

Performance-Based Funding

Context

Several recent national studies and reports have addressed the crucial role public universities play in enhancing states' economic competitiveness efforts.

- The Lumina Foundation for Education's Report, "A Stronger Nation through Higher Education", calls for an increase in higher education rates – the proportion of the population holding a postsecondary degree or credential – from 37.9% in 2008 to 60% by the year 2025.
- The National Governor's Association "Complete to Compete" Initiative states that the percentage of jobs requiring postsecondary education continues to rise and is expected to reach 63% by 2018.

In addition, economic research shows that residents of states with higher education attainment earn higher wages.

- Over the last 30 years, earnings have grown most for workers with a college degree (real median hourly wages).
- Each 1% increase in the proportion of the state's population (age 25 and over) with a bachelor's degree is associated with a 2% increase in the state's median wage.
- Increasing the number of college graduates also boosts the earnings of other individuals (1.6% for high-school graduates and 1.9% for high-school dropouts).

Model Highlights

Overarching goal of performance funding is to enable, incentivize and reward campuses for improving performance in key areas.

Create a set of measures that include Core Measures and Campus Specific Measures that focus on improved academic performance (i.e., retention, graduation, and degree efficiency) and efficiency and effectiveness (i.e., UNC FIT, space utilization and energy usage).

Institution performance shall consider baseline, peer institution comparisons, target and actual change, and percent of target achieved.

Set performance targets through a process that is transparent and iterative, involving UNC GA leadership and key campus constituencies.

Distribute funding on the basis of progress toward targets as well as actual achievement of them; avoid "all or nothing" allocation.

Funds would be distributed annually to institutions that improve student success and demonstrate effective use of state resources.

		A	B	C = B - A	D	E = D - A	F = E / C	G = 1 x F
							Percent	Performance
				Target		Actual	of Target	Points
Core Measures		Baseline	Goal	Change	Actual	Change	Achieved	(Max = 1)
1	Retention	75%	77%	2%	73%	-2%	-100%	-
2	6 yr. Graduation Rate	60%	62%	2%	61%	1%	50%	0.50
3	Degree Efficiency (Bachelors per 100 UG FTE)	60	65	5	62	2	40%	0.40
4	Degree Efficiency (Bachelors per 100 UG FTE) - Pell Recipients	57	60	3	58	1	33%	0.33
5	Space Utilization (75 % Classrooms, 25% Labs)	92%	95%	3%	95%	3%	100%	1.00
6	Financial Integrity (UNC FIT)	90%	95%	5%	92%	2%	40%	0.40
7	Energy Efficiency (kBTUs / Sq. Ft.)	200	190	-10	192	-8	80%	0.80
Campus Specific Measures								
8	Community College Transfers	200	220	20	220	20	100%	1.00
9	Graduation Rate of Community College Transfers	58%	62%	4%	60%	2%	50%	0.50
10	Enrollment of Adult Learners	50	60	10	54	4	40%	0.40
	Total							5.33

Core Measures

Retention

6 yr Graduation Rate

Degree Efficiency

Degree Efficiency- Pell Recipients

Space Utilization (75% Classrooms / 25% Labs)

Financial Integrity (UNC FIT)

Energy Efficiency

Description

Freshman to Sophomore Retention

6 year graduation rate

Bachelors degrees awarded per 100 undergraduate FTEs

Bachelors degrees awarded per 100 undergraduate FTEs - Pell Recipients

Weekly room hours of instruction as % of UNC standard

Composite Index of UNC FIT

Reduction of energy consumption (kBTUs per Sq. Ft.)

Campus Specific Measures

Community College Transfers

Graduation rate of Comm. College Transfers

Graduate Degree Efficiency (Grad Degrees per 100 Grad FTEs)

Enrollment of Adult Learners

Federal Research Expenditures

Degrees produced in Nursing

Degrees produced in STEM disciplines

Investment per Degree

Distance Education

4 yr. graduation rate

Others

Description

Number of Community College transfers with Associates Degree or at least 24 semester hrs.

4-yr graduation rate of Community College transfers with an Associates Degree

Graduate degrees awarded per 100 Graduate FTEs

Enrollment of students aged 25 to 64

Federal research expenditures compared to peers or campus goal

Number of nursing degrees produced

Number of STEM degrees produced

Appropriations plus Tuition and Fees per Degree

Distance Education Student Credit Hours Produced

4 year graduation rate

Performance Link to Enrollment Growth Projections

0 to 3 Performance Points =

3 to 7 Performance Points =

7 Performance Points and Above =

No Growth

Restricted Growth

Normal Growth