.

ultimately leading to student success, and to research, develop and establish performance measures that attempt to monitor and track student progress toward program completion.

The State Board assigned the task of implementing the planning initiative to the System President. The State Board further assigned the responsibility for monitoring implementation progress to its newly established Strategic Planning Committee.

Therefore, the 2011 legislative directive to report “...on a revised set of accountability measures and performance standards by which to evaluate and measure student progress and student success” was fortuitous and timely, reflective of the direction established by the State Board and leaders in the community college family in 2009 and 2010. This report captures the work accomplished in establishing new performance and accountability measures, and lays out short and long-term changes to the performance funding model.

## ***A History of Performance Funding and Measurement***

The 1998 Session of the General Assembly directed the State Board to “study performance budget measures and recommend options for allocating community college funds on a performance budgeting basis.”<sup>4</sup> The General Assembly directed the State Board to report to both the Appropriations and Education Oversight Committees by February 1, 1999.

The State Board employed MGT. of America, Inc.<sup>5</sup> to respond to the legislative directive and expressed its intent, as follows: “The General Assembly finds that the current annual program review standards are not adequate to ensure that programs are meeting the needs of students, employers, and the general public; therefore, the State Board of Community Colleges shall review the current standards to ensure a higher degree of program accountability and shall establish appropriate levels of performance for each measure based on sound methodological practices. The State Board shall make an interim report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division on its improved accountability measures prior to November 1, 1998, and a final report prior to February 1, 1999.”<sup>6</sup>

The State Board divided the tasks into two components: Performance Funding and Performance Measures. MGT focused its efforts around the performance funding model. Then-System President Martin Lancaster appointed a task force to study and develop performance measures.

Upon completion and reporting of both activities to the General Assembly, the 1999 Session directed the State Board to “...implement the findings of the consultant's Phase IV

---

<sup>4</sup> Section 10.1(2) of Session Law 1998-212.

<sup>5</sup> Funding Formula Study: Phase IV Report; Chapter 3: Performance Budgeting.

<sup>6</sup> Section 10.5 of Session Law 1998-212.

Funding Study Report, prepared by the State Board and submitted to the Education Appropriations Subcommittee, on performance budgeting; therefore, Chapter 115D of the General Statutes is amended.”<sup>7</sup>

The previously appointed task force went to work in fall 1999, and completed their work in early 2000. The State Board approved a “Report from the Performance Funding Implementation Task Force” (**See Attachment A**) that directed the implementation of the following measures and standards, consistent with the amendment to General Statute 115D-31.3:

1. Progress of basic skills students
2. Performance of college transfer students to the university system
3. Passing rates for licensure and certification exams
4. Passing rates of students in developmental courses
5. Success rate of developmental students in subsequent college-level courses
6. Program enrollment
7. Student satisfaction of program completers and non-completers
8. Goal completion of program completers
9. Curriculum student progress and success
10. Employer satisfaction with graduates
11. Employment status of graduates
12. Client satisfaction with customized training

### **Requirements for Performance Funding**

In order to be eligible for performance funding, a college must have met or exceeded the standard established for one or more of the five required measures, which are enumerated as numbers 1 through 5 above; and one among the six (“Program enrollment” was not eligible for use.) remaining measures of the college’s choosing, also enumerated above. Colleges were authorized to carry forward up to two percent of their own adjusted General Fund budget (.33 percent for each measure met) from one fiscal year to the next. The carry forward of funds was contingent upon sufficient state fund availability and approval by the Office of State Budget & Management (OSBM). If colleges did not meet the performance standard for any given measure among the five required plus sixth college-selected measure, they were not eligible to carry forward funds. Colleges were also required to publish annually their performance measures and outcomes either in their college catalogue or on the college’s website. The General Assembly considered the requirement to publish this information to be “consumer protection” for those members of the public seeking community college instruction related to either further higher education or gainful employment.

---

<sup>7</sup> Section 9.2 of Session Law 1999-237.

For those colleges that met the standards for five out of the six performance measures, they received the “Superior Performance” designation. For example: College A met or exceeded the established performance standard for measures 1 through 4, and measure 8 enumerated above. As such, College A would be designated a “Superior Performing” community college. Those colleges that attained this designation were permitted to share in a pool of carry forward funds, funds that would have otherwise reverted to the General Fund. The carry forward of these funds was also contingent upon sufficient state fund availability and approval by the OSBM.

### **Other Issues and Recommendations**

**Attachment A** includes a more complete discussion of other issues and recommendations related to data collection, sample size, allocation and use of funds, data aggregation, cell size (a minimum of at least ten students in the sample size) and grading.

The data collection related to performance measures went into place beginning with the academic year 2000-01, and the performance funding model was implemented in the subsequent fiscal year (2001-02) from the data collected the previous academic year.

From 2001-02 until 2006-07, the performance measures and funding models remained relatively unchanged. During this period, the amount of funds approved by the OSBM to be carried forward varied based upon general fund availability at year end. In addition, the number of colleges attaining the “Superior Performance” rating increased each fiscal year.

The chart below illustrates, by fiscal year, the increasing number of community colleges that met five of the six performance measures and received “Superior Performance” designation, along with the amounts of state funds approved by the OSBM:

<b>Fiscal Year</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
<b>Colleges at Superior Performance</b>	5	23	31	36	37	39
<b>Amount of Funding C/F</b>	\$5,234,980	\$10,833,155	\$6,166,476	\$6,801,359	\$7,117,048	\$14,914,605

A total of \$60 million was carried forward during this six-year period, both in the “two percent” pool and in the “Superior Performance” pool. The “Superior Performance” pool accounted for 49.7 percent of the total performance funding approved for carry forward.

By 2007, there had been much internal and external conversation about the performance funding model. Internally, there was conversation among presidents and instructional administrators that the standards by which the measures were evaluated were in need of change. Among those external to the System, including the General Assembly, there was a

feeling that too much money was being realized by colleges because the attainment of the “Superior Performance” designation was achieved by over two-thirds of the colleges.

In January 2007, then-System President Martin Lancaster appointed a Performance Measures Review Committee to undertake “...a formal review of the measures and standards to ensure that the accountability measures are in alignment with the mission of the NCCCS and with initiatives that have been developed since the initial implementation.” The specific charge to the group included issues related to appropriate standards, validity and reliability of methodologies, definitions, movement of some measures to the “Critical Success Factors” (CSF) report, development of new measures, elimination of “Significant Improvement” status, and the revisiting of the “Superior Performance” designation. Among those appointed to the Performance Measures Review Committee were:

**Dr. Deborah Lamm**, President – Edgecombe Community College

**Dr. Gordon Burns**, President – Wilkes Community College

**Mr. David Heatherly**, Executive Vice President – Coastal Carolina Community College

**Dr. Dennis King**, Special Assistant to the President for Accreditation – Asheville-Buncombe Technical Community College

**Dr. Terri Manning**, Associate Vice President for Institutional Research and Assistant to the Executive Vice President – Central Piedmont Community College

**Mr. Ward Preston**, Chief Financial Officer – Wake Technical Community College

**Dr. Rob Everett**, Vice President – Alamance Community College

**Mr. Keith Brown**, Associate Vice President for Planning, Analysis, Research and Evaluation, System Office

**Dr. Soyoung Yim**, Statistician, System Office

This represented a cross-section of the System, including presidents, executive and financial staff, and researchers.

By February, the committee made its recommendations, which were subsequently reviewed by the NCACCP and carried forward to the 2007 Session of the General Assembly. House Bill 642<sup>8</sup>, enacted in the 2007 Session, made the following changes to the General Statutes related to performance funding:

- a. Four of the 12 performance measures were eliminated. They included:
  - i. The proportion of those who complete their goal (moved to CSF)
  - ii. Employment status of graduates (CSF)
  - iii. Employer satisfaction with graduates (CSF)
  - iv. Program enrollment (completely eliminated)

---

<sup>8</sup> [Session Law 2007-230]



As noted earlier, the “Critical Success Factors” (CSF) Report captures and reports annually on several factors, such as workforce development, resources and technology, which are not defined as performance measures. The movement of items i. – iv. to the CSF meant that the data would be maintained but no longer used for performance funding purposes.

