

PUBLIC POSTSECONDARY EDUCATION ACCOUNTABILITY MEASURES

A Report Prepared for the

Joint Subcommittee on Postsecondary Education Policy and Budget

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INTRODUCTION

At the beginning of the interim work of the Joint Subcommittee on Postsecondary Education Policy and Budget (Subcommittee), two major, related tasks were identified:

1. Develop state public postsecondary education policy goals; and
2. Identify accountability measures that can be used to evaluate the attainment of the policy goals.

At the March 2002 meeting, the Subcommittee identified six major policy goals for the public postsecondary education system in Montana. These goals are summarized and discussed in the May 2002 report titled “Proposed State Public Postsecondary Education Policy Goals”.

This report focuses the Subcommittee’s attention on the second major task, specifically identifying meaningful accountability measures that can be used to evaluate the attainment of the policy goals. The report is organized into three major sections:

Section One – This section discusses accountability measures in general, what they are, how they’re used in public postsecondary education, and some attributes that improve their effectiveness.

Section Two – This section addresses the accountability measures proposed by the Subcommittee at its work session in March 2002. Also included in this section are examples of accountability measures used in other states the Subcommittee may want to consider when evaluating options to recommend to the next legislature for adoption. This section of the report also discusses options for implementing accountability measures in Montana.

Section Three – This section presents the decisions facing the Subcommittee at the May 2002 meeting.

SECTION ONE - BACKGROUND

WHAT ARE ACCOUNTABILITY MEASURES?

The development of public postsecondary education accountability measures, or performance indicators as they are also called, is driven by the desire for “accountability”¹ The Illinois Board of Higher Education has a straightforward definition of accountability that is well-suited for this Subcommittee’s work: “Accountability” is “the process of setting goals and objectives at the relevant organizational level(s) and periodically assessing progress towards those goals and objectives, using accepted indicators and other benchmarks.”²

For purposes of this study and report, the goals and objectives in the above definition are the statewide policy goals identified by the Subcommittee at the March 2002 meeting, the relevant organizational level is the “State” – meaning the Legislature and the Board of Regents -- and the accepted indicators are the accountability measures to be identified by the Subcommittee at the May 2002 meeting.

HOW ARE ACCOUNTABILITY MEASURES USED?

In states across the nation, governing boards, governors, and state legislatures use accountability measures for several purposes, including:

- ?? Establish or allocate state resources.
- ?? Gauge progress towards meeting the public’s expectations and state policy goals.
- ?? Gain public support.³

This report concentrates on using accountability measures to establish and/or allocate state resources. A 2001 survey found that 45 states used accountability measures to link state resources to campus budgets.⁴ Not surprisingly, the specific use of accountability measures varies and reflects each state’s constitution, laws, practices, governing structure, and culture.

State policymakers use accountability measures in a number of ways, including:

¹ “Establishing Performance Indicators to Assess Progress Toward Meeting the Goals of *The Illinois Commitment*”, Illinois Board of Higher Education, December 11, 2001, <<http://www.ibhe.state.il.us/Board/Agendas/2001/December/Item%204.pdf>>, (March 1, 2002), p. 35.

² Ibid.

³ Joseph, D. Creech, “Linking Higher Education Performance Indicators to Goals”, Educational Benchmarks 2000 Series, Southern Regional Education Board, February 2000, <<http://www.sreb.org/main/Benchmarks2000/LinkingHigherEd.pdf>>, (March 12, 2002), pp. 1-2.

⁴ Joseph C. Burke and Henrik Minassians, “Linking State Resources to Campus Results: From Fad to Trend, The Fifth Annual Survey (2001)”, The Nelson A. Rockefeller Institute of Government, n.d.<http://www.rockinst.org/publications/higher_ed/5thSurvey.pdf>(March 8, 2002), p. 2.

- ?? Performance Budgeting
- ?? Performance Funding, and
- ?? Performance Reporting⁵

Performance budgeting considers accountability measures as *one factor* in the establishment or allocation of state funds, performance funding directly links state funds to performance, and performance reporting publicly reports progress toward statewide public postsecondary education policy goals. A key distinction of using performance budgeting or performance funding compared to more traditional budgeting methods is that performance budgeting and performance funding relies on achieved performance rather than promised results⁶. Each of these uses is discussed further in this section.

