

UNIVERSITY of
NORTHERN COLORADO



TO: Colorado Commission on Higher Education

FROM: Kay Norton, President, University of Northern Colorado

RE: CCHE performance contract review

DATE: June 3, 2010

I appreciate the opportunity to speak with you about UNC's experience with performance contracts. I was involved in the discussions beginning in 2001 which led to the College Opportunity Fund legislation in 2004. I was also involved in the negotiation of the first performance contracts with CCHE, which you are now reviewing. I would be happy to answer any questions you have about that process. However, I am much more interested in a forward-looking examination of the potential for performance contracts and their cousin, fee-for-service contracts, in implementation of a long term Colorado higher education policy.

Performance contracts could be a useful tool, but only if they represent a mutual vision for an institution and for the state as a whole. They must be grounded in the reality of severely limited state ability to invest in higher education. They must be the result of a true negotiation between the state and the institution, which targets the public's investment toward outcomes which serve the state. They should require regular, productive discussions between the parties, based on a system of rewards and incentives measured by those outcomes, not inputs. De-emphasize command and control regulation, excessive time spent on structure and organizational charts and punitive measures. Contracts must be consistent with the institution's own planning, goals and mission. Contracts should address an institution's unique role in the achievement of statewide goals—once those goals are established.

Your ability to negotiate meaningful outcome based agreements will be circumscribed by whatever statute is in place. Currently, the COF legislation of 2004 contains a few specific metrics for performance contracts and fee for service contracts, along with a general description of the public purposes for those agreements. If the legislation is modified after the completion of the state planning process, we hope that such modifications, as implemented, will be less prescriptive about what parameters measure performance, less input driven and less regulatory in nature. As implemented, the current statute and contracts were clearly based on the old quality indicator(QIS) system, because that is what we were all used to, which was a fairly traditional, input based regulatory scheme.

We recommend the following to CCHE in the administration of new generation performance contracts and fee for service agreements:

- Derive all quantitative data from IPEDS and other existing data reports which institutions are already required to submit to the state and federal government.
- Adopt the VSA College Portrait as the common report template for documenting institutional performance.
- Accept evidence of regional and specialized accreditation, which are highly rigorous and focused on both accountability and improvement, as indicators of institutional quality.

We think there are some things which CCHE should be asking from UNC, such as:

- What processes have we developed to integrate performance contract goals into our ongoing planning and evaluation at all levels of the university?
- How will UNC publish through dashboard or other format (VSA) annual performance results pursuant to the contract?

The question informing the contracts should be: what is important to the state of Colorado from this institution? We suggest that broad categories of achievement such as access for the underserved, graduation rates, job placement rates and civic engagement evidence are good examples of metrics which can be meaningful at the institutional level, if they are measured in terms specific to the individual institution's mission, financing, student profile and so forth. These contracts must be customized, they cannot be boilerplate.

In designing performance agreements to be a helpful tool in implementing public policy, CCHE must continue to move away from a regulatory, traffic cop role to policy, coordination, and a focus on the needs of the state and its citizens. Be a champion for the importance of higher education to Colorado citizens, our economy and our society. Help answer the question of how do we best strategically leverage Colorado's investment in higher education, however small that may be, to benefit its people? How do we balance the competing interests of the various institutions, from the high volume, enrollment based institutions to the research economic development engines, and everywhere in between? If we have to make choices and set priorities—and we do—how do we do that in a way which maximizes the effect of our dollars and minimizes the transactional cost of compliance with input-based regulation?

Now, more than ever, CCHE is where the buck stops in terms of answering these questions about policy. We at UNC understand that. We also know that we have to largely make our own way in a permanently changed world. We welcome the Commission as one of a number of partners on this journey. We look forward to creating an agreement which makes sense for Colorado and for our institution in this new environment.