Other measures among the eight remaining were modified, as follows:

- b. With respect to the performance funding model, colleges were allowed to carry forward one-quarter of one percent for each measure attained, up to the two percent maximum. The term “Superior Performance” was eliminated, and was replaced by “Exceptional Institutional Performance.” In order to be eligible for this funding, a college had to meet all eight measures, and reach both of the following two criteria:
  - i. The passing rate on all reported licensure and certification examinations for which the community colleges have authority over who sits for the examination must meet or exceed 70 percent for first-time test takers; and
  - ii. The percentage of college transfer students with a GPA of at least 2.0 after two semesters at a four-year institution must equal or exceed the performance of students at that four-year institution.

A more complete explanation of the resulting changes and the performance measures and standards can be found in **Attachment B**. House Bill 642 became effective in July 2007, and the changes were implemented for academic year 2007-08.

As illustrated in the chart below, in the first year of implementation, the number of colleges attaining the highest ratio (before 2007-08 = Superior Performance; 2007-08 and beyond = Exceptional Institutional Performance) dropped from 39 to seven. The reasons cited most often for the drop in the number of colleges attaining the highest ranking included the elimination of “selective measures” and the replacement of eight required measures; the requirement of meeting all measures; and the additional two criteria, as noted above, related to passing rates on licensure exams and the performance of college transfer students. In 2008-09, the number attaining the highest ranking increased to 11, remained 11 in 2009-10 and increased to 12 in 2010-11. However, due to budget considerations, state carry forward funds have not been approved for the “Exceptional Institutional” performers since 2008.

<b>Fiscal Year</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>Colleges with Exceptional Institutional Performance</b>	7	11	11	12
<b>Amount of Funding C/F</b>	\$9,000,000	\$0	\$0	\$0

At the NCACCP 2009 summer meeting, a discussion was held about the requirements of having to meet both i. and ii. above in order to be eligible for “Exceptional Institutional Performance” funding. A quick calculation revealed that if the definition of “exceptional” was modified to mean that a college had to meet all eight of the measures and meet either of the supplemental measures (see i. or ii. above), 23 colleges would have been eligible for performance funding instead of the 11 that received it. In other words, the strengthening of the requirements to qualify for “Exceptional Institutional” status resulted in fewer institutions being eligible for supplemental funding beyond the two percent than was the case in 2007-08. Dr. Dennis Massey, President of Pitt Community College, was appointed by the NCACCP President to work with an ad hoc committee to examine the issues surrounding performance measures and performance funding.

Dr. Massey’s work would ultimately lead him to co-chair a new group, appointed by System President Scott Ralls, growing out the SuccessNC initiative and a directive from the 2011 Session of the General Assembly, to work on a revised set of performance measures. That group, called the Performance Measures Committee, was co-chaired by Dr. Massey and Dr. Molly Parkhill, President of Blue Ridge Community College.

## ***The Process of Developing New Performance Measures***

In 2009, the NC Community College System embarked on a new planning initiative called SuccessNC. The three guiding goals associated with SuccessNC are: Increase Student Access, Ensure Program Excellence and Improve Student Success.

To facilitate the SuccessNC initiative, members of the System Office began a ten-month endeavor to visit all 58 community colleges in what was called Listening Tours. The purpose of these listening tours was to communicate SuccessNC goals, learn about best practices, and understand challenges encountered by community colleges. The conversations during the listening tours helped direct the System Office in evaluating policies/procedures and developing metrics for measuring success.

Growing out the SuccessNC initiative and a 2011 Session of the General Assembly directive<sup>9</sup> to work on a revised set of performance measures, the Performance Measures Committee was established, with Dr. Massey and Dr. Parkhill serving as co-chairs as described above.

### **Committee Members**

In addition to Dr. Massey and Dr. Parkhill, community college presidents, vice-presidents, faculty and directors from a diverse group of colleges, representing various areas of expertise, were recommended to serve on this committee. Areas of specialization among members include Basic Skills, Continuing Education, Curriculum Instruction, Information Technology, Institutional Research, Student Services and Workforce Development. In addition, the System Office provided continual engagement through the staffing of the Associate Vice President of Research and Performance Management to the committee. The committee members are as follows:

**Dr. Kay Albertson**, President, Wayne Community College

**Mr. K. Ray Bailey**, State Board Member

**Ms. Benita Budd**, Faculty, Wake Technical Community College

**Dr. Gordon Burns**, President, Wilkes Community College

**Ms. Rachel Desmarais**, Vice President of Information Services, Forsyth Technical Community College

**Dr. Connie Haire**, Vice President for Macon Campus & Development, Southwestern Community College

**Mr. Perry Harker**, Vice President for Corporate and Community Education, Carteret Community College

**Mr. Ladelle Harmon**, Director of Institutional Effectiveness, McDowell Technical Community College

**Mr. David Heatherly**, Executive Vice President, Coastal Carolina Community College

**Ms. Beverly Jaynes**, Department Chair for Basic Skills, Caldwell Community College and Technical Institute

**Dr. Robert Lowdermilk**, Vice President for Student Development, Rockingham Community College

**Ms. Jeanie Moore**, Vice President for Continuing Education, Rowan-Cabarrus Community College

**Dr. Randy Parker**, President, Guilford Technical Community College

**Dr. Lawrence Rouse**, President, James Sprunt Community College

**Dr. Pat Skinner**, President, Gaston Community College

**Dr. Kristi Snuggs**, Vice President of Instruction, Edgecombe Community College

**Dr. Barbara Tansey**, Vice President for Academic and Student Development, Fayetteville Technical Community College

**Dr. Dave White**, Director for Research & Planning, Asheville-Buncombe Technical Community College

---

<sup>9</sup> Section 8.14 of Session Law 2011-145

### **Foundation of the Performance Measures Committee**

The Performance Measures Committee began its work in October 2010. The System's current performance measures, as outlined in the Critical Success Factors Report, gave the System a starting place to develop performance measures emphasizing student success. President Ralls stressed that the Performance Measures Committee's primary objective was to develop measures that are meaningful, objective and focused on student success. Dr. Tom Bailey, Director of Community College Research Center (CCRC) at Columbia University, was invited to the State Board planning meeting at Blue Ridge Community College in October 2010 for both a presentation and a question-and-answer forum. He was asked to speak about the national perspective on performance measures. Dr. Bailey suggested that the group consider measures of student success that are supported by behavioral and cohort-based data. He also suggested that North Carolina consider intermediate milestones that address progress made in math and English gatekeeper courses. Intermediate milestones are achievements that can be measured along a student's education path to completion.

When discussing the System's current performance measures, Dr. Bailey argued against using measures related to satisfaction. For example, the System's current measures include "Satisfaction of Program Completers and Non-Completers" and "Client Satisfaction with Customized Training." Measures of satisfaction are subjective, and he encouraged the Performance Measures Committee to concentrate on objective measures instead. He also encouraged the involvement of faculty in discussions related to performance measures. This involvement increases their understanding of the connectivity between the classroom and institutional performance. In addition, it encourages faculty to engage in activities outside of the classroom that facilitate student success. In regards to funding, Dr. Bailey challenged the System to develop a performance funding model that provides rewards/incentives to community colleges that meet performance measures. Dr. Bailey recommended that the System research Washington State as a potential model for performance-based funding.