Performance Budgeting

Performance budgeting allows governors, legislatures, and governing boards to use accountability measures as one of several tools to establish or allocate state funds to postsecondary education systems or campuses. Performance budgeting accommodates policymakers' flexibility, judgment, and discretion in the process of establishing or allocating the state appropriation for postsecondary education.

In Montana, the legislature could use accountability measures as one factor to evaluate the biennial budget request and establish the legislative appropriation. The Board of Regents could then allocate the state appropriation to the campuses using performance budgeting, the more restrictive performance funding (see next subsection), or its current process.

Performance Funding

Performance funding uses accountability measures to directly link state funds to performance of the system on specific measures. Performance funding can be used to provide funding incentives, such as additional funding when a high priority goal is achieved. Performance funding can also be used in a punitive manner, such as reduced funding if a high priority goal is not achieved. This approach results in more control over the funding level, however, it can result in reduced funding flexibility.

Performance Reporting

Performance reporting demonstrates accountability and encourages improved performance in a public manner.⁷ Performance reporting, sometimes called "Report Cards", is often used in conjunction with either performance budgeting or performance funding. Most often, the state legislature has required the creation and use of state report cards, however, the accountability measures reported on the report cards are usually left up to the governing board⁸.

⁵ Ibid.

⁶ Ibid., p. 4.

⁷ Ibid., p. 11.

⁸ Ibid.

Criteria for Effectiveness

Although accountability measures have been in use for several years, their effectiveness to bring about desired change remains a topic of debate.^{9,10} According to some observers, the effectiveness can be improved when the following criteria are present^{11,12}:

- ?? Focus on improvement, not failure.
- ?? Begin with a few measures that are meaningful.
- ?? Monitor progress publicly, using measures that are clearly understood by the public.
- ?? If incentives are used, place the largest incentive toward performance that is valued.
- ?? Use accountability measures that have the confidence of the legislature, the full support of the board, and are linked to the goals of the institutions.
- ?? Use every tool available, involve everybody that will help.

⁹ Creech, p. 5.

¹⁰ Sandra S. Ruppert, "Where We Go From Here: State Legislative Views on Higher Education in the New Millennium, Results of the 2001 Higher Education Issues Survey", n.d. <<http://www.sreb.org/main/Benchmarks2000/LinkingHigherEd.pdf>>, (March 1, 2002), pp. 34-35.

¹¹ Paul E. Lingenfelter, "Educational Accountability", *Network News*, Volume 20, No. 3, State Higher Education Executive Officers and the National Center for Education Statistics Communication Network, Denver, Colorado, November 2001, pp. 6-7

¹² David Longanecker, "The Changing Nature of Accountability", *Western Policy Exchanges*, March 2002, Western Interstate Commission for Higher Education, Boulder, Colorado, pp. 1-2.

SECTION TWO – GETTING DOWN TO SPECIFICS

SUBCOMMITTEE-PROPOSED ACCOUNTABILITY MEASURES

At its March 2002 meeting, the Subcommittee focused its efforts on identifying those values of postsecondary education it considers important and necessary for the people of Montana. Six statewide policy goals evolved from those discussions. For each policy goal, the Subcommittee brainstormed several ideas for how it would know when the policy goal was being addressed and/or was implemented. These ideas form the genesis for the Subcommittee’s accountability measure options.

Table 1 summarizes the subcommittee’s accountability measure ideas for each policy goal. Also included are examples of accountability measures used in other states.