In addition to the feedback from Dr. Bailey, the committee reviewed some major national initiatives that related to student success and included metrics that could inform the development of the new performance measures. Some of the major initiatives included:

- ***Committee on Measures of Student Success*** (CMSS)—A national task force appointed by the Secretary of Education and chaired by Dr. Tom Bailey to address a requirement in the Higher Education Opportunity Act (HEOA) to re-examine the federal Graduation Rate calculation and define additional student success for two-year colleges.
- ***Voluntary Framework of Accountability*** (VFA)—Led by the American Association of Community Colleges (AACC) with funding from the Lumina Foundation and the Bill and Melinda Gates Foundation. Their purpose is the development of a set of accountability measures that are appropriate for community colleges.

- ***Complete College America/Complete to Compete***—Led by the National Governor’s Association and engaged in increasing the number of individuals with postsecondary credentials.
- ***Access to Success***—An initiative of the National Association of System Heads and the Education Trust focused on improving the college-going and success rates for low-income and minority students.
- ***Achieving the Dream (AtD)/Developmental Education Initiative (DEI)***—Funded by the Lumina Foundation and the Bill and Melinda Gates Foundation, looking at improving the success rates of low-income, minority students in two-year colleges, with particular emphasis being given to students who are not “college-ready.”

The Performance Measures Committee was tasked with developing new performance-based student success measures to go into effect in 2013, the 50<sup>th</sup> anniversary of the System. Their mission was “...to develop meaningful statewide community college performance measures aligned with student success and recommend a process to connect those measures with performance funding. To be successful, the committee will review current performance measures and those pursued through national initiatives.” (SuccessNC Committees, <http://www.successnc.org/committees>)

### **Process to Develop the New Performance Measures**

The Performance Measures Committee met regularly and in conjunction with State Board meetings. Throughout the process of developing the new performance measures, Dr. Massey and Dr. Parkhill continuously informed the State Board and the NCACCP of the activities of the Performance Measures Committee and the status of the drafted measures. In addition, this inclusive process engaged key stakeholders across the state to inform the development of the new performance measures.

One of the first steps of the committee was to form four subgroups which included 1) College Readiness, 2) Student Progress, 3) Student Completion, and 4) Continuing Education. The subgroups were each charged with developing performance measures related to their area of concentration.

The committee was provided with an extensive list of performance measures proposed and/or implemented by various states and national initiatives. This list facilitated discussion within the subgroups as they worked to provide the overall committee with recommended measures for consideration. The subgroups gathered feedback from subject matter experts across the state on the measures being considered. Refined performance measures from each subgroup were presented to the full committee in March 2011. Of the 13 unique recommended measures presented, seven were accepted by the committee.

A statewide survey assessing the seven drafted measures was sent to community college presidents, vice presidents/deans, student services staff, curriculum faculty, State Board members, System Office staff, institutional researchers, and continuing education faculty

and staff. For each measure, respondents were asked to “rate how well this measure gauges the success of the targeted student population” and provide comments. Over 1,000 individuals responded to the survey and rated each performance measure on a five-point scale from excellent to very poor. Each measure was rated as excellent, good or fair by at least 89 percent of the respondents. The results and comments were used to further refine each of the seven measures and definitions.

The committee presented System President Ralls with the refined measures for feedback. Dr. Ralls raised a concern related to the need for an intermediate measure of first-year student progression, given the national research indicating the importance of first-year credit attainment toward degree completion. Based on that feedback, the committee developed an eighth measure on first-year student academic progression. This measure is designed to identify the percentage of students reaching an academic momentum point that helps predict future credential completion. With guidance and input from Dr. Ralls and stakeholders across the state, the committee approved eight performance measures in July 2011.

From August through October 2011, the proposed measures were presented to various stakeholder associations across the state. These associations included the NCACCP, North Carolina Community College Faculty Association, North Carolina Association of Community College Instructional Administrators, Community College Planning and Research Organization and the State Board.

With the proposed measures in hand, the committee began developing descriptions and methodologies. Institutional researchers from across the state were surveyed to provide feedback on descriptions and methodologies of the proposed performance measures. Responders suggested enhancements to the descriptions and offered methodologies to calculate each measure. The results of this survey were presented by Dr. Massey and Bill Schneider, Associate Vice President of Research and Performance Management, to attendees of the Community College Planning and Research Organization’s annual conference. Discussion focused on suggested revisions to the description of each measure. Some of these revisions were accepted and applied to the descriptions of the proposed measures the following week.

In November 2011, the State Board formally approved the performance measures and descriptions listed in **Table A**. These measures will go into effect in 2013, pending the approval of the NC General Assembly.

**Table A: State Board Approved Performance Measures**

<b>Measure</b>	<b>Description</b>
<b>Basic Skills Student Progress</b>	Percentage of students post-tested during a program year who progress
<b>GED Diploma Passing Rate</b>	Percentage of GED students who attempt all subtests over two years who receive a GED Diploma
<b>Developmental Student Success Rate in College-Level English Courses</b>	Percentage of previous developmental English and/or reading students who successfully complete a credit English course with a "C" or better upon the first attempt
<b>Developmental Student Success Rate in College-Level Math Courses</b>	Percentage of previous developmental math students who successfully complete a credit math course with a "C" or better upon the first attempt
<b>First-Year Progression</b>	Percentage of first-time fall credential-seeking students attempting at least 12 hours within their first academic year who successfully complete ("C" or better) at least 12 of those hours
<b>Curriculum Completion</b>	Percentage of first-time fall credential-seeking students who graduate, transfer or are still enrolled with 36 hours after six years
<b>Licensure and Certification Passing Rate</b>	Aggregate institutional passing rate of first time test-takers on licensure and certification exams. Exams included in this measure are state mandated exams that candidates must pass before becoming active practitioners
<b>College Transfer Performance</b>	Among community college associate degree completers and those who have completed 30 or more credit hours who transfer to a four-year university or college, the percentage who earn a GPA of 2.00 or better after two consecutive semesters within the academic year at the transfer institution

While descriptions for each of the measures were accepted, the need for clearly defined methodologies remained. Institutional researchers from across the state, System Office staff and some members of the Performance Measures Committee convened in a meeting facilitated by AVP Schneider in November 2011. In this meeting, methodologies were drafted for each performance measure. While the institutional researchers operationalized the descriptions through well-defined methodologies, members of the Performance Measures Committee assisted by helping institutional researchers better understand the intent behind each of the measures. These methodologies were accepted by the committee in November 2011 and are presented in **Attachment C**.

While the performance measures may resemble some that have been utilized in the past, the descriptions and methodologies highlight some distinct improvements, which include

closely aligning the measures with key state and national initiatives to foster student progression, focusing more upon student successes, increasing objectivity, improving consistency across colleges, increasing validity and reliability, and expanding cohort-based tracking of student success.

### **Future Work on the New Performance Measures**

If the new performance measures are adopted by the General Assembly, data will be extracted in spring 2012 to pilot test the performance measures and methodologies. The committee will utilize the results to inform the setting of standards and to establish a baseline for colleges. If the performance measures are accepted, this data will be reported as an appendix item to the 2012 Critical Success Factors report, projected to be published in summer 2012. By providing these data to the colleges in summer 2012, colleges can assess where they stand on the new performance measures and analyze areas of strengths and improvement.

With the approval of the General Assembly, the System plans to integrate the following guiding principles into its processes:

1. Uniformity and reliability of data is essential.
2. Sharing of results among colleges is important.
3. Performance measures should be objective and should not include, for example, employer or student satisfaction responses.
4. Performance measures standards and/or methods of rewards (or improvement grants) should be reviewed regularly and reset when appropriate.

A stable and continuous source of funding for performance measures will strengthen their overall impact and steady improvement. There are many very worthy and desirable measures for System and individual campus study. Other measures, such as post-college employment, may become practical to incorporate into this process in the future. These measures will be more attainable as our state moves forward with a new data initiative and as the System expands collaboration with external resources.

The System is currently working with the Center for Analysis of Postsecondary Education and Employment (CAPSEE) at the Community College Research Center (CCRC) and with five partner states, in an examination of relations between post-secondary education and employment outcomes. The research being conducted will help inform future measure development surrounding post-college employment and workforce development. This work, which includes a close look at educational pathways in two-year colleges related to employability, is being funded by an Institution of Education Science grant. An intended outcome of this work for the System is not only to link educational pathways to employment but to also enable the System to include additional meaningful performance measures in the future.



Once the proposed performance measures are definitively acted upon by the General Assembly, colleges will be assessed utilizing the new measures for 2012-13. There are no plans for the performance measures to be static; rather, the measures and methods of evaluating colleges will be continually reviewed and revised as necessary to ensure that the focus is always on improving student success. Any forthcoming changes will require approval from the State Board and the General Assembly.

## ***Proposed Revision to Current Performance Funding Model***

G.S. 115D-31.3 provides the statutory basis for the System's existing performance funding model, as described in the "*A History of Performance Funding and Measurement*" section. This model authorizes the carry forward of up to two percent of the colleges' final General Fund appropriation. These funds are then allocated to colleges based on recognition of 1) Successful Institutional Performance and 2) Exceptional Institutional Performance.

G.S. 115D-31.3 should be amended to incorporate the following revisions to the current performance funding model:

- Revise the eight performance measures to conform with the measures approved by the State Board in November 2011 and outlined in Table A;
- Simplify the model by defining "Exceptional Institutional Performance" as performing successfully on all eight of the revised performance measures; and
- To reward exceptional colleges more proportionately, allocate "Exceptional Institutional Performance" funds among eligible colleges based on their pro-rata share of total FTE served at these institutions.

To enact these proposed revisions, the State Board provides the following draft legislation for consideration:

§ 115D-31.3. Institutional performance accountability.

(a) Creation of Accountability Measures and Performance Standards. – The State Board of Community Colleges shall create new accountability measures and performance standards for the Community College System. ~~Survey results shall be used as a performance standard only if the survey is statistically valid.~~ The State Board of Community Colleges shall review annually the accountability measures and performance standards to ensure that they are appropriate for use in recognition of successful institutional performance.

(b) through (d) Repealed by Session Laws 2000-67, s. 9.7, effective July 1, 2000.

(e) Mandatory Performance ~~Standards~~ Measures. – The State Board of Community Colleges shall evaluate each college on the following eight performance ~~standards~~ measures:

- (1) Progress of basic skills students,
- (2) Passing rate for GED diploma examinations.

- ~~(3) — Passing rate for licensure and certification examinations,~~
- (3) Performance of students who transfer to a four-year institution,
- ~~(4) Passing rates in developmental courses, Success rates of developmental students in subsequent college-level English courses.~~
- (5) Success rates of developmental students in subsequent college-level math courses,
- ~~(6) The level of satisfaction of students who complete programs and those who do not complete programs, Progress of first year curriculum students, and~~
- (7) Curriculum student retention and graduation, and
- ~~(8) Passing rate for licensure and certification examinations.~~
- ~~(8) — Client satisfaction with customized training.~~

The State Board may also evaluate each college on additional performance standardsmeasures.

(f) Publication of Performance Ratings. – Each college shall publish its performance on the eight standards-measures set out in subsection (e) of this section (i) annually in its electronic catalog or on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

The Community Colleges System Office shall publish the performance of all colleges on all eight standardsmeasures.

(g) Recognition for Successful Institutional Performance. – For the purpose of recognition for successful institutional performance, the State Board of Community Colleges shall evaluate each college on the eight performance standardsmeasures. For each of these eight performance standards-measures on which a college performs successfully, the college may retain and carry forward into the next fiscal year one-fourth of one percent ( $\frac{1}{4}$  of 1%) of its final fiscal year General Fund appropriations. ~~If a college demonstrates significant improvement on a standard that has been in use for three years or less, the college may also carry forward one-fourth of one percent ( $\frac{1}{4}$  of 1%) of its final fiscal year General Fund appropriations for that standard.~~

(h) Recognition for Exceptional Institutional Performance. – Exceptional institutional performance is defined as succeeding on all eight performance measures. Funds not allocated to colleges in accordance with subsection (g) of this section shall be used to reward exceptional institutional performance. After all State aid budget obligations have been met, the State Board of Community Colleges shall distribute the remainder of these funds ~~equally~~ to colleges achieving exceptional institutional performance status that based on their pro-rata share of total FTE served at these colleges. perform successfully on eight performance standards and meet the following criteria:

- ~~(1) — The passing rate on all reported licensure and certification examinations for which the community colleges have authority over who sits for the examination must meet or exceed seventy percent (70%) for first-time test takers; and~~
- ~~(2) — The percentage of college transfer students with a grade point average of at least 2.0 after two semesters at a four-year institution must equal or~~

~~exceed the performance of students who began college at that four-year institution.~~

The State Board may withhold the portion of funds for which a college may qualify as an exceptional institution while the college is under investigation by a State or federal agency or if its performance does not meet the standards established by the Southern Association of Colleges and Schools, the State Auditor's Office, or the State Board of Community Colleges. The State Board may release the funds at such time as the investigations are complete and the issues are resolved.

(i) Permissible Uses of Funds. – Funds retained by colleges or distributed to colleges pursuant to this section shall be used for the purchase of equipment, initial program start-up costs including faculty salaries for the first year of a program, and one-time faculty and staff bonuses. These funds shall not be used for continuing salary increases or for other obligations beyond the fiscal year into which they were carried forward. These funds shall be encumbered within 12 months of the fiscal year into which they were carried forward.

(j) Use of funds in low-wealth counties. – Funds retained by colleges or distributed to colleges pursuant to this section may be used to supplement local funding for maintenance of plant if the college does not receive maintenance of plant funds pursuant to G.S. 115D-31.2, and if the county in which the main campus of the community college is located meets all of the following:

- (1) Is designated as a Tier 1 county in accordance with G.S. 143B-437.08.
- (2) Had an unemployment rate of at least two percent (2%) above the State average or greater than seven percent (7%), whichever is higher, in the prior calendar year.
- (3) Is a county whose wealth, as calculated under the formula for distributing supplemental funding for schools in low-wealth counties, is eighty percent (80%) or less of the State average.

Funds may be used for this purpose only after all local funds appropriated for maintenance of plant have been expended. (1999-237, s. 9.2(a); 2000-67, s. 9.7; 2001-186, s. 1; 2006-66, s. 8.9(a); 2007-230, s. 1; 2007-484, s. 29.5(a); 2007-527, s. 19.)

Proposed Effective Date: July 1, 2012

## ***Recommendations for Future Performance Funding***

As part of its *SuccessNC* strategic planning efforts, work within the System over the past year has concentrated on the development and system-wide vetting of meaningful new student progress and performance measures rather than on the development of new performance funding models. This was a deliberate strategy so that the determination of

meaningful measures that inform student success was not overly influenced by their potential financial implications.

In addition to providing recommendations for how these measures may be integrated with the current performance funding model, initial steps have been taken for the development of plans to merge revised accountability measures and performance standards into the state-aid formula. These steps have included review of performance funding models and strategies in other states, and system-wide discussions about broad goals and objectives for future performance funding.

These discussions were a focal point of the State Board of Community Colleges' planning meeting in October 2011, which included representatives of the NCACCP and the NCACCT, as well as the presentation, "A National Perspective on Performance Metrics and Performance Funding," by Dr. Kevin Dougherty, Associate Professor of Higher Education at Teachers' College, Columbia University, and Senior Research Associate at the Community College Research Center. Following the planning meeting, discussions were also held with the full group of community college presidents at their NCACCP meeting in October, and members of the Performance Measures Committee solicited and summarized the feedback of those discussions.