Table 1. Potential Accountability Measures to Evaluate Attainment of State Postsecondary Education Policy Goals			
#	Policy Goal	Subcommittee Ideas	Other Sources ¹³
1	Foster student success through quality education	?? Participation and retention rates ?? Completion rates ?? Student satisfaction surveys ?? Professional certification rates ?? <i>Qualified and competitively compensated faculty</i>	?? Number and percent of programs accredited ?? Assessment of graduates by employers
2	Promote access and affordability.	?? Affordability compared to other states ?? Increased financial aid to economically disadvantaged ?? Increase in non-traditional students ?? Increased participation by place bound students ?? Reduced student debt load and/or default rate	?? Transfers between 2-yr. & 4-yr. schools ?? State student financial aid funding ?? Average tuition & mandatory fees as % of state median family income ?? State support per FTE student
3	Deliver efficient, coordinated services	?? Increased academic and administrative collaboration ?? Cost comparisons to peers ?? Increased use of technology ?? Transferability among institutions ?? Administrative expenditures compared to total resources	?? Number of graduates/state \$

¹³ Including the Southern Regional Education Board, Illinois, North Dakota, New York, Montana, South Dakota.

Table 1. Potential Accountability Measures to Evaluate Attainment of State Postsecondary Education Policy Goals

#	Policy Goal	Subcommittee Ideas	Other Sources ¹³
		?? Total cost of education – trends, comparison to peers ?? More students ?? More degree completions	
4	Respond to market and employment needs of the State.	?? New business in targeted areas ?? Increased employment ?? Increased personal income ?? Increased business clusters (Dave Gibson) ?? Business/employer satisfaction ?? Job placement rates within Montana	?? Number of academic programs, student enrollment, program graduates, and MT job placements tied to market and employment needs ?? Degree attainment in critical fields
5	Contribute to Montana’s economic and social success	?? Workforce trained for tomorrow’s jobs ?? Surveys of businesses moving into Montana or expanding in Montana indicating that MUS has adapted well to their workforce preparation, education, and training needs	
6	Encourage closer collaboration with K-12 school system and, to the extent allowed by law, with non-MUS higher education units in the state of Montana	?? Better prepared high school student (academic proficiency) ?? Increased number of collaborative programs ?? Increased articulation and transfer options ?? Aligning high school graduation requirement with public postsecondary education entrance standards ?? Reduced demand for remedial classes from recent high school graduates	?? Percent of entering freshmen who have completed college prep core courses ?? Percent of applicant who meet college admission requirements ?? Number & percent of entering students who take remedial courses

Analysis of Options

So far in this report we've discussed what accountability measures are, how they are used in other states, and some guidelines for effectiveness. In addition, we've summarized accountability measure options for use in Montana from the Subcommittee work session in March 2002 and ideas borrowed from other sources.

This subsection of the report evaluates two of the Subcommittee accountability measure options in the context of the effectiveness guidelines and the following criteria and questions:

- ?? What does the accountability measure mean?
- ?? Is the accountability measure directly linked to the goal?
- ?? Data availability/current reporting efforts
- ?? Priority (PEPB) for reporting
- ?? Is a benchmark needed?
- ?? PEPB recommendation (is this the one to use for the given policy goal?)

Please note that the analyses presented are from *staff perspective only* and *may or may not* represent the collective view of the Subcommittee. Staff recommends the Subcommittee complete an analysis of all accountability measures it considers for adoption so it fully understands if and how the accountability measure relates to the policy goal, the availability of the data, and debates the relative priority of one accountability measure against another. Due to the large number of accountability measures presented as options, the Subcommittee may want to pre-screen the options based on one of the criteria, such as relevance to the policy goal. Appendix A includes a worksheet for the Subcommittee to use during its work session at the May 2002 meeting to evaluate accountability measure options.

Analysis of "Student Success" Goal Accountability Measure

The first Subcommittee accountability measure for the "Student Success" policy goal is student participation and retention rates. These are really two separate measures, staff suggests the Subcommittee separate this measure into two parts.

Student participation generally refers to the number or percentage of high school graduates that continue on to postsecondary education. An increasing percentage means that the school is attracting more students out of the high school graduate "pool" than in previous years. Similarly, if measured on a system level, it means that the system is attracting more students out of the high school graduate "pool" than in previous years. Changes in student participation rates are not necessarily due to educational quality. In addition, increased student participation rates do not ensure individual student success, although it may be a positive indicator for the state. A benchmark would improve the usefulness of this accountability measure. Overall, however, there are probably better measures of "Student Success".