General feedback from these two sets of meetings with key community college stakeholders indicated several points of agreement:

- 1) Improvement should be the major concern for all colleges, and new performance funding strategies should reflect this theme. Based on the metrics and target goals identified, continued emphasis should be placed on intra-college sharing of strategies and best practices for achieving key student performance metrics, and the development of improvement plans for colleges failing to meet targets. In addition to funding that rewards colleges for performance, it was recommended that some funding be made available that assists colleges in implementing improvement strategies.
- 2) A new performance funding model should avoid winners-take-all strategies, in which a small sample of students or fine distinctions in performance levels determine a small group of colleges that receive "superior/exceptional" rewards. Instead, performance targets should be set for each measure with colleges funded according to their achievement on each target. The formula allocation should also take into account of the size of college to ensure equity. (Currently, when performance funding is available to "exceptional" colleges, it is evenly split among achieving colleges without consideration for college size differences. The draft legislation proposed above would move to a model of dividing funds proportionally.)
- 3) As an incentive toward performance, more important than the percentage of performance funding is the consistency of funding each year. This is a significant

problem with current performance funding which is tied to carry forward provisions. It was widely felt that a smaller percentage of overall formula funding of less than five percent would be an appropriate and effective performance incentive if it could be consistent from year to year.

- 4) Finally, a strong desire of community college leaders is that performance funding be in addition to the current formula funding rather than incorporated into current funding levels. Significant concerns have existed for several years with community college leaders about the adequacy of per student funding levels and the lack of forward funding, concerns that have been exacerbated in recent years by the combined impact of budget cuts and enrollment spikes.

Moving forward, a Performance Funding Committee is being established to further refine recommendations for changing the current performance funding model and developing plans for integrating performance funding with the new performance measures into state-aid formula funding. The committee co-chairs will be K. Ray Bailey, current Chair of the Finance Committee for the State Board of Community Colleges, and Dr. Garrett Hinshaw, Chair of the Legislative Committee for the NCACCP. The committee will consist of membership from:

- Community college presidents who participated on the Performance Measures Committee
- Community college presidents who serve in leadership capacities on the NCACCP finance and legislative committees
- Representatives from the North Carolina Association of Community College Trustees
- The Chair of the State Board's Strategic Planning Committee.

The Performance Funding Committee will be charged with submitting, through the State Board, recommendations and plans for a new performance funding model that could be available for the General Assembly prior to the 2013 Legislative Session.

Report from the  
Performance **Funding Implementation**  
Task Force



**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

*Approved by the  
North Carolina State Board of Community Colleges  
February 18, 2000*

# Report from the Performance Funding Implementation Task Force

SBCC Approved February 18, 2000

## Special Provision : Implementation of Performance Budgeting

This report is in response to Section 9.2 of S.L. 1999-237:

Section 9.2.(a) It is the intent of the General Assembly that the the [sic] State Board of Community Colleges implement the findings of the consultant's Phase IV Funding Study Report, prepared by the State Board and submitted to the Education Appropriations Subcommittee, on performance budgeting; therefore, Chapter 115D of the General Statutes is amended by adding a new section to read:

### **"§ 115D-31.3. Performance budgeting**

(a) The State Board of Community Colleges shall create new accountability measures and performance standards to be used for performance budgeting for the Community College System. The results of a survey may be used as a performance standard only if the survey is statistically valid. The State Board of Community Colleges shall review annually the accountability measures and performance standards to ensure that they are appropriate for use in performance budgeting.

(b) Notwithstanding any other provision of law, the State Board shall authorize each institution meeting the new performance standards to carry forward funds remaining in its budget at the end of each fiscal year in an amount not to exceed two percent (2%) of the State funds allocated to the institution for that fiscal year. The funds carried forward shall be used for the purchase of equipment and initial program start-up costs excluding regular faculty salaries. These funds shall not be used for continuing salary increases or for other obligations beyond the fiscal year into which they were carried forward. These funds shall be encumbered within 12 months of the fiscal year into which they were carried forward.

(c) The five required performance measures are (i) progress of basic skills students, (ii) passing rate for licensure and certification examinations, (iii) goal completion of program completers, (iv) employment status of graduates, and (v) performance of students who transfer to the university system. Colleges may choose one other performance measure from the list contained in the State Board's Phase 4 Funding Formula Study, which was presented to the Joint Legislative Education Oversight Committee. Successful performance on each of the six performance measures shall allow a college to retain and carry forward up to one-third of one percent (1/3 of IN of its final fiscal year General Fund appropriations into the next fiscal year.

(d) Each college shall publish its performance on these six measures in its catalog each year beginning with the 2001 academic year."

Section 9.2.(b) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee and to the Fiscal Research Division prior to March 1, on an annual basis, on the implementation of this provision.

Section 9.2.(c) This section becomes effective July 1, 1999. The State Board of Community Colleges shall authorize institutions meeting the new performance standards to carry forward funds from the 2000-2001 fiscal year to the 2001-2002 fiscal year and at the end of subsequent fiscal years.

## **Background**

President Martin Lancaster appointed the Performance Funding Implementation Task Force to study the issues relating to the use of the State Board approved performance measures and standards for funding purposes. The task force was comprised of Kennon Briggs, Vice President for Business and Finance, and Brenda Rogers, Vice President for Administration, co-chairs; Steve Scott, Executive Vice President; David Heatherly, Coastal Carolina Community College; Willard Lewis, president of Isothermal Community College; Dennis King, Asheville-Buncombe Technical Community College; Marvin Joyner, president of Central Carolina Community College; Ed Wilson, president of Wayne Community College; and Susan Allred, Forsyth Technical Community College.

The special provision cited above required that the State Board of Community Colleges use the new accountability measures and performance standards for performance budgeting. The performance funding model was developed as a part of the MGT study conducted by the Legislative Issues Study Committee in 1998-1999. In 1998-99 the Performance Measures and Standards Task Force developed the new measures and standards that were adopted by the State Board in the spring of 1999. The Implementation Task Force was composed of individuals who served on one or both of these work groups and was charged with using the previous reports in developing an action plan for implementing the performance funding model in 2001.

## **Review of the Performance Measures and Standards**

The State Board of Community Colleges responded to the special provision in Senate Bill 1366, Section 10.5 by adopting twelve performance measures and standards. The special provision stated that "The General Assembly finds that the current annual program review standards are not adequate to ensure that programs are meeting the needs of students, employers, and the general public; therefore, the State Board of Community Colleges shall review the current standard to ensure a higher degree of program accountability and shall establish appropriate levels of performance for each measure based on sound methodological practices."

The task force report was presented to the State Board of Community Colleges, which approved its recommendations. The report was also presented to the Joint Education Appropriations Committee. The following are the task force recommendations:

- A. The proposed set of measures and standards for each measure will replace the existing annual program review and critical success factors standards.
- B. Standards will be applied at the institutional level, except for licensure/certification data for which each exam at each college must meet the standard.
- C. To ensure sound methodological practices as required in the special provision, the Department of Community Colleges will review data collection procedures and analysis for reliability and validity.
- D. Periodic evaluations of the standards will be conducted by the North Carolina Community College System and, based upon the evaluations, modifications to the standards will be recommended to the State Board of Community Colleges.



E. The following twelve performance measures will replace the Critical Success Factors and the Annual Program Review accountability measures:

1. Progress of basic skills students
2. Performance of college transfer students
3. Passing rates for licensure and certification examinations
4. <sup>r</sup> Passing rates of students in developmental courses
5. Success rate of developmental students in subsequent college-level courses
- \*6. Program enrollment
7. Student satisfaction of program completers and non-completers
8. Goal completion of program completers
9. Curriculum student progress and success
10. Employer satisfaction with graduates
11. Employment status of graduates
12. Client satisfaction with customized training

\*Exclude for performance funding.

### **Requirements for Performance Funding**

The accountability measures and performance standards may use survey data only if the survey is statistically valid. The special provision authorizes the carry forward of a maximum of 2 percent of the total State aid budget, as defined as State dollars allocated to the 58 community colleges. The funds can only be used for the purchase of equipment and initial program start-up costs, excluding regular faculty **salaries**. The funds may not be used for continuing salary increases and other obligations beyond the fiscal year (continuing). Another restriction is that funds must be encumbered within twelve months of the fiscal year.

The special provision specified the following five required performance measures for use in performance funding:

- (1) progress of basic skills students
- (2) passing rate for licensure and certification examinations
- (3) goal completion of program completers
- (4) employment status of graduates
- (5) performance of students who transfer to the university system

The colleges may choose one other performance measure from approved list, excluding the enrollment measure that establishes minimum enrollment for a viable program. For each of the six performance measures, a college shall retain and carry forward one-third of 1 percent of final General Fund appropriation.

The special provision requires that each college publish its performance on the six measures in its catalog beginning with the 2001 academic year. Furthermore, the System Office is required to report annually, prior to March 1, to the Education Oversight Committee and the Legislative Fiscal Research Division.

This provision was effective July 1, 1999, and the performance funding is to be implemented in fiscal year 2001-2002, based upon data reported during 2000-2001. The accountability measures and performance standards are to be implemented July 1, 2000.

## Issues and Recommendations

At the first meeting the task force identified issues that needed study and clarification in order to implement the accountability measures and performance funding. At the two subsequent meetings the task force developed recommendations to address the issues. Each issue is described briefly, and recommendations are offered to address the issues.

1. **Definition of superior performance**. The performance funding model has a two-tier approach that allows a college to carry-forward funds if the college meets the standard and if the college achieves "superior performance." Superior performance was not defined; however, the consultant recommended that no more than one-fourth of the colleges should qualify for the second-round performance funding. Based upon an examination of existing data, the task force believes that less than one-quarter of the colleges will meet the standards for five of the six accountability measures.

**Recommendation 1: Superior performance is defined as meeting the standard on five of the six measures.**

- II. **Definition of significant improvement**. The consultant's report proposed that "a significant improvement in performance over the prior year serve as an alternative way for a college to become eligible for performance funding. The criterion for demonstrating significant improvement will need to depend on the individual program measures and each college's prior performance." The task force studied the available data on the accountability measures and determined that colleges must have time to implement changes in programs before it is reasonable to expect improvements in performance measures. Therefore, for each measure, a time period is established for reaching the standard, and this time period is a factor used in determining whether significant improvement has been achieved. System Office staff recommended the time periods for each of the eleven measures. Attachment A provides the recommended time for reaching the standard for each of the eleven measures.

**Recommendation 2: For each of the eleven measures, a time will be established for meeting the standard. The operational definition of significant improvement on any measure is as follows: The difference between the college's performance and the standard divided by the time established for meeting the standard.**

Example: If a college achieves 60 percent on the progress of basic skills students and the standard is 75 percent, the difference is 15. The established time for meeting the standard is three years. Therefore, the college must improve by 5 percent each year to show significant improvement. At the end of three years the college should meet the standard of 75 percent.

- III. **Distribution of carry-forward funds**. The consultant's report recommended the carry forward of up to 2 percent of NCCCS' final appropriation for the purpose of rewarding colleges that meet the performance standards and achieve superior performance. The distribution of the carry-forward funds for the first tier funding-meeting the standards on the six measures-is clearly described in the

**language of the Special Provision. Each college can carry forward "an amount not to exceed two percent (2%) of the State funds allocated to the institution for that fiscal year." The consultant's report clearly designates that each of the six measures is worth one-third of the amount that the college could carry forward, not to exceed one-third of 1 percent for a total of 2 percent . What is somewhat ambiguous is how the second tier of funding is to be distributed . Since the first tier of funding will be based upon the total State budget , which is a function of size or FTE, then the task force believed that the second tier should be shared equally.**

**Recommendation 3: All carry-forward funds not distributed in the first tier will be put into a pool and distributed equally among the colleges attaining superior performance.**

- IV. **Allowable uses of the carry-forward funds.** The Special Provision clearly specifies that the carry-forward funds cannot be used for regular faculty salaries **or continuing** salary increases or other obligations that extend beyond the fiscal year into which they were carried forward. What is not clear is whether faculty and staff bonuses-one-time payments-are permissible.

Another issue is the use of the funds for paying faculty salaries for one year only for the purpose of starting a new program. The funding formula for community **colleges is** based upon FTE enrollment earned in the preceding year(s). The first year of a new program has to be funded from FTE generated by other programs or from other sources of funds. The Special Provision **designates** the use of the funds for "**initial** program start-up" but excludes its use for "regular faculty salaries." However, the major cost of starting most new programs is faculty salaries. If performance funding could be used for faculty salaries only for the initial year, the intent of the performance funding for supporting **initial** program start-up costs would be met. Colleges would have to use regular State funds after that initial start-up year to support faculty salaries.

**Recommendation 4: Carry-forward funds may be used for non -recurring purposes, including faculty and staff bonuses. It is recommended that the General Assembly allow colleges to use performance funding for faculty salaries for the first year of a program since the major cost of initial program start-up is faculty salaries.**

- V. **Declaration of the sixth measure.** Five of the accountability measures are defined in the Special Provision, and colleges can choose the sixth measure from the list contained in the State Board's Phase 4 Funding Formula Study. How and when each college designates the sixth measure is not defined.

**Recommendation 5: Colleges must declare the sixth measure at the beginning of the fiscal year.** The System Office will request from the president of each college the identification of the sixth measure on or near July 1 of each fiscal year. The sixth measure can change from year to year.

- VI. **Program enrollment.** The Performance Measures and Standards Task Force recommended that the program enrollment accountability measure not be used for

performance funding. Program enrollment sets what is a minimum level of enrollment for a viable program and should be viewed as minimally acceptable performance for program continuation. Another issue related to program enrollment is whether a "program" is defined-as a curriculum regardless of the level-degree, diploma, or certificate-or whether enrollment should be counted separately for each degree, diploma, and certificate. Faculty are hired to teach the discipline, regardless of the level, and students pursuing certificates, diplomas, and degrees are usually enrolled in the same first-year courses.

Another issue is the enrollment caps that are placed on some programs. If programs are limited to fewer than 10 students in a class, then the programs should be exempted from this requirement.

New programs often have low initial enrollment. However, the enrollment of 10 students is based on an average over a three-year period. The standard will not be applied until data are available from three years. It is expected that the standard of 10 students can be met based upon this average. However, there may be exceptions that should be made.

**Recommendation 6:** The **data will be aggregated at the highest** level. For example, if a degree is offered, then enrollment in diploma, certificate, and degree programs will be aggregated for this measure. If the highest level is a diploma, then certificate and diploma enrollment will be aggregated. **Furthermore, it is recommended that the Accountability Monitoring Committee be given the authority to make exceptions to this standard when enrollment caps are imposed or for other justifiable reasons.**

- VII. **Application of licensure/certification standards.** College personnel were concerned that the licensure/certification standard would serve as a barrier to colleges in initiating new programs that have licensure/certification tests. Furthermore with a new program colleges would not have the opportunity to show significant improvement until after at least one class of graduates had taken the licensure/certification test.

Another issue is how students who participate in the Foothills Nursing Consortium will be counted in the licensure passing rates. However, a process is already in place that allows colleges to verify the data and submit revisions so that they receive "credit" for their nursing students who participate in the program, as long as appropriate documentation is provided. This process will remain in effect.

**Recommendation 7:** The first year **that a new curriculum or occupational extension program or course has students taking licensure/certification exams will not be used for performance funding purposes. The data will be excluded from the cumulative passing rate for the college for that one year. The data from the first class will serve as the baseline data, and the data in the second year will be used for performance funding purposes. However, the data from the first class will be used for accountability reporting purposes and will be included in the Critical Success Factors report.**

- VIII. **Survey data.** Response rates to some of the locally administered surveys are quite low. The concern is that response rates must be high enough to ensure valid results. The recommendation is based upon the advice of Dr. Peter Ewell, who served as consultant to the Performance Measures and Standards Task Force.