Analysis of "Respond to Market and Employment Needs of the State" Accountability Measure

The first Subcommittee accountability measure for the "Respond to Market and Employment Needs" policy goal is new business in targeted areas. This accountability measure does not

relate to the policy goal. Furthermore, the Montana University System cannot be held accountable for new businesses being formed in targeted areas.

Several of the accountability measures identified by the Subcommittee for this policy goal either do not relate to the goal or are beyond the control of the Montana University System. Staff recommends alternative accountability measures be identified and analyzed for this policy goal.

SECTION THREE – DECISIONS NEEDED

DECISION #1 – SHOULD PUBLIC POSTSECONDARY EDUCATION ACCOUNTABILITY MEASURES BE USED IN MONTANA?

After working through the Accountability Measures Analysis Worksheet, the Subcommittee may realize how complex a task it is to develop accountability measures, or performance indicators, for postsecondary education. Recall, however, the Subcommittee’s motivation for initiating this study:

- ?? A long-standing tug-of-war over how much money is “enough” for the Montana University System (legislative power to appropriate) and how the money gets used (Board of Regents power to set policy).
- ?? No on-going, visible, public policy debate of public postsecondary education goals among the legislature, the Board of Regents, the Executive Branch, and the public.
- ?? Unclear linkage between policy goals and funding requirements.
- ?? Hope for better tools to evaluate the state’s investment in higher education.

The Subcommittee made significant progress towards addressing the issues listed in the bullets when it identified state postsecondary education policy goals at the March 2002 meeting. It would be another significant step if the Subcommittee recommends accountability measures be used in Montana. There are a number of options the Subcommittee may want to consider, including:

Option 1

Yes, start small. Identify one accountability measure for each policy goal.

Option 2

Yes, same as option 1, and require annual or biennial system performance reports to the legislature, the governor, and the public. Appropriate benchmarks are also required.

Option 3

Yes, same as option 1, and require that accountability measures and appropriate benchmarks be included in future budget requests.

Option 4

Yes, recommend performance funding be used as an incentive for the most important policy goal(s) as determined by the Subcommittee or the Legislature.

Option 5

Some combination of options 1 through 4.

Option 6

No, just recommend state policy goals.

The next two decisions are necessary only if the Subcommittee decides to recommend the use of accountability measures for public postsecondary education in Montana.

DECISION #2 – HOW SHOULD ACCOUNTABILITY MEASURES BE IMPLEMENTED IN MONTANA?

There are three primary choices for this decision: Voluntary, mandatory, or a combination.

A recommendation for voluntary implementation of accountability measures for public postsecondary education in Montana would result in the Board of Regents making all decisions on accountability measures, including whether they will be used, how they will be used, and which measures will be used.

A recommendation for mandatory implementation of accountability measures for public postsecondary education in Montana would require legislation. Given Montana's constitution, certain mandated uses of accountability measures could be more appropriate than others. For example, requiring a **performance report** from the Montana University System is similar to requiring the university system to submit other types of reports. In addition, state statute could be amended to require the Montana University System to include certain accountability measures with its biennial budget request, similar to other specific information required from the university system, in order to implement **performance budgeting**.¹⁴ If **performance funding** is desired, care should be taken to focus on system funding rather than the allocation of state funds to the institutions.

A combination of voluntary and mandatory implementation could result in the requirement for how accountability measures are used, but the specific accountability measures used would be left up to the Montana University System.

DECISION #3 – WHICH ACCOUNTABILITY MEASURES WILL THE SUBCOMMITTEE RECOMMEND FOR ADOPTION BY THE NEXT LEGISLATURE?

Staff recommends the Subcommittee select accountability measures that clearly link to the policy goals, that are easily understood by a wide audience, that are currently collected and reported or can be easily obtained. Staff also recommends the Subcommittee select one accountability measure for each goal for the purpose of making the transition to accountability manageable and ultimately successful.

¹⁴ Section 17-2-107, MCA requires the Montana University System to provide reports on interentity loans. The contents of these reports are specified in the law. Section 17-7-111, MCA, requires the Montana University System to provide specific bonded indebtedness information with its biennial budget request submitted to the Governor.

APPENDIX A

ACCOUNTABILITY MEASURES ANALYSIS WORKSHEET

Accountability Measures Analysis Worksheet

Policy Goal	Accountability Measure	What does the accountability measure mean?	Is the accountability measure directly linked to the policy goal?	Is the data currently collected and/or reported, or otherwise readily available?	Benchmark suggestions	Subcommittee recommendation and priority
Foster student success through quality education	Participation and retention rates					
	Completion rates					
	Student satisfaction surveys					
	Professional certification rates					
	Qualified and competitively compensated faculty					
	Number and percent of programs accredited					
	Assessment of graduates by employers					
Make public postsecondary education	Affordability compared to other states					

Accountability Measures Analysis Worksheet

Policy Goal	Accountability Measure	What does the accountability measure mean?	Is the accountability measure directly linked to the policy goal?	Is the data currently collected and/or reported, or otherwise readily available?	Benchmark suggestions	Subcommittee recommendation and priority
affordable and accessible						
	Increased financial aid to economically disadvantaged					
	Increase in non-traditional students					
	Increased participation by place bound students					
	Reduced student debt load and/or default rate					
	Transfers between 2-yr. & 4-yr. Schools					
	State student financial aid funding					
	Average tuition & mandatory fees as percent of state median family income					
	State support per FTE student					

Accountability Measures Analysis Worksheet

Policy Goal	Accountability Measure	What does the accountability measure mean?	Is the accountability measure directly linked to the policy goal?	Is the data currently collected and/or reported, or otherwise readily available?	Benchmark suggestions	Subcommittee recommendation and priority
Deliver efficient, coordinated services	Increased academic and administrative collaboration					
	Cost comparisons to peers					
	Increased use of technology					
	Transferability among institutions					
	Administrative expenditures compared to total resources					
	Total cost of education – trends, comparison to peers					
	More students					
	More degree completions					

Accountability Measures Analysis Worksheet

Policy Goal	Accountability Measure	What does the accountability measure mean?	Is the accountability measure directly linked to the policy goal?	Is the data currently collected and/or reported, or otherwise readily available?	Benchmark suggestions	Subcommittee recommendation and priority
	Number of graduates per state dollar expended					
Respond to market and employment needs of the State.	New business in targeted areas					
	Increased employment					
	Increased personal income					
	Increased business clusters (Dave Gibson)					
	Business/employer satisfaction					
	Job placement rates within Montana					
	Number of					

Accountability Measures Analysis Worksheet

Policy Goal	Accountability Measure	What does the accountability measure mean?	Is the accountability measure directly linked to the policy goal?	Is the data currently collected and/or reported, or otherwise readily available?	Benchmark suggestions	Subcommittee recommendation and priority
	academic programs, student enrollment, program graduates, and MT job placements tied to market and employment needs					
	Degree attainment in critical fields					
Contribute to Montana's economic and social success	Workforce trained for tomorrow's jobs					
	Surveys of businesses moving into Montana or expanding in Montana indicating that MUS has adapted well to their workforce					

Accountability Measures Analysis Worksheet

Policy Goal	Accountability Measure	What does the accountability measure mean?	Is the accountability measure directly linked to the policy goal?	Is the data currently collected and/or reported, or otherwise readily available?	Benchmark suggestions	Subcommittee recommendation and priority
	preparation, education, and training needs					
Encourage closer collaboration with K-12 school system and, to the extent allowed by law, with non-MUS higher education units in the state of Montana	Better prepared high school student (academic proficiency)					
	Increased number of collaborative programs					
	Increased articulation and transfer options					
	Aligning high school graduation requirements with public postsecondary education entrance standards					
	Reduced demand for remedial classes from recent high					

Accountability Measures Analysis Worksheet

Policy Goal	Accountability Measure	What does the accountability measure mean?	Is the accountability measure directly linked to the policy goal?	Is the data currently collected and/or reported, or otherwise readily available?	Benchmark suggestions	Subcommittee recommendation and priority
	school graduates					
	Percent of entering freshmen who have completed college prep core courses					
	Percent of applicants who meet college admission requirements					
	Number and percent of entering students who take remedial courses					

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