Concerns continue to be expressed by colleges regarding the expense of collecting survey data from the non-returning students to reach a 50 percent response rate or a statistically valid sample. The System Office is requesting funds from the General Assembly to contract for professional services to conduct the non-completer surveys for all 58 of the community colleges. The contract would specify that the response rate must be statistically valid or reach the 50 percent standard for each of the 58 colleges. It is estimated that 40,000 non-returning students would be surveyed annually, at an annual cost of \$125,000.

**Recommendation 8:** For survey data to be used for performance funding, there must be either a 50 percent response rate or a sample that is statistically valid at a confidence level of .95. Planning and Research staff will distribute a table to the planners and researchers to determine the sample size necessary to meet the criteria of a statistically valid sample. Furthermore, recurring funds of \$125,000 are requested for the System Office to contract to survey non-returning students for all 58 community colleges.

- IX. **Cell size.** As with the concern regarding response rates, the recommendation of the consultant was used in determining the number of respondents required in order to use the data. A college with only 10 graduates from the College Transfer program might have a response rate of 50 percent with a cell size of only five. One student who did not achieve a GPA of 2.0 could prevent the college from meeting the standard. Therefore, a minimum cell size is recommended to ensure a large enough size upon which to make valid assessments.

**Recommendation 9:** The cell size for survey data must be at least 15. The cell size for measures with "hard data" (college transfer performance and licensure/certification exam passing rates) must be at least 10. Because of the difficulty of some colleges to meet the cell size requirement, the task force recommends further study to determine the effect of these limits.

- X. **Prison populations, migrant workers, and other subgroups.** Colleges may have no control over the retention and completion of some subgroups of students. The inmate population is under the control of the Department of Corrections who may transfer inmates to other facilities, grant parole, and release prisoners before they have completed their program of study. Some colleges have large prison populations in Basic Skills that negatively impacts performance on the progress of literacy students.

**Recommendation 10:** Inmates who have been transferred out of the prison will be eliminated from the computation of the progress of basic skills students. Further study should examine migrants to see if this group of students should be eliminated.

- XI. **Transfer student performance at private and out-of-state colleges and universities.** Some community colleges have many students transferring to private and out-of-state colleges and universities, who are not included in the transfer performance report. These colleges may be adversely affected by having only the public North Carolina university data.

**Recommendation 11: Colleges may collect and submit to the System Office documentation from private and/or out-of-state colleges and universities for inclusion in calculating the performance of transfers . A standard methodology, developed by Planning and Research , must be used in order for the data to be included in the calculation of transfer performance. The System Office should work with UNC-GA to collect transfer performance data from the North Carolina independent colleges and universities.**

- XII. **Employment rates and out-of-state employment.** The task force identified as an issue whether colleges who had large numbers of graduates working outside of North Carolina would be adversely affected by the use of the Common Follow-Up System, which includes only employers in North Carolina. However, the way that employment rates are calculated using the Common Follow-up System does not penalize colleges for their students who work in other states. However, the total number of graduates who are employed may be depressed since the data are limited to those persons in the North Carolina Employment Security database. There is no recommendation to address this issue.

- XIII. **Grading for Developmental Studies Courses.** A standard grading scale is not in place for all 58 community colleges. Therefore, the calculation of passing rates in developmental studies courses requires that grades be converted to a standard scale for the purpose of reporting on this measure. A task force of developmental studies faculty and program directors has worked on procedures for collecting reliable and valid data on developmental studies students. A grade of C in developmental courses is generally the minimum required for moving on to the next level of course.

**Recommendation 13: Grades of D will not be counted as passing in computing the passing rates in developmental courses . Colleges will convert their grades in developmental studies to the standard grading scale used for computing passing rates in developmental studies courses.**

- XIV. **Publication of Performance Measures in the College Catalog.** The language of the Special Provision clearly states that the six measures must be published in the "catalog each year beginning with the 2001 academic year." Many colleges publish a catalog only every two years. It is not clear if those colleges should report data for the most recent year or for the most recent two years. Furthermore, because of the time lag in reporting the data and the time it takes to publish the catalog, the performance data will be quite old. If the purpose of this requirement is public accountability, there may be other methods of publishing the data to ensure timeliness. Since there is a federal requirement to make available to students and prospective students certain data on an annual basis, a

better approach may be to publish the performance data along with these required data.

Because staff assumed that public accountability was the purpose of this requirement, staff have told colleges that they must publish data on all 11 performance measures (excluding program enrollment). The discrepancy between the language of the Special Provision and the interpretation of staff is a concern.

**Recommendation 14: It is recommended that the Accountability Monitoring Committee review the concern regarding publishing the six measures for performance funding or the eleven measures used for accountability purposes. Furthermore, it is recommended that the General Assembly allow for ways of publishing the performance data other than the catalog to ensure that students and the public have access to the most current data.**

## Appendix A

Time Frame for Colleges Not Meeting the Performance Standard to Raise Their Performance to the Standard for Each Measure

<b>Performance Measure</b>	<b>Years to Achieve Standard</b>
Progress of Basic Skills Students	3 years
Performance of College Transfer Students	4 years
Passing Rates for Licensure & Certification Exams	3 years
Passing Rates of Students in Developmental Courses	3 years
Success Rate of Developmental Students in Subsequent College-Level Courses (data dependent on Data Warehouse project)	3 years
Program Enrollment	2 years
Student Satisfaction: Completers & Non-Completers	2 years
Goal Completion of Completers	2 years
Curriculum Student Progress & Success	2 years
Employer Satisfaction with Graduates	2 years
Employment Status of Graduates	2 years
Client Satisfaction with Customized Training	2 years



## Performance Funding Measures and Standards Changes for 2007-08

### **Measures for Accountability and Performance Funding:**

**Progress of Basic Skills Students:** Retain this measure and standard at 75% demonstrating progress

**Passing Rates on Licensure/Certification Exams for First-Time Test Takers:** Retain this measure but define the standard as the Aggregate Passing Rate for First-time Test Takers = 80%. To be rated Exceptional Institutional Performance, a college could not have any licensure/certification exams with a passing rate less than 70%.

**Performance of College Transfer Students:** Retain this measure but define the standard for Performance of College Transfer students as 83% of transfers, as defined by the measure, will have a 2.0 gpa or higher after two semesters at a 4-year institution. To be rated Exceptional Institutional Performance, the percent of transfer students with a 2.0 gpa or higher after two semesters at a 4-year institution will have to equal or exceed the performance of students who began their studies at the 4-year institution (native students).

**Passing Rates in Developmental Courses:** Retain this measure but define the standard as 75% of students completing a developmental course will earn a "C" or better in the course.

**Success Rate of Developmental Students in Subsequent College -Level Courses:** Retain this measure but define the standard **as an 80%** passing rate for developmental students who subsequently take the first college level mathematics or English course.

**Student Satisfaction of Completers and Non-Completers:** Retain this measure and standard as currently defined (90%). Require the colleges to meet the following specifically for the non-completer survey:

- For colleges with fewer than 250 non-returning students, a minimum of 25 valid surveys must be obtained.
- For colleges with more than 250 non-returning students, a response rate equal to 10% of the total non-returning students or a statistically valid sample size must be obtained.

The requirement for the Completer survey would continue to be a 50% return rate or a statistically valid sample size.

**Curriculum Student Retention, Transfer and Graduation:** Retain this measure but include a column for reporting students who transfer without completing a degree and raise the standard to 65%.

**Business/Industry Satisfaction with Services Provided** : Retain this measure but define the standard as 90% of respondents will rate the services provided as "Very Good" or "Excellent".

**Performance Funding:**

**The standards for the eight (8) Accountability/Performance Funding measures have been set at what is considered to be the "good" level of performance. All colleges should be expected to meet the standard on each measure.**

Performance funding will be based on all eight (8) measures. For each measure met, a college will be eligible to carry-forward 0.25% of its final fiscal year General Fund appropriations. If a college demonstrates significant improvement on a measure that has been in use for three (3) years or less, then the college would be eligible to carry-forward 0.25% of its final fiscal year General Fund appropriations for that measure. Significant improvement funding will not apply to any measure in use for more than three (3) years.

**Recognition of Exceptional Institutional Performance** will be based on a college achieving a level of performance above the expected levels defined in the performance standards. To be identified as exceptional performance, a college must meet the following 3 criteria:

1. Performance on all eight (8) measures must meet or exceed the standard.
2. The passing rate on all reported licensure/certification exams for which the colleges have authority over who sits for the exam must meet or exceed 70%.\*
3. The percent of college transfer students (as defined by the performance measure) with a 2.0 gpa after two semesters at a four-year institution must equal or exceed the performance of students who began at the four-year institution (native students). \*

**\*In order to be statistically valid, the number of students must equal 10 or more to be included in this criteria.**

**NOTE:** The State Board may withhold the portion of funds for which a college may qualify as an exceptional institution while the college is under investigation by a federal or state agency, or if its performance does not meet the standards established by the Southern Association of Colleges and Schools, State Auditors Office, or State Board of Community Colleges. At such time as the investigations are complete and the issues resolved, the State Board may release the exceptional performance funds to the college.

**New Measures to be Reported in the Critical Success Factors Report:**

**Passing Rate of Students in Developmental Courses :** A measure of the number of students taking developmental courses who pass the course. This measure will be reported under Diverse Populations Learning Needs. Until sufficient data have been collected and analyzed, this measure will not be used as a performance measure and no standard will be established. This measure may, however, be used in the future for performance funding.

**Percent of Students Receiving a GED/AHSD Who Either Enroll in a Postsecondary Education Institution or Are Employed Within One Year:** A measure of the number of students moving from GED/AHSD to further postsecondary education or employment. Until sufficient data have been collected and analyzed, this measure will not be used as a performance measure and no standard will be established. This measure may, however, be used in the future for performance funding.

**New Factor and Measures to be Developed and Reported in the Critical Success Factors Report:**

Over the next several months, measures for a new Factor **on College Management and Administration** will be developed and included in the 2007-08 Critical Success Factors Report.

## Attachment C: 2012 Proposed Performance Measures for NC Community Colleges

Measure	Purpose	Description	Methodology
<b>Basic Skills Student Progress</b>	To ensure adults with low literacy skills are progressing academically toward basic skill attainment necessary for employment and self-sufficiency	Percentage of students post-tested during a program year who progress.	<p><i>Denominator:</i> Basic skills students attempting 60 or more contact hours during program year. Excludes compensatory education students.</p> <p><i>Numerator:</i> Basic skills students attempting 60 or more contact hours during program year, who post-test at a greater score than their pre-test. Excludes compensatory education students.</p> <p><i>Note:</i> Pre-test is considered if it occurs up to 90 days prior to program year</p>
<b>GED Diploma Passing Rate</b>	To ensure quality GED preparation and high levels of GED attainment	Percentage of GED students who attempt all subtests over two years who receive a GED Diploma.	<p><i>Denominator:</i> GED students attempting at least one GED subtest during current calendar year who attempt all subtests over two calendar years</p> <p><i>Numerator:</i> GED students attempting at least one GED subtest during current calendar year who attempt all subtests over two calendar years and receive a GED diploma</p>
<b>Developmental Student Success Rate in College-Level English Courses</b>	To ensure remedial English and reading coursework prepares students to succeed in credit-bearing English courses	Percentage of previous developmental English and/or reading students who successfully complete a credit English course with a "C" or better upon the first attempt.	<p><i>Denominator:</i> All students enrolling in their first credit English course during an academic year who also enrolled in a developmental English and/or reading course during the same or previous academic year. Does not include students who do not attend the class (i.e., transfer credit, credit by exam, etc).</p> <p><i>Numerator:</i> All students earning a "C" or better in their first credit English course during an academic year who enrolled in a developmental English and/or reading course in the same or previous academic year. Does not include students who do not</p>

Measure	Purpose	Description	Methodology
			attend the class (i.e., transfer credit, credit by exam, etc).
<b>Developmental Student Success Rate in College-Level Math Courses</b>	To ensure remedial math coursework prepares students to succeed in credit-bearing math courses	Percentage of previous developmental math students who successfully complete a credit math course with a "C" or better upon the first attempt.	<p><i>Denominator:</i> All students enrolling in their first credit math course during an academic year who also enrolled in a developmental math course during the same or previous academic year. Does not include students who do not attend the class (i.e., transfer credit, credit by exam, etc).</p> <p><i>Numerator:</i> All students earning a "C" or better in their first credit math course during an academic year who enrolled in a developmental math course in the same or previous academic year. Does not include students who do not attend the class (i.e., transfer credit, credit by exam, etc).</p>
<b>First-Year Progression</b>	To ensure first-year students reach an academic momentum point that helps predict future credential completion	Percentage of first-time fall credential-seeking students attempting at least 12 hours within their first academic year who successfully complete ("C" or better) at least 12 of those hours	<p><i>Denominator:</i> A fall cohort of credential-seeking students (program code A, D, C) enrolled in curriculum courses at a college for the first time after high school graduation. Must attempt at least 12 hours (including developmental and withdraw) within the first year fall, spring, and summer semesters. Includes those dually enrolled previously at the same institution and excludes students previously enrolled at another college. Does not include students who do not attend the class (i.e., transfer credit, credit by exam, etc).</p> <p><i>Numerator:</i> Those within the cohort above who complete at least 12 hours (including developmental) with a "C" or better within the first year.</p>

Measure	Purpose	Description	Methodology
<b>Curriculum Completion</b>	To ensure student completion and persistence toward a post-secondary credential	Percentage of first-time fall credential-seeking students who graduate, transfer, or are still enrolled with 36 hours after six years	<p><i>Denominator:</i> A fall cohort of credential-seeking students (program code A, D, C) enrolled in curriculum courses at a college for the first time after high school graduation. Includes those dually enrolled previously at the same institution and excludes students previously enrolled at another college.</p> <p><i>Numerator:</i> Those within the cohort above who by the fall that occurs six years after original cohort designation either graduate (A, D, or C), transfer to a four-year institution, or are still enrolled during that sixth fall semester previously completing 36 non-developmental hours.</p>
<b>Licensure and Certification Passing Rate</b>	To ensure programmatic coursework prepares students to competently practice in their chosen profession	Aggregate institutional passing rate of first time test-takers on licensure and certification exams. Exams included in this measure are state-mandated exams which candidates must pass before becoming active practitioners.	<p><i>Denominator:</i> All licensure and certification exams taken for the first time during the licensure agency's most recent reporting year. Only includes state-mandated exams which candidates must pass before becoming active practitioners.</p> <p><i>Numerator:</i> Licensure and certification exams passed on first attempt during the licensure agency's most recent reporting year.</p> <p><i>Note:</i> Passing rates for individual exams will be provided for informational purposes only.</p>
<b>College Transfer Performance</b>	To ensure the academic success of community college students at a four-year university or college	Among community college associate degree completers and those who have completed 30 or more credit hours who transfer to a four-year	<i>Denominator:</i> Students with an associate degree or at least 30 articulated transfer credits enrolled during the fall and spring semesters at a four-year institution who were enrolled at a community college during the previous academic year. Only includes North Carolina based four-year institutions and four-year institutions which the individual community college has an

Measure	Purpose	Description	Methodology
		university or college, the percentage who earn a GPA of 2.00 or better after two consecutive semesters within the academic year at the transfer institution.	<p>articulated transfer agreement.</p> <p><i>Numerator:</i> Students included in the denominator who have earned a GPA of 2.00 or better aggregated over the fall and spring semesters at the transfer institution.</p> <p><i>Note:</i> System office will work with private colleges to collect performance data and community colleges will have to supplement data with results from out of state institutions which they have articulated agreements.</p>